

Resolution No. __

**RESOLUTION OF THE BOARD OF TRUSTEES
OF SANTA MONICA COMMUNITY COLLEGE DISTRICT
AUTHORIZING THE ISSUANCE AND SALE OF ITS
GENERAL OBLIGATION BONDS, ELECTION OF 2016,
2022 SERIES B (TAX-EXEMPT) AND 2022 SERIES B-1 (FEDERALLY TAXABLE),
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$165,000,000, AND
APPROVING CERTAIN OTHER MATTERS RELATING TO SAID BONDS**

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2022 SERIES B (TAX-EXEMPT) AND 2022 SERIES B-1 (FEDERALLY TAXABLE)
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AND APPROVING CERTAIN OTHER MATTERS RELATING TO SAID BONDS**

WHEREAS, a duly called election was held in the Santa Monica Community College District, a community college district duly organized and existing under the laws of the State of California (the “**District**”), County of Los Angeles (the “**County**”), State of California, on November 8, 2016 (the “**2016 Election**”), and thereafter canvassed pursuant to law; and

WHEREAS, at the 2016 Election, there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$345,000,000 payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “**2016 Authorization**”); and

WHEREAS, the District has heretofore issued and sold \$180,000,000 aggregate principal amount of its general obligation bonds under the 2016 Authorization; and

WHEREAS, the Board of Trustees of the District (the “**Governing Board**”) has now determined that the District has a requirement for the construction, improvement, furnishing and equipping of certain of its public facilities, as provided for in the 2016 Authorization (the “**2016 Projects**”) and desires to issue its General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) and 2022 Series B-1 (Federally Taxable) in an aggregate principal amount not to exceed \$165,000,000 (the “**Bonds**”), with such additional designations and in one or more series or tranches on a federally taxable or tax-exempt basis; and

WHEREAS, this Governing Board has determined that it is desirable to sell the Bonds pursuant to a negotiated sale to RBC Capital Markets, LLC and Samuel A. Ramirez & Co., Inc., as underwriters of the Bonds (together, the “**Underwriters**”) pursuant to one or more Contracts of Purchase (as defined herein), a form of which has been submitted to this meeting of the Governing Board and is on file with the Secretary of the Governing Board (the “**Secretary**”); and

WHEREAS, a form of the preliminary official statement (the “**Preliminary Official Statement**”) relating to the Bonds has been submitted to this meeting of the Governing Board and is on file with the Secretary; and

WHEREAS, a form of continuing disclosure undertaking (the “**Continuing Disclosure Undertaking**”), attached as APPENDIX D to the Preliminary Official Statement, has been submitted to this meeting of the Governing Board and is on file with the Secretary; and

WHEREAS, this Governing Board desires that the County should levy and collect an *ad valorem* property tax on all taxable property within the District sufficient to provide for payment of the Bonds (with certain property subject to limitations), and intends by the adoption of this Resolution to notify the Board of Supervisors of the County, the Auditor-Controller of the County (the “**Auditor-Controller**”), the County Treasurer and Tax Collector (the “**Treasurer**”) and other officials of the County that they should take such actions as shall be necessary to provide for the levy and collection of such tax and payment of the Bonds; and

WHEREAS, this Governing Board recognizes that California Senate Bill No. 222 (Chapter 78, Statutes of 2015) (“**SB 222**”) as codified in Section 53515 of the California Government Code, which provides that general obligation bonds shall be secured by a statutory lien on the Pledged Moneys (as defined herein) when collected by the County to secure repayment of general obligation bonds, was passed by the legislature, approved by the Governor and became effective January 1, 2016; and

WHEREAS, the pledge included in this Resolution to secure payment of the Bonds is intended to be a consensual agreement with the bondholders; and

WHEREAS, all acts, conditions and other matters required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of the Bonds, is within all limits prescribed by law;

WHEREAS, the District has previously adopted a local debt policy (the “Debt Management Policy”) that complies with Government Code Section 8855(i), and the District’s sale and issuance of the Bonds as contemplated by this Resolution is in compliance with the Debt Management Policy; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature), as codified in Section 5852.1 of the California Government Code (“**SB 450**”) requires that the Governing Board obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with SB 450, the Governing Board has obtained from the Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Trustees of the Santa Monica Community College District as follows:

SECTION 1. Definitions. Capitalized terms used but not defined herein shall have the meanings set forth in the Recitals hereto. Additionally, the following terms shall for all purposes of this Resolution have the following meanings:

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code.

“Authorized Officer” and “Authorized Officers” has the meaning provided in Section 6 herein.

“Authorizing Law” shall mean, collectively, (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended; (ii) applicable provisions of the California Education Code of the State, as amended; and (iii) Article XIII A of the California Constitution.

“Board of Supervisors” shall mean the Board of Supervisors of the County.

“Bond Counsel” shall mean Norton Rose Fulbright US LLP, with respect to the issuance of the Bonds.

“Bond Register” shall mean the books referred to in Section 16 of this Resolution.

“Building Fund” shall mean, as the context may require, the Santa Monica Community College District 2022 Series Building Fund funded with the proceeds of the Bonds (the “2016 Election Building Fund, and any subaccounts established within such fund, each established at the direction of the District and administered by the Treasurer.

“Business Day” shall mean a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Contract of Purchase” shall mean one or more Contracts of Purchase by and between the District and the Underwriters relating to the Bonds.

“Costs of Issuance” shall mean all of the authorized costs of issuing the Bonds as described in the Authorizing Law, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Preliminary Official Statement and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; underwriters’ fees; rating agency fees; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing, including the fees and expenses of Bond Counsel and Disclosure Counsel; the fees and expenses of the Paying Agent; the fees and expenses of the Municipal Advisor; fees for credit enhancement (if any) relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds, to the extent such fees and expenses are approved by the District.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform any operational and disbursement functions hereunder.

“Date of Delivery” shall mean the date on which the Underwriters purchase the Bonds.

“Debt Service” shall have the meaning given to that term in Section 18 of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 18 of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then-acting Depository resigns from its functions as securities depository for the Bonds, or (b) the District discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds.

“Disclosure Counsel” shall mean Norton Rose Fulbright US LLP, in its capacity as disclosure counsel to the District with respect to the Bonds.

“DTC” shall mean The Depository Trust Company, and its successors and assigns.

“EMMA” shall mean the Electronic Municipal Market Access website of the MSRB, currently located at <http://emma.msrb.org>.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year selected by the District.

“Information Services” shall mean EMMA and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

“Interest Payment Date” shall mean February 1 and August 1 in each year, commencing on August 1, 2022, or as otherwise specified in the respective Contract of Purchase.

“Moody’s” shall mean Moody’s Investors Service, Inc., its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive the reports described in the Continuing Disclosure Undertaking. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through EMMA.

“Municipal Advisor” shall mean KNN Public Finance, a Limited Liability Company, as municipal advisor to the District.

“Nominee” shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

“Official Statement” shall mean the final official statement of the District describing the Bonds.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 14 hereof; and
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 42 of this Resolution.

“Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” shall mean a member of or participant in the Depository.

“Paying Agent” shall mean the paying agent designated pursuant to Section 31 hereof.

“Pledged Moneys” shall have the meaning given to that term in Section 19 of this Resolution.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to any Bond, the principal amount thereof.

“Projects” shall mean, collectively, the 2016 Projects.

“Project Costs” shall mean all of the expenses of and incidental to the construction, acquisition, equipping or furnishing of the Projects to be funded with the proceeds of the Bonds.

“Rebate Fund” shall mean the Rebate Fund established pursuant to Section 20 of this Resolution.

“Record Date” shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Regulations” shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

“Representative” shall mean RBC Capital Markets, LLC, as representative of itself and Samuel A. Ramirez & Co., Inc., as Underwriters of the Bonds.

“S&P” shall mean S&P Global Ratings, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Facsimile transmission: (212) 785-9681, (212) 855-3215, and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

“Superintendent” shall mean the Superintendent/President of the District.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Section 39 or Section 40 hereof.

“Tax Certificate” means the Tax Certificate delivered by the District on the Date of Delivery.

“Taxable Bonds” means those Bonds, which by their terms, bear interest that is not excluded from gross income for purposes of Federal income taxation.

“Tax-Exempt Bonds” means any Bonds designated by an Authorized Officer of the District to be Tax-Exempt Bonds, which by the terms of such Bonds, bear interest that is excluded from gross income for purposes of Federal income taxation.

“Term Bond” shall mean any Bond which, by its terms, has a single maturity but is subject to mandatory sinking fund redemption prior to the date of such maturity.

“2016 Project” shall mean the capital improvements further described in Section 7 of this Resolution and delineated in the ballots presented to and approved by the voters of the District at the 2016 Election.

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of

the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Approval of Documents; Determination of Method of Sale and Terms of Bonds.

(a) The Authorized Officers, in consultation with Bond Counsel, the Municipal Advisor and the other officers of the District are, and each of them acting alone is, hereby authorized and directed to issue and deliver the Bonds and to establish the initial aggregate principal amount thereof; *provided, however*, that such aggregate principal amount of the Bonds shall not exceed \$165,000,000.

(b) The form of the Contract of Purchase is hereby approved. The Authorized Officers are, and each of them acting alone is, authorized and directed to execute and deliver the Contract of Purchase to the Underwriters for and in the name and on behalf of the District, with such additions, changes or corrections therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District including, without limitation (i) such changes as are necessary to reflect the final terms of the Bonds to the extent such terms differ from those set forth in this Resolution, such approval to be conclusively evidenced by such Authorized Officer's execution thereof and (ii) any other documents required to be executed thereunder. The Authorized Officers are, and each of them acting alone is, hereby authorized to negotiate with the Underwriters the terms, maturities, interest rates and series of the Bonds and the purchase price of the Bonds to be paid by the Underwriters, which purchase price shall reflect an Underwriters' discount with respect to the Tax-Exempt Bonds of not more than 0.325% (not including original issue discount) of the Principal Amount of such Tax-Exempt Bonds and an Underwriters' discount with respect to the Taxable Bonds of not more than 0.325% (not including original issue discount) of the Principal Amount of such Taxable Bonds. The interest rate on the Bonds shall not exceed the maximum allowed under law. Principal of the Bonds shall be payable within 30 years, or as otherwise stated in the Contract of Purchase, but in no event shall the Bonds have a maturity greater than 40 years. To the extent any of the Bonds have a maturity greater than 30 years, the useful life of any facility financed with such bonds will equal or exceed their respective maturity.

(c) Good Faith Estimates. In accordance with SB 450 and subsection (b) of Section 15146 of the Education Code, good faith estimates of the following have been obtained from the Municipal Advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds. In accordance with Section 15146(d)(1) of the Education Code, the actual costs associated with the issuance of the Bonds shall be presented to this Governing Board at its next scheduled public meeting following the sale of the Bonds.

(d) The form of the Continuing Disclosure Undertaking is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized to execute and deliver

the Continuing Disclosure Undertaking on behalf of the District, with such changes therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriters. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Undertaking shall not be considered an event of default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including Owners of the Bonds.

(e) The form of the Preliminary Official Statement is hereby approved. This Governing Board also hereby authorizes the use and distribution by the Underwriters of: (a) the Preliminary Official Statement with such changes as the Authorized Officer executing the certificate described below may approve, such approval to be conclusively evidenced by such Authorized Officer's execution of such certificate; and (b) an Official Statement in substantially the form of the Preliminary Official Statement with such changes as may be necessary or desirable in connection with the sale of the Bonds as determined by the Authorized Officer executing the Official Statement, such determination to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer; and (c) any amendments or supplements to the Preliminary Official Statement or the Official Statement which an Authorized Officer may deem necessary or desirable, such determination to be conclusively evidenced by the execution of such amendment or supplement or of a certificate as described below by such Authorized Officer. The Authorized Officers are, and each of them acting alone hereby is, authorized to approve such additions, deletions or changes to the Preliminary Official Statement and Official Statement, as are necessary or desirable to effect the purposes of this Resolution and to comply with applicable laws and to deliver copies of the Preliminary Official Statement and the Official Statement. The Authorized Officers also are, and each of them acting alone hereby is, authorized to determine whether any Preliminary Official Statement and/or Official Statement, and any amendments or supplements thereto, shall be used in connection with the sale of the Bonds. Upon approval of the Preliminary Official Statement by such Authorized Officer as evidenced by execution of a certificate substantially in the form of Exhibit C attached hereto and by this reference incorporated herein, with such changes as may be necessary or desirable, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

(f) This Governing Board also hereby authorizes the preparation of a paying agent agreement in connection with the Bonds, in such form as shall be determined by an Authorized Officer, such determination to be conclusively evidenced by the execution and delivery of the paying agent agreement by such Authorized Officer.

SECTION 6. Authorization of Officers. The officers of the District, including but not limited to the Superintendent/President, the Vice President of Business & Administration and their authorized designees or representatives (each, an "**Authorized Officer**" and together, the "**Authorized Officers**") are, and each of them acting alone is, hereby authorized to execute any and all certifications and documents and do and perform any and all acts and things, from time to

time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purposes.

SECTION 7. Use of Bond Proceeds. The proceeds of the Bonds shall be used for (a) the financing of the acquisition, construction, furnishing and equipping of District facilities for some or all of the 2016 Projects authorized at the 2016 Election, the bond proposition and project list approved at which shall be incorporated herein by this reference as though fully set forth in this Resolution, (b) pay capitalized interest on the Bonds and (c) the payment of the Costs of Issuance of the Bonds.

SECTION 8. Designation and Form; Payment.

(a) An issue of Bonds in one or more series entitled to the benefit, protection and security of this Resolution is hereby authorized. Such Bonds shall be general obligations of the District, payable as to Principal of and premium, if any, and interest from *ad valorem* property taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated the “Santa Monica Community College District General Obligation Bonds, Election of 2016, 2022 Series B and 2022 Series B-1” with such insertions or modifications as shall be appropriate to describe the series, federally taxable or tax-exempt status, and/or tranches for each issue of Bonds. The aggregate principal amount of the Bonds shall not exceed \$165,000,000. The Bonds may be issued as serial bonds or term bonds and shall be subject to redemption as set forth in the Contract of Purchase, subject to the provisions of this Resolution. The Authorized Officers are, and each of them acting alone is, hereby authorized, upon consultation with the Municipal Advisor, the Underwriters and Bond Counsel, to determine whether the interest on the Bonds, or on any series of Bonds, shall be subject to federal income taxes or exempt from federal income taxes.

(b) The form of the Bonds shall be substantially in conformity with the standard form of registered community college district general obligation bonds, a copy of which is attached hereto as Exhibit B hereto and incorporated herein by this reference, with such changes as are necessary to reflect the final terms of the Bonds.

(c) The Principal of and premium, if any, and interest on any Bond are payable in lawful money of the United States of America. Principal of the Bonds and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent.

SECTION 9. Description of the Bonds.

(a) The Bonds shall be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof and shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Contract of Purchase.

(b) Interest on each Bond shall accrue from its dated date as set forth in the Contract of Purchase. Interest on Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof appearing on the Bond Register as of the close of business on the Record Date. Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless

(i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; *provided, however*, that if at the time of registration of any Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by wire transfer, to the Owner thereof appearing on the Bond Register on the Record Date to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 10. Federal Tax Covenants.

(a) Definitions. When used in this Section, the following terms have the following meanings:

"Bonds" means the Tax-Exempt Bonds and any other tax-exempt obligations sold within 15 days of the Tax-Exempt Bonds that are part of the same issue pursuant to Section 1.150-1(c) of the Regulations.

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations with respect to the Bonds.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also

mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of

(i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(ii) of the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The District shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Tax-Exempt Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall at all times prior to the last stated maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of any obligations refunded by the Bonds), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of any obligations refunded by the Bonds), other than taxes of general application within the District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person

or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not at any time prior to the final stated maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the District shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The District shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the District shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The District shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the initial purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the District shall pay to the United States out of the Rebate Fund, its general fund, or other appropriate fund, the amount that when added to the future value of previous rebate payments made for the

Bonds equals (A) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The District shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the stated maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Use of Proceeds: Weighted Average Maturity. The District hereby represents and covenants that it will apply the proceeds of the Bonds in a manner so that the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life (or remaining economic life) of the facilities financed (or refinanced) by the Bonds (all determined in accordance with the provisions of section 147(b) of the Code).

(k) Elections. The District hereby directs and authorizes the Superintendent/President and Executive Vice President or Interim Executive Vice President, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

SECTION 11. Reimbursement of Qualified Project Expenditures. It is the intent of the Governing Board to authorize the sale of the Bonds, in a total maximum aggregate principal amount not to exceed \$165,000,000 to finance the 2016 Projects. The District has paid or expects to pay certain capital expenditures or grants related to the 2016 Projects (the "Reimbursable Expenses") to which it desires to preserve its ability to reimburse with proceeds of the Bonds, as provided under section 1.150-2 of the Regulations promulgated under the Internal Revenue Code of 1986, as amended. The reimbursement of the Reimbursable Expenses is consistent with the District's budgetary and financial circumstances. The District reasonably expects to reimburse capital expenditures or grants with respect to the 2016 Projects with proceeds of the Tax-Exempt Bonds, and this resolution shall constitute a declaration of official intent under the Regulations.

The District recognizes that reimbursement allocations to which section 1.150-2 of the Regulations applies by reason of this Resolution generally include only reimbursements of payments originally for capital expenditures or grants made no earlier than 60 days prior to the date of adoption of this Resolution.

SECTION 12. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity of the Bonds.

Upon initial issuance, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond shall bear a legend describing restrictions on transfer, as may be prescribed by the Depository.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice (as defined in Section 28 below), (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The District and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

(b) In order to qualify the Bonds for the Depository's book-entry system, the District is hereby authorized to execute and deliver or shall have executed and delivered to the Depository a letter from the District representing such matters as shall be necessary to so qualify the Bonds (the "**Representation Letter**"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of subsection (a) hereof or in any other way impose upon the District any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register. In addition to the execution and delivery of the Representation Letter, the District and its Authorized Officers are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the Depository's book-entry program.

(c) If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the District within 90 days after the District receives notice or becomes aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the District shall cause the issuance of certificated securities representing the Bonds as provided below. In addition, the District may determine at any time that the Bonds shall no longer be lodged with a Depository and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event the District shall cause the execution and delivery of certificated securities representing the Bonds as provided below. Bonds issued in exchange for global Bonds pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The District shall cause delivery of such certificated securities representing the Bonds to the persons in whose names such Bonds are so registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully registered global Bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

(d) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal Amount of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(e) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 13. Execution of the Bonds.

(a) The Bonds shall be executed in the manner required by the Authorizing Law. In case any one or more of the Authorized Officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the Authorized Officers who signed

such Bonds had not ceased to hold such offices. Any of the Bonds may be signed on behalf of the District by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 14. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit B hereto, duly executed by the Owner or such Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor, series and maturity in the same Principal Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal of and premium, if any, or interest on such Bond shall be overdue or not, for the purpose of receiving payment of Principal of and premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like series, tenor and maturity of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 15. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Principal Amount and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur, the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Principal Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 16. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books. While the Bonds are held in the book-entry system, the Paying Agent is not required to keep a separate Bond Register.

SECTION 17. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption price with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District (the “**General Fund**”); *provided, however*, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first-class mail, postage prepaid, not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be transferred to the General Fund. Thereafter, the Owners of such Bonds shall look only to the General Fund for payment of such Bonds.

SECTION 18. Application of Proceeds.

(a) Upon the sale of the Bonds and at the further written instruction of an Authorized Officer, the Treasurer is hereby directed to deposit the designated net proceeds thereof, exclusive of accrued interest and any original issue premium, into the 2016 Election Building Fund and the subaccounts established therein, if any. The District shall, from time to time, disburse or cause to be disbursed amounts from the 2016 Election Building Fund to pay the 2016 Project Costs; *provided, however*, that the proceeds of sale deposited in the 2016 Election Building Fund shall be

applied only to the financing of the 2016 Projects. Amounts in the 2016 Election Building Fund shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the 2016 Election Building Fund, as required by State law and the Code. Any amounts that remain in a 2016 Election Building Fund following the completion of the 2016 Projects shall be transferred to the 2016 Debt Service Fund to be used to pay the Principal of, and premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate and Section 10 of this Resolution.

(b) Accrued interest, if any, and except as shall otherwise be directed by the District in accordance with applicable law, any original issue premium received by the District from the sale of the Bonds, shall be kept separate and apart in separate funds hereby created and established and to be designated as the “Santa Monica Community College District Election of 2016, 2022 Series B Bonds Debt Service Fund” (the “**Debt Service Fund**”). Amounts in the Debt Service Fund may be used only for payment of Principal of and interest on the respective series of Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the respective series of Bonds are being issued shall be transferred to the applicable Debt Service Fund and applied to the payment of the Principal of and interest on the related series of Bonds. At the election of the District, (i) to the extent the Bonds are issued in more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Debt Service Fund shall be deemed to include any Debt Service Fund created for a Series of Bonds, or (ii) the Debt Service Fund may be established as a subaccount of, or otherwise with, a fund established by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay bonds issued pursuant to the 2016 Authorization. The Treasurer is directed to create any accounts and subaccounts in the Debt Service Funds as provided in the Tax Certificate and Section 10 of this Resolution. Proceeds of the respective Series of Bonds (and earnings from the investment thereof) deposited to the applicable Debt Service Fund and available to pay Debt Service, and earnings from the investment of monies held in the applicable Debt Service Fund, shall be used for the payment of the Principal of and interest on the respective Series of Bonds before any other Pledged Moneys with respect to such Series of Bonds.

(c) All Pledged Moneys (defined below) shall be deposited upon collection by the County into the applicable Debt Service Fund for the respective series of Bonds and used for the payment of the Principal of, premium, if any, and interest on the respective series of Bonds.

(d) On or before the Business Day immediately preceding each Interest Payment Date, the District shall transfer, or cause to be transferred, from the related Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the related series of Bonds coming due (collectively, “**Debt Service**”) on such payment date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(e) The District shall cause moneys to be transferred to the Rebate Fund to the extent needed to comply with the Tax Certificate and Section 10 of this Resolution. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds of that series Outstanding shall be transferred to the General Fund of the District, subject to any conditions set forth in the Tax Certificate and Section 10 of this Resolution.

(f) Certain proceeds of the Bonds may be applied to pay Costs of Issuance as provided in Section 21 below.

(g) Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions of any Tax Certificate and Section 10 of this Resolution, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay the Principal of and interest on the Bonds when due.

SECTION 19. Payment of and Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient, together with moneys on deposit in the applicable Debt Service Fund and available for such purpose, to pay the principal of, premium, if any, and interest on each Bonds as each becomes due and payable, which monies when collected are irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due (the “**Pledged Moneys**”). When collected by the County, Pledged Moneys will be placed in the applicable Debt Service Fund of the District. The property taxes and amounts collected shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in each Debt Service Fund of the District when collected, to secure the payment of the respective series of Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The tax levy may include an allowance for a reasonably required reserve in accordance with the Tax Certificate, established for the purpose of ensuring that the tax or assessment actually collected is sufficient to pay the annual debt service requirements on the Bonds due in such year. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section, and Section 15140 of the California Education Code and Section 53508.7 of the California Government Code.

This pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by such pledge are issued to finance one or more of the projects specified in the applicable voter-approved measure.

SECTION 20. Establishment and Application of Rebate Fund. There is hereby established in trust a special fund designated “Santa Monica Community College District General Obligation Bonds 2022 Rebate Fund” (the “**Rebate Fund**”) which shall be held by the Treasurer for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall transfer, or cause to be transferred, moneys to the Rebate Fund in accordance with the provisions of the Tax Certificate and Section 10(h) of this Resolution. Amounts on deposit in the Rebate Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate and Section 10 of this Resolution.

SECTION 21. Payment of Costs of Issuance. Proceeds of the sale of the Bonds necessary to pay certain costs of issuing the Bonds shall be deposited in the fund of the District known as the “Santa Monica Community College District General Obligation Bonds, Election of

2016, 2022 Series B Costs of Issuance Fund” (the “**2022 Bonds Costs of Issuance Fund**”), and those proceeds shall be used solely for the purpose of paying Costs of Issuance of the Bonds. Notwithstanding the foregoing, proceeds of the Tax-Exempt Bonds deposited to the Costs of Issuance Fund shall not be used to pay Costs of Issuance of the Taxable Bonds. The Costs of Issuance Funds may be held and administered by the Paying Agent. Any amounts remaining in the respective Costs of Issuance Funds following the earlier of the day which is 180 days following the Date of Delivery or the day on which the Paying Agent pays the final invoice for Costs of Issuance, as directed by the District, shall be transferred by the Paying Agent to the 2016 Election Building Fund or Debt Service Fund for the Bonds, as applicable. Underwriter’s discount and other Costs of Issuance may be retained from original issue premium obtained upon sale, pursuant to the terms of the Contract of Purchase.

SECTION 22. Negotiated Sale/Method of Sale. The Bonds shall be sold by negotiated sale to the Underwriters inasmuch as: (i) such a sale will allow the District to (A) integrate the sale of the Bonds with its other outstanding general obligation bonds and other public financings undertaken, or to be undertaken, by the District in order to fund its public education facilities and (B) manage its tax levy restrictions under the provisions of Proposition 39, codified at Section 15270(b) of the Education Code; (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; and (iii) such a sale will allow the District to control the timing of the sale of the Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for the favorable sale of the Bonds to such market and resulting in lower tax levies for the taxpayers of the District.

SECTION 23. Engagement of Consultants; Parameters of Sale. In accordance with Section 15146(b)(1)(C) of the California Education Code, KNN Public Finance, a Limited Liability Company, has been selected as the Municipal Advisor to the District, Norton Rose Fulbright US LLP has been selected as the District’s Bond Counsel and Disclosure Counsel and RBC Capital Markets LLC and Samuel A. Ramirez & Co., Inc. have been selected to act as Underwriters with respect to the authorization, sale and issuance of the Bonds. The estimated Costs of Issuance associated with the sale of the Bonds are approximately 0.269% of the estimated principal amount of the Bonds, which include Bond Counsel and Disclosure Counsel fees, costs of printing the Preliminary Official Statement and Official Statement, rating agency fees, Municipal Advisor fees and expenses, Paying Agent fees and other related costs. In addition, the estimated Underwriters’ discount, which is not included in the above percentage, shall not exceed (i) 0.325% of the principal amount of the Tax-Exempt Bonds and (ii) 0.325% of the principal amount of the Taxable Bonds. An estimate of the itemized fees and expenses is attached hereto as Exhibit A.

SECTION 24. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the Treasurer, the County Office of Education, or the Paying Agent, the District may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 25. Request for Necessary County Actions. The Board of Supervisors, the Auditor-Controller, the Treasurer and other officials of the County, are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property of the District sufficient to provide for payment

of all principal of, redemption premium, if any, and interest on the Bonds as the same shall become due and payable as necessary for the payment of the Bonds, and the Secretary of the Governing Board is hereby authorized and directed to deliver certified copies of this Resolution to the Secretary of the Board of Supervisors of the County, the Auditor-Controller of the County, and the Treasurer. The Governing Board hereby agrees to reimburse the County for any costs associated with the levy and collection of said tax, upon such documentation of said costs as the District shall reasonably request.

SECTION 26. Redemption. The Bonds shall be subject to redemption as provided in the Contract of Purchase.

SECTION 27. Selection of Bonds for Redemption.

(a) Whenever provision is made in this Resolution or in the Contract of Purchase for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given as provided herein, shall select Bonds for redemption in the manner directed by the District.

(b) With respect to any Bonds, the Paying Agent shall select such Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

(c) In the event that a Term Bond is optionally redeemed, the Principal amount of each remaining sinking fund payment with respect to such Term Bond will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

SECTION 28. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District, shall give notice (each, a “**Redemption Notice**”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state (i) that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and (ii) that from and after such date, interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register and to the MSRB.

(b) In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (i) first-class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories and the MSRB.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice given hereunder may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Information Services in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

SECTION 29. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Principal Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 30. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the respective Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in this Resolution and the Contract of Purchase, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemption described in the Redemption Notice shall be met, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Resolution and the Contract of Purchase shall be cancelled upon surrender thereof and delivered

to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

SECTION 31. Paying Agent; Appointment and Acceptance of Duties.

(a) The Treasurer of the County is hereby appointed as the initial authenticating agent, bond registrar, transfer agent and paying agent, and may act through its designated agent, U.S. Bank Trust Company, National Association (collectively, the “**Paying Agent**”). All fees and expenses incurred for services of the Paying Agent shall be the responsibility of the District and may be paid from the annual *ad valorem* property tax levy supporting the Bonds. The Paying Agent shall keep accurate records of all funds administered by it and all of the Bonds paid and discharged by it.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of principal of, premium, if any, and interest on the Bonds.

SECTION 32. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 33. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 34. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution, all of which may, pursuant to Education Code Section 15232, be paid from the County’s annual levy of *ad valorem* property taxes.

SECTION 35. Ownership of Bonds Permitted. The Paying Agent or the Underwriters may become the Owner of any Bonds.

SECTION 36. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The initially appointed Paying Agent may resign from service as Paying Agent at any time. Prior to such resignation, a new Paying Agent shall be appointed by the District in accordance with applicable law, which shall be the Treasurer or a bank or trust company doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$75,000,000 in net assets. Such successor Paying Agent shall signify the acceptance of its

duties and obligations hereunder by executing and delivering to the District a written acceptance thereof. Resignation of the initial or a successor Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) Any Paying Agent appointed may resign from service as Paying Agent and may be removed at any time by the District as provided in the Paying Agent's service agreement. If at any time the Paying Agent shall resign or be removed, a new Paying Agent shall be appointed in accordance with applicable law, which shall be either the Treasurer or a bank or trust company doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$75,000,000 in net assets. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(c) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor. The District shall promptly provide notice of the name and principal corporate trust office address of the Paying Agent appointed to replace any resigned or removed Paying Agent to the Owners of the Bonds by first-class mail, postage prepaid, at their addresses appearing on the Bond Register.

SECTION 37. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts, subject to any conditions in the Tax Certificate and Section 10 of this Resolution. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book entry form on the books of the Department of Treasury of the United States. All investment earnings on amounts on deposit in the Debt Service Fund shall remain on deposit in such fund.

SECTION 38. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 39. Supplemental Resolutions with Consent of Owners. This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least 60% in aggregate Principal Amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or

obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 40. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

(d) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(e) To amend or supplement this Resolution in any other respect, *provided* such Supplemental Resolution does not, in the opinion of Bond Counsel, adversely affect the interests of the Owners.

SECTION 41. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent thereof from taking any action pursuant thereto.

SECTION 42. Defeasance. If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent or with a duly appointed escrow agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein other than amounts that are not available to pay Debt Service) together with the interest to accrue thereon without the need for further investment, is fully

sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution that meets the requirements of serving as successor Paying Agent pursuant to Section 36 selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under this Resolution with respect to such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 34 hereof and the covenants set forth in Section 10 hereof.

SECTION 43. Approval of Actions; Miscellaneous.

(a) The Authorized Officers of the District are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates, statements, disclosures, notices, contracts, or other documents which they may deem necessary or advisable in order to proceed with the sale and issuance of the Bonds or otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The County, the Board of Supervisors, officers, agents, and employees shall not be responsible for any proceedings or the preparation or contents of any resolutions, certificates, statements, disclosures, notices, contracts, or other documents relating to the sale and issuance of the Bonds.

(c) The Principal or redemption price, if any, of and interest on the Bonds shall not constitute a debt or an obligation of the County, the Board of Supervisors, officers, agents, or employees, and the County, the Board of Supervisors, officers, agents, and employees thereof shall not be liable thereon. In no event shall the Principal or redemption price, if any, of and interest on any Bond be payable out of any funds or property of the County.

(d) The Secretary shall send a certified copy of this Resolution, together with the final debt service schedule for the Bonds, to the Treasurer.

SECTION 44. Conflicts. If there is any inconsistency or conflict between any provision of this Resolution and any provision of the Contract of Purchase, the Contract of Purchase prevails to the extent of the inconsistency or conflict. If there is any inconsistency or conflict between any

provision of this Resolution and any provision of the Tax Certificate, the Tax Certificate prevails to the extent of the inconsistency or conflict.

SECTION 45. Effective Date. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 5th day of April, 2022, by the Board of Trustees of the Santa Monica Community College District at a regularly scheduled meeting held in Santa Monica, California, at a location freely accessible to the public, by the following roll-call vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

**SANTA MONICA COMMUNITY COLLEGE
DISTRICT**

By: _____
Chair of the Board of Trustees

Attest:

By: _____
Secretary to the Board of Trustees

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from KNN Public Finance, a Limited Liability Company, as Municipal Advisor of the District in connection with the bonds approved in the attached Resolution (the “Bonds”), and is provided in compliance with Section 15146(b)(4) of the California Education Code and Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Bonds:

1. *True Interest Cost of the Bonds.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$165,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 4.00%.

2. *Finance Charge of the Bonds.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$165,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$980,525, as follows:

a)	Underwriter’s Discount	\$536,250
b)	Credit Enhancement	N/A ⁽¹⁾
c)	Bond and Disclosure Counsel and Disbursements	100,500
d)	Municipal Advisor and Disbursements	101,000
e)	Rating Agencies	218,250
f)	Other Expenses	24,525 ⁽²⁾

⁽¹⁾ A municipal bond insurance policy with respect to the Bonds will be obtained only if economically advantageous to the District as determined by an Authorized Officer of the District.

⁽²⁾ Includes fees of the County, Paying Agent, Statistical/demographic reports, printing costs, contingency.

3. *Amount of Proceeds to be received.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$165,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds less the finance charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$164,172,225.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$165,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$276,994,550.51.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Bonds sold will be determined by the District based on need for project funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the District's control.

[Remainder of page intentionally left blank.]

EXHIBIT B

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2022 SERIES [B][B-1]**

\$ _____ No. _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
___%	August 1, 20__	Date of Delivery	802385__

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

The Santa Monica Community College District (the "District"), a community college district duly organized and existing under the laws of the State of California, located within the County of Los Angeles (the "County"), State of California (the "State"), for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the Interest Rate set forth above. Interest on this Bond is payable on [August 1, 2022,] and semiannually thereafter on the first day of February and August (each, an "Interest Payment Date") in each year to the registered owner hereof (the "Owner") from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month next preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on [July 15, 2022,] in which event it shall bear interest from its date; *provided, however*, that if at the time of registration of this Bond interest

with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. The principal amount hereof is payable at the office of U.S. Bank Trust Company, National Association, as agent of the Treasurer and Tax Collector of the County, as initial paying agent (the “Paying Agent”), in Los Angeles, California. The interest hereon is payable by wire transfer to the Owner appearing on the Bond Register on the Record Date to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

The Bonds of this issue are comprised of [\$165,000,000] principal amount of Bonds. This Bond is issued by the District under and in accordance with the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State; (ii) applicable provisions of the Education Code of the State; and (iii) Article XIII A of the California Constitution (collectively, the “Act”), and pursuant to a resolution of the Board of Trustees of the District adopted on [April 5, 2022] (the “Resolution”). Reference is hereby made to the Resolution, a copy of which is on file at the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the Owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the Owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein on November 8, 2016, to determine whether such Bonds should be issued.

Reference is made to the Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the County, the Paying Agent and the Owners, and the terms and conditions upon which the Bonds are issued and secured. The Owner of this Bond assents, by acceptance hereof, to all of the provisions of the Resolution.

This Bond is a general obligation of the District, payable as to both principal and interest from *ad valorem* property taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

The Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. The Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part. For the purposes of such selection, Bonds will be deemed to consist of \$5,000 portions by principal amount, and any such portion may be separately redeemed.

Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20__, in the following principal amounts, at a redemption price of par, plus accrued interest to the redemption date:

Mandatory Sinking Fund
Payment Date

Mandatory Sinking
Fund Payment

August 1, 20__
August 1, 20__
August 1, 20__
August 1, 20__

\$

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District shall select Bonds for redemption in such order as the District may direct. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. The portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

This Bond is issued in fully registered form. Registration of this Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Principal Amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; *provided, however*, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which the principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution,

other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, *provided* such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the principal amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the Board of Trustees of the District in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act, including the Constitution of the State, that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act, and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

IN WITNESS WHEREOF, the Santa Monica Community College District has caused this Bond to be executed in their official capacities by the manual or facsimile signature of the Chair of the Board of Trustees of the District and countersigned by the manual or facsimile signature of the Secretary to the Board of Trustees of the District as of the date stated above.

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

By: _____ [Facsimile Signature] _____
Chair of the Board of Trustees

Countersigned:

By: _____ [Facsimile Signature] _____
Secretary to the Board of Trustees

[The following Certificate of Authentication shall be printed on each Bond:]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Trustees of the Santa Monica Community College District.

DATED: _____, 2022

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Paying Agent

By: _____ [Form Document] _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.:

the within-mentioned Bond and hereby irrevocably constitutes and appoints _____, attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By: _____

Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT C

FORM OF 15C2-12 CERTIFICATE

With respect to the proposed sale of its General Obligation Bonds, Election of 2016, 2022 Series B and 2022 Series B-1 in an aggregate principal amount of not to exceed \$165,000,000, the Santa Monica Community College District (the “**District**”) has delivered to you a Preliminary Official Statement, dated as of the date hereof (the “**Preliminary Official Statement**”). The District, for purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission (“**Rule 15c2-12**”), deems the Preliminary Official Statement to be final as of its date, except for the omission of no more than the information permitted under Rule 15c2-12.

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

Dated: _____, 2022

By: [FORM ONLY]

Authorized Officer

§ _____
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2016, 2022 Series B-1
(Federally Taxable)

CONTRACT OF PURCHASE

_____, 2022

Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, California 90405

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC, on behalf of itself and as representative (the “Representative”) of Samuel A. Ramirez & Co., Inc., together as underwriters (the “Underwriters”), offers to enter into this Contract of Purchase (the “Purchase Contract”) with the Santa Monica Community College District (the “District”), which, upon the acceptance hereof by the District will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Purchase Contract by the District, and delivery of such acceptance to us at or prior to 11:59 P.M., California time, on the date hereof.

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the District, for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the District’s \$_____ General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable) (the “Bonds”).

The Bonds are being issued as current interest bonds. Interest on the Bonds accrues from their date of delivery, computed on the basis of a 360-day year comprised of twelve (12) 30-day months, such interest being payable on February 1 and August 1 of each year, commencing [August 1, 2022].

The Underwriters shall purchase the Bonds at a price of \$_____ (consisting of the principal amount of the Bonds of \$_____.00, less an underwriting discount of \$_____).

In order to provide for the payment of certain costs relating to the issuance of the Bonds, the Representative will enter into the Fiscal Agent Agreement, dated as of May 1, 2022 (the “Fiscal Agent Agreement”) with the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). At Closing (as defined in Section 6 herein) there shall be deposited by the Underwriter \$_____ (the “COI Deposit”), which amount shall be deposited with the Fiscal Agent to be applied in accordance with the provisions of the Fiscal Agent Agreement.

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that

the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District and has not assumed any advisory or fiduciary responsibilities to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission (“SEC”) or the rules of the Municipal Securities Rulemaking Board (“MSRB”), and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

Section 2. The Bonds. The Bonds shall be dated their date of delivery and shall otherwise be as described in the resolution of the District with respect to the Bonds adopted on [April 5, 2022] (“District Resolution”). The County Board of Supervisors adopted a resolution on [April 19, 2022] authorizing the levy of taxes for the Bonds, designating the Paying Agent therefore and directing the County Auditor-Controller to place taxes on the tax roll (the “County Resolution”). The Bonds are issued pursuant to certain provisions of the Education Code of the State of California (the “State”), the State Government Code and other applicable law and pursuant to the District Resolution. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the District Resolution.

The net proceeds of the Bonds will be applied to: (i) finance the repair, construction, acquisition and equipping of certain District sites and facilities, (ii) pay a portion of the debt service on the Bonds, and (iii) pay costs of issuance associated with the Bonds, all as more particularly described in the Official Statement.

The Bonds shall be in book-entry form, shall bear CUSIP numbers and shall be in fully registered form, registered in the name of Cede & Co., as nominee of DTC. The Bonds shall be delivered to the Underwriters through the services of The Depository Trust Company (“DTC”) at Closing.

Section 3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offering and sale of the Bonds, the Preliminary Official Statement and the final Official Statement.

Section 4. Public Offering. The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth on Exhibit A hereto. Subsequent to such initial public offering, the Underwriters reserve the right to change such public offering prices or yields as they deem necessary in connection with the marketing of the Bonds. If any of the Bonds are sold to the public at a price other than the principal amount thereof, on or before the date of Closing, the Representative shall execute and deliver to the District an issue price certificate for the Bonds in a form satisfactory to Bond Counsel.

Section 5. Official Statement. The District has caused to be drafted a Preliminary Official Statement, dated _____, 2022 (the “Preliminary Official Statement”) including the cover page, inside cover page(s) and Appendices thereto, relating to the Bonds. The District deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), maturity dates, yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and

other terms of the Bonds which depend upon the foregoing (collectively, the “Excluded Information”) as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the “Rule”). The Official Statement (as defined in Section 8 herein) was approved by the Board of Trustees of the District pursuant to the District Resolution.

The Underwriters agree that prior to the time the final Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriters agree to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

Section 6. Closing. At 9:00 A.M., California time, on May _____, 2022, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the “Closing”), the District will deliver or cause to be delivered, through the facilities of DTC, the Bonds to the Representative, in book-entry form, duly executed and registered as provided in Section 2 above, and at the offices of Norton Rose Fulbright US LLP (“Bond Counsel”) in Los Angeles, California, or at such other place as the parties may mutually agree upon, the other documents hereinafter mentioned; and the Representative will accept such delivery. The purchase price for the Bonds (as set forth in Section 1 hereof) will be paid in immediately available funds by wire transfer to the account or accounts designated by the District.

Section 7. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters that:

(a) The District is a community college district duly organized and validly existing under the laws of the State, with the power to authorize the issuance of the Bonds and to sell the Bonds pursuant to the Act.

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Contract and the Continuing Disclosure Undertaking, to adopt the District Resolution, to authorize the issuance of the Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution and this Purchase Contract have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) this Purchase Contract constitutes and the Continuing Disclosure Undertaking (as defined below) will constitute at Closing, valid and legally binding obligations of the District subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State of California; (v) the Bonds, upon their issuance, will constitute the legal and valid binding obligations of the District enforceable against the District in accordance with their terms subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights

generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State of California and (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Representative may reasonably request, which have not been taken or obtained.

(d) The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States, or any agency or department of either, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its properties or other assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

(e) The issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, and the District Resolution, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) As of the time of acceptance hereof no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Contract or the District Resolution; or (iii) except as disclosed in the Preliminary Official Statement and the Official Statement, in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the District Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exemption of such interest from California personal income taxation.

(g) Between the date hereof and the Closing, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement or otherwise consented to in writing by the Representative.

(h) Any certificates signed by any officer of the District and delivered to the Underwriters shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

(i) In accordance with the requirements of the Rule, the District will execute and deliver a Disclosure Dissemination Agent Agreement (the “Continuing Disclosure Undertaking”) in the form set forth in APPENDIX D to the Official Statement, upon or prior to the execution and delivery of the Bonds, in which the District will undertake, for the benefit of the Underwriters and the Owners of the Bonds, to provide certain information as set forth therein.

(j) During the past five (5) years, except as disclosed in the Official Statement, the District has not failed to comply in any material respect with any previous undertakings with regard to the Rule to provide annual reports of financial and operating data or notices of material events.

(k) The Preliminary Official Statement, except for the Excluded Information, was as of its date and as of the date hereof, and the Official Statement is as of the date hereof, true and correct in all material respects, and the Official Statement does not contain an untrue statement of a material fact and does not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; provided that the District makes no representation with respect to information on DTC or its book-entry only system, CUSIP numbers of the Bonds, Los Angeles County’s investment information or policy, the prices or yields at which the Bonds were re-offered to the public, or information provided by the Underwriters as set forth under the heading “UNDERWRITING.”

If the Official Statement is supplemented or amended pursuant to this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) The District hereby agrees to take any and all actions as may be required by Los Angeles County or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District agrees to provide to the Treasurer and Tax Collector and Auditor-Controller of the Los Angeles County a copy of the Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the Los Angeles County.

(m) The District represents that it has not entered into any contract or agreement that would limit or restrict the District’s ability to refund the Prior Bonds or enter into this Purchase Contract for the sale of the Bonds to the Underwriter.

(n) The District acknowledges receipt from the Underwriters of the required disclosure pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-17.

(o) The financial statements of, and other financial information regarding the District, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the

Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

Section 8. Covenants of the District. The District covenants and agrees with the Underwriters that:

(a) The District will furnish such information, execute such instruments, and take such other action in cooperation with the Representative if and as the Representative may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(b) The District hereby agrees to deliver or cause to be delivered to the Underwriters copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been reasonably accepted by the Representative and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") (i) in "designated electronic format" as defined by MSRB Rule G-32 and (ii) in such quantities as may be requested by the Representative not later than seven (7) business days following the date this Purchase Contract is signed, in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriters, its counsel or agents, shall not be considered cause for the Underwriters to refuse to accept delivery of and pay for the Bonds. The District hereby authorizes the Underwriters to use and distribute the Official Statement (in printed and electronic form) in connection with the offering and sale of the Bonds; and

(c) For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Representative shall object in writing or which shall be disapproved by the Representative; and if any event shall occur which might affect the correctness or completeness of any statement of a material fact contained in the Official Statement, the District will promptly notify the Representative in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of Bond Counsel or Disclosure Counsel to the District or the Representative, to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading and shall have so advised the District, the District will forthwith cooperate with the Representative in the prompt preparation and furnishing to the Underwriters, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance reasonably satisfactory to the Representative, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 9. Conditions to Closing. The Representative (on behalf of the Underwriters) has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Contract are

and shall be subject, at the option of the Representative, to the following further conditions at the Closing:

(a) The representations and warranties of District contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) At the time of the Closing, (i) the Official Statement, this Purchase Contract, and the District Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the District Resolution and this Purchase Contract to be performed at or prior to the Closing;

(c) No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened, which has any of the effects described in Section 7(f) hereof, or contesting in any way the completeness or accuracy of the Official Statement;

(d) Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriters to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Representative (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(B) by or on behalf of the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that Bonds, or obligations of the general character of the Bonds, including any and all underlying

arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939 as amended;

(2) legislation enacted by the legislature of the State or a decision rendered by a Court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(3) the formal declaration of war by Congress or a new major engagement in or escalation of military hostilities by order of the President of the United States or the occurrence of any other declared national or international emergency, or escalation thereof, calamity or crisis that interrupts or causes discord to the operation of the financial markets or otherwise in the United States of elsewhere;

(4) the declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of minimum or maximum prices or any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the changes to the net capital requirements of, the Underwriters;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) there shall have occurred or any notice shall have been given of any intended review, suspension, the withdrawal, downgrading or negative change in credit watch status to any rating of the District's outstanding indebtedness by a national rating agency;

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(9) there shall have occurred any materially adverse change in the affairs or financial condition of the District; or

(10) the suspension by the SEC of trading in the outstanding securities of the District;

(11) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(12) the occurrence of a material disruption in securities settlement payment or clearance services;

(13) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(14) any fact or event shall exist or have existed that, in the Representative's judgment, requires or has required an amendment of or supplement to the Official Statement.

(e) At or prior to the Date of the Closing, the Underwriters shall receive the following documents, in each case dated as of the Date of the Closing and satisfactory in form and substance to the Representative:

(1) The opinion of Bond Counsel in the form set forth as APPENDIX B to the Official Statement, dated the date of the Closing, addressed to the District;

(2) A supplemental opinion from Bond Counsel, addressed to the Underwriters, to the effect that:

(A) the Underwriters may rely upon the opinion described in (e)(1) above;

(B) this Purchase Contract has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by, and validity against, the Underwriters, is a valid and binding agreement of the District, subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State;

(C) the statements contained in the Official Statement in the sections thereof entitled: "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General," "– Pledge of Tax Revenues" and "TAX MATTERS," (excluding any material that may be treated as included under such captions by cross-reference or by reference to other documents or sources) insofar as such statements expressly summarize certain provisions of the Bonds, the District Resolution and the opinion of Bond Counsel, are accurate in all material respects; and

(D) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the District Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) A certificate signed by an appropriate official of the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all

material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution, the Continuing Disclosure Undertaking and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such officials have reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading provided that no representation will be made with respect to any information relating to DTC or its book-entry only system, CUSIP numbers of the Bonds, information describing Los Angeles County's investment pool and policy, prices or yields at which the Bonds were re-offered to the public, or information provided by the Underwriters under the heading "UNDERWRITING," (v) the Bonds being delivered on the date of Closing to the Underwriters under this Purchase Contract substantially conform to the descriptions thereof contained in the District Resolution, (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District or by the due adoption of the District Resolution and (vii) no additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date hereof for the District to adopt the District Resolution or enter into this Purchase Contract or to perform its obligations thereunder; and

(4) Evidence satisfactory to the Representative that the Bonds shall have been rated "___" by Moody's Investors Service and "___" by S&P Global Ratings and that all such ratings have not been revoked or downgraded;

(5) A certificate, together with a fully executed copy of the District Resolution, of the Secretary of the Board of Trustees of the District to the effect that:

- (i) such copy is a true and correct copy of the District Resolution; and
- (ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(6) A certificate of the Paying Agent, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriters, substantially to the effect that no litigation is pending or, to the best of the Paying Agent's knowledge, threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent.

(7) A letter of Norton Rose Fulbright US LLP, Disclosure Counsel to the District, addressed to the Underwriters, to the effect that: in its capacity as disclosure counsel, it has rendered certain legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning

various legal matters, review of certain records, documents and proceedings, and participation in conferences with, among others, representatives of the District, the District's municipal advisor, the Underwriters, Underwriters' Counsel, and others, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to such firm in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement), no facts have come to the attention of the personnel in the firm directly involved in rendering legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement which cause them to believe that the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Contract, and the Official Statement as of its date and as of the date of the Closing (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; Appendices C, E and F thereto; information relating to The Depository Trust Company; and, with respect to the Preliminary Official Statement, information permitted to be omitted therefrom pursuant to the Rule, as to all of which it expresses no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(8) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

(9) A copy of the "deemed final" certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;

(10) A Continuing Disclosure Undertaking signed by an appropriate official of the District, substantially in the form of APPENDIX D to the Official Statement; and

(11) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Representative may reasonably request in order to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Contract or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

Section 10. Conditions to Obligations of the District. The performance by the District of its obligations under this Purchase Contract is conditioned upon (i) the performance by the

Underwriters of their obligations hereunder; and (ii) receipt by the District and by the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the District.

Section 11. Expenses. Subject to the provisions of this Section 11, the District shall pay or cause to be paid costs related to the issuance of the Bonds, including but not limited to the following: (i) the costs of the preparation and reproduction of the District Resolution; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the District's municipal advisor and dissemination agent; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for Bond ratings, including all necessary expenses for travel, if applicable; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent and Fiscal Agent; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds, including District travel expenses, if applicable. The obligation of the Underwriters to pay any of the foregoing costs and expenses shall be limited to amounts available pursuant to the Fiscal Agent Agreement. If amounts available pursuant to the Fiscal Agent Agreement are not sufficient to pay all of the foregoing costs and expenses, the balance of such costs and expenses shall be paid solely by the District.

All out-of-pocket expenses of the Underwriters, including the California Debt Investment and Advisory Commission fee, fees and expenses of Underwriters' Counsel, expenses for travel of the Underwriters (including that connected with securing ratings on the Bonds) and other expenses of the Underwriters, shall be paid by the Underwriters from any available source other than amounts available pursuant to the Fiscal Agent Agreement, including the expense component of the Underwriters' discount. The District acknowledges it has had an opportunity, in consultation with such advisors as they may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding the foregoing, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriters for any expenses for travel of the Underwriters (including that connected with securing ratings on the Bonds).

Section 12. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, to the Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405, Attention: Vice President of Business & Administration; or if to the Representative, to RBC Capital Markets, LLC, 777 S. Figueroa Street, Suite 850, Los Angeles, California 90017, Attention: Managing Director.

Section 13. Parties In Interest; Survival of Representations and Warranties. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Purchase Contract and the process leading thereto. This Purchase Contract is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Purchase Contract. This Purchase Contract shall only be amended, supplemented or modified in a writing signed by each of the parties hereto.

Section 14. Severability. If any one or more of the provisions in this Purchase Contract to be performed on the part of the District or the Underwriters should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be null and void and shall be deemed separate from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Purchase Contract.

Section 15. No Fiduciary Role. The District acknowledges and agrees that (i) the primary role of each Underwriter, as an underwriter, is to purchase securities, for resale to investors, and the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriters, (ii) in connection therewith and with the process leading to such transaction the Underwriters are acting solely as principals and not the agents, financial advisors, municipal advisors or fiduciaries of the District, (iii) the Underwriters have not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the District with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Underwriters have advised or are currently advising the District on other matters) and (iv) the District has consulted its own legal, accounting, tax, financial, municipal and other advisors, as applicable, to the extent it has deemed appropriate. The District agrees that it will not claim that the Underwriters have rendered advisory services of any nature or respect, or owe a fiduciary or similar duty to the District in connection with this transaction or the process leading thereto.

Section 16. Execution in Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Section 17. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

[Remainder of page intentionally left blank.]

[Santa Monica Community College District Contract of Purchase General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable) Signature Page]

Very truly yours,

RBC CAPITAL MARKETS, LLC, as
Representative of itself and SAMUEL A.
RAMIREZ CO., INC., as Underwriters

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written at
_____:_____ PM:

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

By: _____
Vice President of Business & Administration

EXHIBIT A

MATURITY SCHEDULE

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)**

**\$ _____
General Obligation Bonds
Election of 2016, 2022 Series B-1
(Federally Taxable)**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				

\$ _____ – _____ % Term Bonds due August 1, 20__ – Yield _____ %; Price _____

\$ _____ – _____ % Term Bonds due August 1, 20__ – Yield _____ %; Price _____

REDEMPTION

Optional Redemption

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

Mandatory Sinking Fund Redemption

The Term Bonds maturing on August 1, 20__, and bearing interest at a rate of __%, are subject to mandatory sinking fund redemption prior to their stated maturity from mandatory sinking fund payments on any August 1 on or after August 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
20__	
20__	
20__ ⁽¹⁾	
Total	
(1) Maturity.	

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be as directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

The Term Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date
(August 1)

Principal Amount

20__
20__
20__
20__⁽¹⁾
Total

⁽¹⁾ Final Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be as directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

[Remainder of page intentionally left blank.]

§ _____
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2016, 2022 Series B
(Tax-Exempt)

CONTRACT OF PURCHASE

_____, 2022

Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, California 90405

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC, on behalf of itself and as representative (the “Representative”), of Samuel A. Ramirez & Co., Inc., together as underwriters (the “Underwriters”), offers to enter into this Contract of Purchase (the “Purchase Contract”) with the Santa Monica Community College District (the “District”), which, upon the acceptance hereof by the District will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Purchase Contract by the District, and delivery of such acceptance to us at or prior to 11:59 P.M., California time, on the date hereof.

Section 1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth: (i) the Underwriters hereby agree to purchase from the District, for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the District’s \$ _____ General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) (the “Bonds”).

The Bonds are being issued as current interest bonds. Interest on the Bonds accrues from their date of delivery, computed on the basis of a 360-day year comprised of twelve (12) 30-day months, such interest being payable on February 1 and August 1 of each year, commencing [August 1, 2022].

The Underwriters shall purchase the Bonds at a purchase price of \$ _____ (consisting of the principal amount of the Bonds of \$ _____ .00, plus net original issue premium of \$ _____, and less an underwriting discount of \$ _____).

In order to provide for the payment of certain costs relating to the issuance of the Bonds, the Representative will enter into the Fiscal Agent Agreement, dated as of May 1, 2022 (the “Fiscal Agent Agreement”) with the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). At Closing (as defined in Section 6 herein) there shall be deposited by the Representative \$ _____ (the “COI Deposit”), which amount shall be deposited with the Fiscal Agent to be applied in accordance with the provisions of the Fiscal Agent Agreement.

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that: (i) the primary role of the Underwriters is to purchase securities for resale to

investors in an arms-length commercial transaction between the District and the Underwriters and that the Underwriters have financial and other interests that differ from those of the District, (ii) the Underwriters are not acting as a municipal advisor, financial advisor or fiduciary to the District and have not assumed any advisory or fiduciary responsibilities to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether any of the Underwriters have provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriters have to the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission (“SEC”) or the rules of the Municipal Securities Rulemaking Board (“MSRB”), and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

Section 2. The Bonds. The Bonds shall be dated their date of delivery and shall otherwise be as described in the resolution of the District with respect to the Bonds adopted on [April 5, 2022] (“District Resolution”). The County Board of Supervisors adopted a resolution on [April 19, 2022] authorizing the levy of taxes for the Bonds, designating the Paying Agent therefore and directing the County Auditor-Controller to place taxes on the tax roll (the “County Resolution”). The Bonds are issued pursuant to certain provisions of the Education Code of the State of California (the “State”), the State Government Code and other applicable law and pursuant to the District Resolution. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the District Resolution.

The net proceeds of the Bonds will be applied to: (i) finance the repair, construction, acquisition and equipping of certain District sites and facilities, (ii) pay a portion of the debt service on the Bonds, and (iii) pay costs of issuance associated with the Bonds, all as more particularly described in the Official Statement.

The Bonds shall be in book-entry form, shall bear CUSIP numbers and shall be in fully registered form, registered in the name of Cede & Co., as nominee of DTC. The Bonds shall be delivered to the Underwriters through the services of The Depository Trust Company (“DTC”) at Closing (as defined in Section 6 below).

Section 3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offering and sale of the Bonds, the Preliminary Official Statement and the final Official Statement.

Section 4. Public Offering; Establishment of Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth on EXHIBIT A hereto. Subsequent to such initial public offering, the Underwriters reserve the right to change such public offering prices or yields as they deem necessary in connection with the marketing of the Bonds.

(b) The Representative, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at or prior to Closing (as defined in Section 6 below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel (defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) With respect to Bonds of those maturities as to which at least 10% of the Bonds of the maturity has been sold to the public (defined in subsection (g)(1) below) at a single price (the “10% test”), based on reporting by the Representative to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities are indicated in Schedule A attached hereto (the “10% Test Maturities”), the District will treat the first price at which 10% of each such maturity of the Bonds was sold to the public as the issue price of that maturity. With respect to Bonds of those maturities as to which the 10% test has not been satisfied, based on reporting by the Representative to the District on the date hereof and prior to the execution of this Purchase Contract, which maturities, if any, are also indicated in Schedule A attached hereto (the “Hold-the-Offering-Price Maturities”), the Representative and the District agree that the rules in paragraph (d) below shall apply. For purposes of this section, for Bonds maturing on the same date but having different interest rates, each separate CUSIP number for such Bonds is subject to the 10% test or subsection (d) below, as the case may be, as if such separate CUSIP number were a separate maturity.

(d) With respect to the Hold-the-Offering-Price Maturities, the Representative confirms that the Underwriters have offered such maturities of the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. The District and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Offering-Price Maturities, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Offering-Price Maturities, the Underwriters will neither offer nor sell such maturity of the Hold-the-Offering-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Offering-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Hold-the-Offering-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(i) any agreement among the Underwriters, any selling group agreement and each retail or other third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable:

(A) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(B) to acknowledge that, unless otherwise advised by an Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among the Underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail or other third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(f) The District acknowledges that, in making the representations set forth in this subsection (f), the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(g) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this Section 4:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 5. Official Statement. The District has caused to be drafted a Preliminary Official Statement, dated _____, 2022 (the “Preliminary Official Statement”) including the cover page, inside cover page(s) and Appendices thereto, relating to the Bonds. The District deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), maturity dates, yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and other terms of the Bonds which depend upon the foregoing (collectively, the “Excluded Information”) as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the “Rule”). The Official Statement (as defined in Section 8 herein) was approved by the Board of Trustees of the District pursuant to the District Resolution.

The Underwriters agree that prior to the time the final Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriters agree to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined in Section 6 below).

Section 6. Closing. At 9:00 A.M., California time, on May ____, 2022, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the “Closing”), the District will deliver or cause to be delivered, through the facilities of DTC, the Bonds to the Representative, in book-entry form, duly executed and registered as provided in Section 2 above, and at the offices of Norton Rose Fulbright US LLP (“Bond Counsel”) in Los Angeles, California, or at such other place as the parties may mutually agree upon, the other documents hereinafter mentioned; and the Representative will accept such delivery. The purchase price for the Bonds (as set forth in Section 1 hereof) will be paid in immediately available funds by wire transfer to the account or accounts designated by the District.

Section 7. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters that:

(a) The District is a community college district duly organized and validly existing under the laws of the State, with the power to authorize the issuance of the Bonds and to sell the Bonds pursuant to the Act.

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Contract and the Continuing Disclosure Undertaking (as defined below), to adopt the District Resolution, to authorize the issuance of the Bonds, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Continuing Disclosure Undertaking and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution, the Continuing Disclosure Undertaking and this Purchase Contract have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) this Purchase Contract constitutes and the Continuing Disclosure Undertaking will constitute at Closing, a valid and legally binding obligation of the District subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State of California; (v) the Bonds, upon their issuance, will constitute the legal and valid binding obligations of the District enforceable against the District in accordance with their terms subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State of California and (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Representative may reasonably request, which have not been taken or obtained.

(d) The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States, or any agency or department of either, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its properties or other assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

(e) The issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract and the District Resolution, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) As of the time of acceptance hereof no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Contract or the District Resolution;

or (iii) except as disclosed in the in the Preliminary Official Statement and the Official Statement, in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the District Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of such interest from California personal income taxation.

(g) Between the date hereof and the Closing, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Any certificates signed by any officer of the District and delivered to the Underwriters shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

(i) In accordance with the requirements of the Rule, the District will execute and deliver a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”) in the form set forth in APPENDIX D to the Official Statement, upon or prior to the execution and delivery of the Bonds, in which the District will undertake, for the benefit of the Underwriters and the Owners of the Bonds, to provide certain information as set forth therein.

(j) During the past five (5) years, except as disclosed in the Official Statement, the District has not failed to comply in any material respect with any previous undertakings with regard to the Rule to provide annual reports of financial and operating data or notices of material events.

(k) The Preliminary Official Statement, except for the Excluded Information, was as of its date and as of the date hereof, and the Official Statement is as of the date hereof, true and correct in all material respects, and the Official Statement does not contain an untrue statement of a material fact and does not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; provided that the District makes no representation with respect to information on DTC or its book-entry only system, CUSIP numbers of the Bonds, the County’s investment information or policy, the prices or yields at which the Bonds were re-offered to the public, or information provided by the Underwriters as set forth under the heading “UNDERWRITING.”

(l) The District acknowledges receipt from the Underwriters of disclosures pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-17.

(m) The financial statements of, and other financial information regarding the District, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

Section 8. Covenants of the District. The District covenants and agrees with the Underwriters that:

(a) The District will furnish such information, execute such instruments, and take such other action in cooperation with the Representative if and as the Representative may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of

such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(b) The District hereby agrees to deliver or cause to be delivered to the Underwriters copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been reasonably accepted by the Representative and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") (i) in "designated electronic format" as defined by MSRB Rule G-32 and (ii) in such quantities as may be requested by the Representative not later than seven (7) business days following the date this Purchase Contract is signed, in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriters, its counsel or agents, shall not be considered cause for the Underwriters to refuse to accept delivery of and pay for the Bonds. The District hereby authorizes the Underwriters to use and distribute the Official Statement (in printed and electronic form) in connection with the offering and sale of the Bonds; and

(c) For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Representative shall object in writing or which shall be disapproved by the Representative; and if any event shall occur which might affect the correctness or completeness of any statement of a material fact contained in the Official Statement, the District will promptly notify the Representative in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the reasonable opinion of Bond Counsel or Disclosure Counsel to the District or the Representative, to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading and shall have so advised the District, the District will forthwith cooperate with the Representative in the prompt preparation and furnishing to the Underwriters, at the expense of the District, of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance reasonably satisfactory to the Representative, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 9. Conditions to Closing. The Representative (on behalf of the Underwriters) has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Purchase Contract are and shall be subject, at the option of the Representative, to the following further conditions at the Closing:

(a) The representations and warranties of District contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Continuing Disclosure Undertaking and the District Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force

and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the District Resolution and this Purchase Contract to be performed at or prior to the Closing;

(c) No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened, which has any of the effects described in Section 7(f) hereof, or contesting in any way the completeness or accuracy of the Official Statement;

(d) Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriters to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Representative (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939 as amended;

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency, or escalation thereof, or calamity or crisis relating to the effective operation of the government or the financial community in the United States, including without limitation a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury Obligations, and a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities

exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the Federal securities laws, as amended and then in effect;

(6) the withdrawal, downgrading or placement on “credit watch” or “negative outlook” or similar official statement relating to the Bonds or any rating of any of the District’s outstanding indebtedness by a national rating agency;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(8) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing, including the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended and the Trust Indenture Act of 1939, as amended;

(9) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District; or

(10) any fact or event shall exist or have existed that, in the Representative’s judgment, requires or has required an amendment of or supplement to the Official Statement.

(e) At or prior to the Date of the Closing, the Underwriters shall receive the following documents, in each case dated as of the Date of the Closing and satisfactory in form and substance to the Representative:

(1) The opinion of Bond Counsel in the form set forth as APPENDIX B to the Official Statement, dated the date of the Closing, addressed to the District;

(2) A supplemental opinion from Bond Counsel, addressed to the Underwriters and the District, to the effect that:

(A) the Underwriters may rely upon the approving opinion described in (e)(1) above;

(B) this Purchase Contract has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by, and validity against, the Underwriters, is a valid and binding agreement of the District, subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State;

(C) the statements contained in the Official Statement in the sections thereof entitled: "THE BONDS", "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General," "– Pledge of Tax Revenues" and "TAX MATTERS," (excluding any material that may be treated as included under such captions by cross-reference or by reference to other documents or sources) insofar as such statements expressly summarize certain provisions of the Bonds, the District Resolution and the opinion of Bond Counsel, are accurate in all material respects; and

(D) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the District Resolution are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) A certificate signed by an appropriate official of the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution, the Continuing Disclosure Undertaking and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such officials have reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading provided that no representation will be made with respect to any information relating to DTC or its book-entry only system, CUSIP numbers of the Bonds, information describing the County's investment pool and policy, prices or yields at which the Bonds were re-offered to the public, or information provided by the Underwriters under the heading "UNDERWRITING," (v) the Bonds being delivered on the date of Closing to the Underwriters under this Purchase Contract substantially conform to the descriptions thereof contained in the District Resolution, (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District or by the due adoption of the District Resolution and (vii) no additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date hereof for the District to adopt the District Resolution or enter into this Purchase Contract or to perform its obligations thereunder; and

(4) A Tax Exemption Certificate (or similar certificate) or Certificates of the District with respect to the Bonds in forms satisfactory to Bond Counsel;

(5) Evidence satisfactory to the Representative that (i) the Bonds shall have been rated “___” by Moody’s Investors Service; and “___” by S&P Global Ratings and that such ratings have not been revoked or downgraded;

(6) A certificate, together with a fully executed copy of the District Resolution, of the Secretary of the Board of Trustees of the District to the effect that:

(A) such copy is a true and correct copy of the District Resolution; and

(B) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(7) An originally executed copy of the County Resolution;

(8) A certificate of the Paying Agent, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriters, substantially to the effect that no litigation is pending or, to the best of the Paying Agent’s knowledge, threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent.

(9) A letter of Norton Rose Fulbright US LLP, Disclosure Counsel to the District, addressed to the Underwriters, to the effect that: in its capacity as disclosure counsel, it has rendered certain legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in conferences with, among others, representatives of the District, the District’s municipal advisor, the Underwriters, Underwriters’ Counsel, and others, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to such firm in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement), no facts have come to the attention of the personnel in the firm directly involved in rendering legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement which cause them to believe that the Preliminary Official Statement, as of its date, and the Official Statement as of its date and as of the date of the Closing (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; Appendices C, E through G thereto; information relating to The Depository Trust Company; and, with respect to the Preliminary Official Statement, information permitted to be omitted therefrom pursuant to the Rule, as to all of which it expresses no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, addressed to the Underwriters, in form and substance satisfactory to the Representative;

(11) A copy of the “deemed final” certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;

(12) A Continuing Disclosure Undertaking signed by an appropriate official of the District, substantially in the form of APPENDIX D to the Official Statement; and

(13) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Representative may reasonably request in order to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Underwriters’ obligations contained in this Purchase Contract or if the Underwriters’ obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

Section 10. Conditions to Obligations of the District. The performance by the District of its obligations under this Purchase Contract is conditioned upon (i) the performance by the Underwriters of their obligations hereunder; and (ii) receipt by the District and by the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the District.

Section 11. Expenses. Subject to the provisions of this Section 11, the District shall pay or cause to be paid costs related to the issuance of the Bonds, including but not limited to the following: (i) the costs of the preparation and reproduction of the District Resolution; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel and the District’s municipal advisor and dissemination agent; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for Bond ratings, including all necessary expenses for travel, if applicable; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds, including District travel expenses, if applicable.

All out-of-pocket expenses of the Underwriters, including the California Debt Investment and Advisory Commission fee, fees and expenses of underwriters’ counsel, expenses for travel of the Underwriters (including that connected with securing ratings on the Bonds) and other expenses of the Underwriters, shall be paid by the Underwriters from any available source other than amounts available pursuant to the Fiscal Agent Agreement, including the expense component of the Underwriters’ discount. The District acknowledges that a portion of the Underwriters’ discount is intended to reimburse the Underwriters for any incidental expenses (including, but not limited to, transportation and meals of personnel of the Underwriters and the District) incurred by the Underwriters (on their own behalf and/or on behalf of personnel of any Underwriter and District personnel and advisors, as applicable) in connection with the execution of the transaction contemplated by this Purchase Contract. In addition, the Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Bonds.

The District hereby directs the Representative to wire a portion of the purchase price of the Bonds, identified in Section 1 hereof, to U.S. Bank National Association, as fiscal agent, in an amount equal to \$ _____ for the payment of costs of issuing the bonds. Under no circumstances shall the Underwriters' liability for the foregoing costs and expenses exceed or be payable from any source other than amounts available pursuant to the Fiscal Agent Agreement. If amounts available pursuant to the Fiscal Agent Agreement are not sufficient to pay all of the foregoing costs and expenses, the balance of such costs and expenses shall be paid solely by the District. The District acknowledges it has had an opportunity, in consultation with such advisors as they may deem appropriate, if any, to evaluate and consider such fees.

Section 12. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, to the Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405, Attention: Vice President of Business & Administration; or if to the Representative, to RBC Capital Markets, LLC, 777 S. Figueroa Street, Suite 850, Los Angeles, California 90017, Attention: Managing Director.

Section 13. Parties In Interest; Survival of Representations and Warranties. This Purchase Contract is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Purchase Contract. This Purchase Contract shall only be amended, supplemented or modified in a writing signed by each of the parties hereto.

Section 14. Entire Agreement. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Purchase Contract and the process leading thereto.

Section 15. Severability. If any one or more of the provisions in this Purchase Contract to be performed on the part of the County or the District or the Underwriters should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be null and void and shall be deemed separate from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Purchase Contract.

Section 16. No Fiduciary Role. The District acknowledges and agrees that (i) the primary role of each Underwriter, as an underwriter, is to purchase securities, for resale to investors, and the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriters, (ii) in connection therewith and with the process leading to such transaction the Underwriters are acting solely as principals and not the agents, financial advisors, municipal advisors or fiduciaries of the District, (iii) the Underwriters have not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the District with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Underwriters have advised or are currently advising the District on other matters) and (iv) the District has consulted its own legal, accounting, tax, financial, municipal and other advisors, as applicable, to the extent it has deemed appropriate. The District agrees that it will not claim that the Underwriters have rendered advisory services of any nature or respect, or owe a fiduciary or similar duty to the District in connection with this transaction or the process leading thereto.

Section 17. Execution in Counterparts. This Purchase Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Section 18. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

[Remainder of page intentionally left blank.]

*[Santa Monica Community College District Contract of Purchase General Obligation Bonds, Election of 2016,
2022 Series B (Tax-Exempt) Signature Page]*

Very truly yours,

RBC CAPITAL MARKETS, LLC, as Representative of
itself and SAMUEL A. RAMIREZ CO., INC., as
Underwriters

By: _____
Authorized Representative

The foregoing is hereby agreed to and accepted as of the date first above written, at _____:_____ PM:

SANTA MONICA COMMUNITY COLLEGE DISTRICT

By: _____
Vice President of Business & Administration

EXHIBIT A

MATURITY SCHEDULE

\$ _____
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2016, 2022 Series B
(Tax-Exempt)

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Rule</u>	<u>Hold-the- Offering- Price Rule</u>
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						

\$ _____ – _____ % Term Bonds due August 1, 20__ – Yield _____ %; Price _____ - 10% Rule _____

^(c) Priced to call at par on August 1, 20__.

REDEMPTION

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

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

Redemption Date (August 1)	Principal Amount
20__	
20__	
20__	
20__	
20__ ⁽¹⁾	

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be as directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

[Remainder of page intentionally left blank.]

EXHIBIT B

**ISSUE PRICE CERTIFICATE
(REPRESENTATIVE)**

\$ _____
**SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2016, 2022 Series B
(Tax-Exempt)**

The undersigned RBC Capital Markets, LLC, as representative (the “Representative”) on behalf of itself and Samuel A. Ramirez & Co., Inc. (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the 10% Test Maturities.*** As of the date of this certificate, for each Maturity of the Bonds listed as a “10% Test Maturity” in Schedule A attached hereto, the first price at which at least 10% of such 10% Test Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) As of the date of this certificate, for each Hold-the-Offering-Price Maturity the Underwriting Group offered such Hold-the-Offering-Price Maturity to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the “Initial Offering Prices”) on or before the Sale Date.

(b) With respect to the Hold-the-Offering-Price Maturities, if any, as agreed to in writing by the Representative in the Bond Purchase Contract, dated _____, 2022, between the Representative and the District, the Representative has not offered or sold any of the Hold-the-Offering-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Hold-the-Offering-Price Maturities of the Bonds during the Holding Period.

3. ***Pricing Wire or Equivalent Communication.*** A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

4. ***Defined Terms.***

(a) *10% Test Maturities* means those Maturities of the Bonds listed in Schedule A hereto as having met the 10% Rule.

(b) *District* means the Santa Monica Community College District.

(c) *Hold-the-Offering-Price Maturity* means each Maturity of the Bonds listed in Schedule A hereto as being subject to the Hold-the-Offering-Price Rule.

(d) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Offering-Price Maturity

was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(g) *Related Party*. A purchaser of any Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2022.

(i) *Tax Exemption Certificate* means the Tax Exemption Certificate or similar certificate, dated _____, 2022, executed and delivered by the District in connection with the issuance of the Bonds.

(j) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP, as Bond Counsel to the District, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC, as Representative
of the Underwriting Group

By _____
Authorized Representative

Dated: _____, 2022

SCHEDULE A

\$ _____
SANTA MONICA COMMUNITY COLLEGE DISTRICT
 (Los Angeles County, California)
General Obligation Bonds
 Election of 2016, 2022 Series B
 (Tax-Exempt)

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Rule</u>	<u>Hold-the- Offering- Price Rule</u>
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						

\$ _____ - _____% Term Bonds due August 1, 20__ - Yield _____%; Price _____ - 10% Rule _____

^(c) Priced to call at par on August 1, 20__.

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

NEW ISSUE—BOOK ENTRY ONLY

RATINGS: Moody's: "____"
 S&P: "____"
 (See "RATINGS" herein)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS - Tax-Exempt Bonds" herein, interest on the Tax-Exempt Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. See "TAX MATTERS- Tax-Exempt Bonds" herein. Interest on the Taxable Bonds will be included in gross income for federal income tax purposes. See "TAX MATTERS – Taxable Bonds" herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.

\$ _____
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)

\$ _____
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2022 SERIES B
(Tax-Exempt)

\$ _____
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2022 SERIES B-1
(Federally Taxable)

Dated: Date of Delivery

Due: August 1, as shown on inside cover.

The Santa Monica Community College District (the "District") is issuing its General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) (the "Tax-Exempt Bonds") and Election of 2016, 2022 Series B-1 (Federally Taxable) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Bonds").

The Bonds were authorized at a bond election conducted within the District on November 8, 2016 (the "2016 Authorization"), as more fully described herein under the caption "THE BONDS – Authority for Issuance." The proceeds of the Bonds are being applied to (i) finance the construction, acquisition, furnishing and equipping of District facilities, (ii) [pay capitalized interest on the Tax-Exempt Bonds through and including a portion of interest accrued through August 1, 20__] and (iii) pay certain costs of issuance associated with the Bonds.. See the caption "PLAN OF FINANCE" herein.

The Bonds are being issued by the District under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), other applicable laws and regulations of the State of California (the "State"), and pursuant to the resolution of the Board of Trustees of the District, adopted on [April 5, 2022].

The Bonds are dated the date of their delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover herein. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2022.* The Bonds will be issued in denominations of \$5,000 principal amount, or integral multiples thereof, and are payable as to principal amount or redemption price at the office of U.S. Bank Trust Company, National Association, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent (the "Paying Agent").

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds as described herein under the caption "THE BONDS – Book-Entry-Only System" herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "–Mandatory Sinking Fund Redemption" herein.

The Bonds are general obligations of the District, secured and payable solely from *ad valorem* taxes levied and collected by the County of Los Angeles (the "County") within the boundaries of the District. The Bonds are general obligations of the District only and are not obligations of the County, the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

MATURITY SCHEDULE
(On Inside Cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Norton Rose Fulbright US LLP is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC on or about [May ____, 2022].

RBC CAPITAL MARKETS [LOGO]

Ramirez & Co., Inc.

Dated: _____, 2022

* Preliminary; subject to change.
 104843694.5

MATURITY SCHEDULES⁽¹⁾

\$ _____⁽¹⁾
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS
Election of 2016, 2022 Series B
(Tax-Exempt)

\$ _____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.⁽²⁾ (802385)
2022	\$	%	%		
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					

\$ _____ – _____% Term Bonds due August 1, 20__ – Yield _____%; Price _____ - CUSIP⁽¹⁾ 802385 _____

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Underwriters or the Municipal Advisor take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

\$ _____⁽¹⁾
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS
Election of 2016, 2022 Series B-1
(Federally Taxable)

\$ _____ Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.⁽²⁾ (802385)</u>
2022	\$	%	%		
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					

\$ _____ – _____% Term Bonds due August 1, 20__ – Yield _____%; Price _____ - CUSIP⁽²⁾ 802385 _____

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Underwriters or the Municipal Advisor take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

No dealer, broker, salesperson or other person has been authorized by the Santa Monica Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by this Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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 (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). 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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Los Angeles County, State of California

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Sherri Lee-Lewis, Vice President, Human Resources
Dr. Bradley Lane, Vice President, Academic Affairs
Teresita Rodriguez, Vice President, Enrollment Development
Michael Tuitasi, Vice President, Student Affairs

SPECIAL SERVICES

Underwriters

RBC Capital Markets, LLC
Los Angeles, California

Samuel A. Ramirez & Co., Inc.
Los Angeles, California

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor

KNN Public Finance,
a Limited Liability Company
Berkeley, California

Paving Agent

U.S. Bank Trust Company, National Association,
as agent of the Treasurer and Tax Collector
of the County of Los Angeles
Los Angeles, California

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\$ _____^{*}
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)

\$ _____^{*}
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2022 SERIES B
(Tax-Exempt)

\$ _____^{*}
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2022 SERIES B-1
(Federally Taxable)

INTRODUCTION

General

This Official Statement, which includes the cover, inside cover pages and appendices hereto is provided to furnish information in connection with the sale of the Santa Monica Community College District (the “District”) \$ _____^{*} aggregate principal amount of its General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) (the “Tax-Exempt Bonds”) and \$ _____^{*} aggregate principal amount of its General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable) (the “Taxable Bonds and, together with the Tax-Exempt Bonds, the “Bonds”).

The Bonds are being issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the of the California Government Code (commencing with Sections 53506) (the “Act”) and other applicable laws and regulations of the State, and pursuant to a resolution adopted by the Board on [April 5, 2022] (the “Resolution”).

The proceeds of the Bonds will be applied to fund certain capital projects of the District approved by the voters at an election conducted on November 8, 2016 (the “2016 Election”), at which more than 55% of the qualified electors of the District voted to authorize the issuance of \$345,000,000 of general obligation bonds (the “2016 Authorization”) of the District, [to pay capitalized interest on the Bonds through and including a portion of interest accrued through August 1, 20__] and to the payment of costs of issuance of the Bonds. See “PLAN OF FINANCING” herein.

The District

The District was established in 1929. The District encompasses approximately 28 square miles and borders the Pacific Ocean on the western edge of the County of Los Angeles (the “County”). The District’s boundaries are approximately coterminous with the combined area of the City of Santa Monica, the City of Malibu and the unincorporated area of the County within the Malibu postal zip code. Santa Monica College is fully accredited by the Accrediting Commission for Community and Junior Colleges.

The assessed valuation of the District for fiscal year 2021-22 is \$65,577,291,737. The District’s estimated total enrollment for fiscal year 2021-22 is projected to be 37,584. The projected actual full-time equivalent students (“FTES”) served for 2021-22 is 20,514, comprised of approximately 17,882 California resident FTES and 2,632 non-resident FTES. The District’s direct and overlapping bonded indebtedness is set forth under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – District Debt” herein. The District’s audited financial statements for the fiscal year ended June 30, 2021 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDICES A and C attached hereto.

^{*} Preliminary; subject to change.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds were authorized pursuant to the 2016 Authorization approved at the 2016 Election. The Bonds are being issued by the District under the Act and other applicable laws and regulations of the State, and pursuant to the Resolution and the 2016 Authorization. The Bonds represent the second and third series of bonds issued under the 2016 Authorization, following which none of the 2016 Authorization will remain. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property, which is taxable at limited rates), for the payment of principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in initial denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each August 1 and February 1 of each year (each, an “Interest Payment Date”), commencing August 1, 2022,* to the registered owners (each, an “Owner”) thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a “Record Date”). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event, interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date, to the Owner thereof on the Record Date, for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal on the Bonds shall be due and payable on August 1 in each of the years as set forth on the inside covers of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest, or premium, if any, on the Bonds are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank Trust Company, National Association, as agent for the

* Preliminary; subject to change.

Treasurer and Tax Collector of the County, as paying agent (the “Paying Agent”), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (“DTC Participants”) for subsequent disbursement to the Beneficial Owners. Payments of principal and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – “BOOK ENTRY ONLY SYSTEM” herein.

Optional Redemption*

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

Mandatory Sinking Fund Redemption*

The Term Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity from mandatory sinking fund payments on any August 1 on or after August 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__ ⁽¹⁾	
Total	\$

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced as directed by the District, in integral multiples of \$5,000 of principal amount, to reflect the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

* Preliminary; subject to change.

Notice of Redemption

When redemption is authorized or required pursuant to the resolution, the Paying Agent, upon written instruction from the District, shall give notice (each, a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest on Bonds shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of the Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the bond register and to the MSRB (defined below); (ii) in the event the Bonds shall no longer be held in book-entry form, at least 35 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories and the MSRB.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website located at <http://emma.msrb.org>, or any other entity designated or authorized by the Commission.

The “Securities Depositories” shall mean DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

Any Redemption Notice may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by notifying the Owners of affected Bonds and the MSRB in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

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

“Transfer Amount” shall mean, with respect to any Bonds, the aggregate principal amount of thereof.

Effect of Notice of Redemption

Notice having been given as required in the applicable resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District’s Debt Service Fund for the Bonds or deposited with a duly appointed escrow agent, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount and transferred upon the bond registrar upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Discharge and Defeasance

All or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds outstanding, and when the same become due and payable;

(b) by depositing with the Paying Agent, or with a duly appointed escrow agent, at or before maturity, cash which, together with the amounts then on deposit in the applicable Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution which meets the requirements for acting as a successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding at maturity thereof, including any premium and all interest thereon, for which notice has been given or provided for, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the applicable resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the applicable resolution.

[Remainder of this page intentionally left blank.]

Debt Service Schedule

The following table summarizes the debt service requirements of the District for all of its outstanding general obligation bonds and the Bonds, assuming no optional redemptions:

Bond Year Ending August 1	Outstanding General Obligation Bonds	Tax-Exempt Bonds		Taxable Bonds		Total
		Principal	Interest	Principal	Interest	
2022	\$	\$	\$			\$
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
Total	\$	\$	\$	\$	\$	\$

Book-Entry Only System

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” hereto.

PLAN OF FINANCE

The net proceeds of the Bonds will be applied to (i) finance the construction, acquisition, furnishing and equipping of District facilities, all as included in the Project List (defined below) approved at the 2016 Election (ii) [pay capitalized interest on the Bonds including a portion of interest accrued through August 1, 20__] and (iii) pay certain costs of issuance associated with the Bonds.

Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited into the debt service fund established by the County with respect to such series of Bonds and will be applied to the payment of interest on such series of Bonds.

The Project. The “Strict Accountability in Local School Construction Bonds Act of 2000,” comprising Section 15264 *et seq.* of the Education Code, controls the method by which the District will expend amounts derived from the sale of the Bonds on its capital improvements. Prior to the 2016 Election, the District prepared and submitted to the District Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the general obligation bonds being approved at the 2016 Election (the “Project List”).

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Source of Funds	Tax-Exempt <u>Bonds</u>	Taxable Bonds	Total
Principal Amount Plus [Net] Original Issue Premium	\$		
	_____	_____	_____
Total Sources	<u>\$</u>	<u>_____</u>	<u>_____</u>
Uses of Funds			
Project Fund Costs of Issuance ⁽¹⁾	\$		
	_____	_____	_____
Total Uses	<u>\$</u>	<u>_____</u>	<u>_____</u>

⁽¹⁾ Costs of issuance includes, but is not limited to, Underwriters' discount, printing and rating costs, demographics, fees and expenses of the Paying Agent, Fiscal Agent, Escrow Agent, Municipal Advisor and Bond and Disclosure Counsel.

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SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, secured and payable solely from unlimited *ad valorem* property taxes collected against taxable properties within the boundaries of the District. The Bonds are general obligations of the District only and are not obligations of the County, the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See “ – Assessed Valuations” herein for further information regarding the assessed valuation and property tax collection information within the District.

Assessed Valuations – Constitutional and Statutory Initiatives

Article XIII A of the California Constitution. Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property, to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the \$1 per \$100 of taxable value.

Assessed Valuations of the District

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution.

The State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

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

For fiscal year 2021-22, the District's total assessed valuation is \$65,577,291,737. Shown in the following tables is information relating to the assessed valuation of property in the District during the current and past ten fiscal years, assessed valuation and parcels by land use, and per parcel assessed valuation of single-family homes.

SANTA MONICA COMMUNITY COLLEGE DISTRICT Summary of Assessed Valuations

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2011-12	\$36,575,521,349	\$742,365	\$ 945,862,922	\$37,522,126,636
2012-13	38,020,590,546	742,365	1,024,110,696	39,045,443,607
2013-14	40,553,638,610	742,365	1,019,369,137	41,573,750,112
2014-15	42,611,392,427	742,365	1,015,391,498	43,627,526,290
2015-16	45,802,812,853	-	1,004,302,267	46,807,115,120
2016-17	48,829,183,700	-	1,002,069,877	49,831,253,577
2017-18	51,103,727,689	-	1,038,816,486	52,142,544,175
2018-19	55,314,861,202	-	1,111,460,426	56,426,321,628
2019-20	58,167,669,958	-	1,122,161,830	59,289,831,788
2020-21	61,701,160,872	-	1,224,690,094	62,925,850,966
2021-22	64,365,281,961	-	1,212,009,776	65,577,291,737

Source: California Municipal Statistics, Inc.

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**SANTA MONICA COMMUNITY COLLEGE DISTRICT
2021-22 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Malibu	\$19,566,654,634	29.84%	\$19,566,654,634	100.00%
City of Santa Monica	43,706,644,929	66.65	\$43,833,606,820	99.71
City of Westlake Village	22,707	0.00	\$3,969,705,005	0.00
Unincorporated Los Angeles County	<u>2,303,969,467</u>	<u>3.51</u>	\$121,819,974,931	1.89
Total District	\$65,577,291,737	100.00%		
Los Angeles County	\$65,577,291,737	100.00%	\$1,771,741,382,469	3.70%

Source: California Municipal Statistics, Inc.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
2021-22 Assessed Valuation and Parcels by Land Use**

<u>Non-Residential:</u>	<u>2021-22 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Commercial	\$15,140,931,225	23.52%	2,157	6.19%
Vacant Commercial	365,240,132	0.57	345	0.99
Industrial	862,586,317	1.34	256	0.73
Vacant Industrial	22,326,838	0.03	38	0.11
Recreational	115,174,273	0.18	46	0.13
Government/Social/Institutional	141,059,267	0.22	616	1.77
Miscellaneous	<u>55,519,387</u>	<u>0.09</u>	<u>69</u>	<u>0.20</u>
Subtotal Non-Residential	\$16,702,837,439	25.95%	3,527	10.12%
<u>Residential:</u>				
Single Family Residence	\$29,448,681,526	45.75%	13,006	37.33%
Condominium/Townhouse	8,195,490,566	12.73	10,279	29.51
Mobile Home Park	71,493,694	0.11	7	0.02
2-4 Residential Units	2,068,472,571	3.21	1,858	5.33
5+ Residential Units/Apartments	5,744,023,589	8.92	2,389	6.86
Vacant Residential	<u>2,134,282,576</u>	<u>3.32</u>	<u>3,770</u>	<u>10.82</u>
Subtotal Residential	\$47,662,444,522	74.05%	31,309	89.88%
Total	\$64,365,281,961	100.00%	38,836	100.00%

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

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
Per Parcel 2021-22 Assessed Valuation of Single-Family Homes

	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	13,006	\$29,448,681,526	\$2,264,238	\$1,314,027
Condominiums	<u>10,279</u>	<u>\$ 8,195,490,566</u>	<u>\$ 797,304</u>	<u>\$ 655,459</u>
Total	23,285	\$37,644,172,092	\$1,616,670	\$ 885,057

<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	617	2.650%	2.650%	\$45,577,762	0.121%	0.121%
\$100,000 - \$199,999	1,383	5.939	8.589	209,528,771	0.557	0.678
\$200,000 - \$299,999	1,437	6.171	14.761	359,061,829	0.954	1.632
\$300,000 - \$399,999	1,547	6.644	21.404	542,091,370	1.440	3.072
\$400,000 - \$499,999	1,553	6.670	28.074	698,911,241	1.857	4.928
\$500,000 - \$599,999	1,472	6.322	34.396	809,865,766	2.151	7.080
\$600,000 - \$699,999	1,381	5.931	40.326	895,160,479	2.378	9.457
\$700,000 - \$799,999	1,251	5.373	45.699	938,272,683	2.492	11.950
\$800,000 - \$899,999	1,174	5.042	50.741	997,183,033	2.649	14.599
\$900,000 - \$999,999	1,097	4.711	55.452	1,042,826,967	2.770	17.369
\$1,000,000 - \$1,099,999	860	3.693	59.145	901,931,276	2.396	19.765
\$1,100,000 - \$1,199,999	792	3.401	62.547	909,178,387	2.415	22.180
\$1,200,000 - \$1,299,999	633	2.718	65.265	788,577,262	2.095	24.275
\$1,300,000 - \$1,399,999	598	2.568	67.833	806,727,236	2.143	26.418
\$1,400,000 - \$1,499,999	540	2.319	70.152	782,770,775	2.079	28.498
\$1,500,000 - \$1,599,999	504	2.164	72.317	781,498,795	2.076	30.574
\$1,600,000 - \$1,699,999	447	1.920	74.237	738,239,738	1.961	32.535
\$1,700,000 - \$1,799,999	426	1.830	76.066	744,211,030	1.977	34.512
\$1,800,000 - \$1,899,999	384	1.649	77.715	709,594,936	1.885	36.397
\$1,900,000 - \$1,999,999	336	1.443	79.158	654,854,354	1.740	38.136
\$2,000,000 and greater	<u>4,853</u>	<u>20.842</u>	100.000	<u>23,288,108,402</u>	<u>61.864</u>	100.000
Total	23,285	100.000%		\$37,644,172,092	100.000%	

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

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts and community college districts. In addition,

the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and ½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1 ½% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies and community college districts in the County. The Authority is a pass-through entity and financial information is not available.

The following tables set forth secured tax charges levied and delinquencies in the District for fiscal years 2011-12 through 2020-21.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies**

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2011-12	\$14,470,936	\$302,470	2.09%
2012-13	15,147,151	272,810	1.80
2013-14	16,185,945	239,253	1.48
2014-15	17,056,695	246,397	1.44
2015-16	18,372,400	261,451	1.42
2016-17	19,536,371	232,848	1.19
2017-18	20,578,590	256,513	1.25
2018-19	22,263,538	305,202	1.37
2019-20	23,512,189	531,956	2.26
2020-21	25,015,141	427,713	1.71

	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2011-12	\$28,938,190	\$ 584,102	2.02%
2012-13	27,551,391	645,133	2.34
2013-14	24,220,220	347,120	1.43
2014-15	25,163,816	375,104	1.49
2015-16	28,605,435	1,440,350	5.04
2016-17	28,359,744	417,520	1.47
2017-18	35,438,991	405,753	1.14
2018-19	34,787,096	556,444	1.60
2019-20	45,930,387	962,258	2.10
2020-21	49,226,360	884,968	1.80

⁽¹⁾ 1% general fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ General obligation bonds debt service levy only.

Source: California Municipal Statistics, Inc.

The level of property tax delinquencies is affected by economic factors beyond the District’s control, including the ability or willingness of property owners to pay property taxes during an economic recession. The District cannot predict whether the COVID-19 pandemic will have a significant effect on the rate of delinquency in the payment of property taxes in the District. See “LEGAL AND OTHER MATTERS – Risks Related to COVID-19.”

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Tax Rates

The following table sets forth typical tax rates levied as a percentage of assessed value in Tax Rate Area 8604 for fiscal years 2017-18 through 2021-22.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates (TRA 8604)⁽¹⁾**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
County General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Santa Monica	.003764	.003213	.002743	.002411	.002376
Santa Monica Unified School District	.073972	.061712	.054556	.046433	.055956
Santa Monica-Malibu Unified School District SFID No. 1	-	-	.038884	.035676	.035606
Santa Monica Community College District	.068451	.062696	.078829	.078535	.064869
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	<u>1.149687%</u>	<u>1.131121%</u>	<u>1.178512%</u>	<u>1.166555%</u>	<u>1.162307</u>

⁽¹⁾ 2021-22 assessed valuation of TRA 8604 is \$23,735,839,262 which is 36.2% of the District's total assessed valuation
Source: California Municipal Statistics, Inc.

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Largest Taxpayers

The 20 largest local secured taxpayers in the District and their assessed valuations for 2021-22 are shown in the following table.

SANTA MONICA COMMUNITY COLLEGE DISTRICT Largest 2021-22 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2021-22 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	SC Enterprises SMBP LLC	Commercial	\$ 743,966,446	1.16 %
2.	CA Colorado Center LLC	Office Building	559,663,442	0.87
3.	Water Garden Realty Holding LLC	Office Building	542,732,539	0.84
4.	Office Block Investment LLC	Office Building	394,141,496	0.61
5.	SM Campus LLC	Office Building	331,327,353	0.51
6.	New Santa Monica Beach Hotel LLC	Hotel	309,254,758	0.48
7.	DE Pacific 233 LLC	Office Building	305,577,598	0.47
8.	SMBP LLC	Office Building	288,558,814	0.45
9.	Macerich SMP LP	Shopping Center	253,038,060	0.39
10.	LT Owner LLC	Office Building	213,049,561	0.33
11.	Hart Arboretum LLC	Apartments	190,840,801	0.30
12.	Santa Monica Hotel Owner LLC	Hotel	171,125,681	0.27
13.	Douglas Emmett LLC	Office Building	167,145,884	0.26
14.	Millennium Santa Monica LLC	Apartments	166,866,030	0.26
15.	Verbena WRC 5th LP	Commercial	164,192,526	0.26
16.	Arboretum Courtyard LLC	Office Building	159,253,549	0.25
17.	DE Pacific 233 LLC	Office Building	149,572,194	0.23
18.	Kite Pharma Inc.	Industrial	145,798,463	0.23
19.	DE 100 Wilshire LLC	Office Building	140,983,971	0.22
20.	Palmetto Hospitality of Santa Monica	Hotel	<u>139,043,690</u>	<u>0.22</u>
			\$5,536,132,856	8.60 %

⁽¹⁾ 2021-22 Local Secured Assessed Valuation: \$64,365,281,961
Source: California Municipal Statistics, Inc.

District Debt

Prior to delivery of the Bonds, the District's general obligation indebtedness as of April 1, 2022 was \$572,405,211, which is approximately 0.87% of its total 2021-22 assessed valuation. The District has general obligation bonds outstanding pursuant to: (i) a bond authorization for the issuance and sale of not more than \$160,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Proposition U at an election held on March 5, 2002 (the "2002 Authorization"), (ii) a bond authorization for the issuance and sale of not more than \$135,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Measure S at an election held on November 2, 2004 (the "2004 Authorization"), (iii) a bond authorization for the issuance and sale of not more than \$295,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Measure AA at an election held on November 4, 2008 (the "2008 Authorization"); and (iv) a bond authorization for the issuance and sale of not more than \$345,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Measure V at an election held on November 4, 2016 (the "2016 Authorization" and, together with the 2002 Authorization, the 2004

Authorization and the 2008 Authorization, the “Bond Authorizations”) pursuant to which the Bonds are issued.

The following table is a statement of the District’s direct and estimated overlapping bonded debt as of April 1, 2022. The debt report is included for general information purposes only. The District has not reviewed the debt report for completeness or accuracy and makes no representation in connection therewith.

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

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

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**SANTA MONICA COMMUNITY COLLEGE DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

2021-22 Assessed Valuation: \$65,577,291,737

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/22</u>
Metropolitan Water District	1.933%	\$ 389,983
Santa Monica Community College District	100.000	572,405,211⁽¹⁾
Santa Monica-Malibu Unified School District	99.808	556,329,441
Santa Monica-Malibu Unified School District, SFID No. 1	99.713	258,884,862
Santa Monica-Malibu Unified School District, SFID No. 2	100.000	95,955,000
City of Santa Monica	99.710	1,056,926
City of Malibu Community Facilities District No. 2006-1	100.000	2,835,000
City of Malibu Assessment Districts	100.000	<u>5,485,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,493,341,423
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	3.701%	\$103,074,778
Los Angeles County Superintendent of Schools Certificates of Participation	3.701	147,012
Santa Monica-Malibu Unified School District Certificates of Participation	99.808	27,518,394
City of Malibu Certificates of Participation	100.000	63,185,000
City of Santa Monica General Fund Obligations	99.710	205,856,281
City of Westlake Village Certificates of Participation	0.001	145
Los Angeles County Sanitation District No. 27 Authority	100.000	<u>28,386</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$399,809,996
Less: City of Malibu supported obligations		<u>11,434,218</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$388,375,778
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 \$70,215,000
 GROSS COMBINED TOTAL DEBT		 \$1,963,366,419 ⁽²⁾
NET COMBINED TOTAL DEBT		\$1,951,932,201

⁽¹⁾ Excludes issue to be sold.

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

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$572,405,211)	0.87%
Total Direct and Overlapping Tax and Assessment Debt.....	2.28%
Combined Total Debt	2.99%

Ratios to Redevelopment Incremental Valuation (\$15,958,541,806):

Total Overlapping Tax Increment Debt.....	0.44%
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Source: California Municipal Statistics, Inc.

Pledge of Tax Revenues

Pursuant to the Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the debt service fund of the District to the payment of the principal or redemption price of and interest on the Bonds.

This pledge is valid and binding from the date of adoption of the Resolution for the benefit of the owners of the Bonds and successors thereto. The Resolution provide that the property taxes and amounts held in the debt service fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the debt service fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. “Bonds” for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof, as all such Bonds are required by State law to be paid from the respective debt service fund of the District.

The Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure or to refinance outstanding general obligation bonds.

Statutory Lien for General Obligation Bonds

Pursuant to Senate Bill 222 (2015) (“SB 222”) codified at State Government Code Section 53515 provides that all general obligation bonds issued by local agencies on or after January 1, 2016, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the District or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See also “LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*” herein.

***Ad Valorem* Property Tax Collection**

Factors Affecting Assessed Valuation. The annual tax rate will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District’s outstanding general obligation bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as economic recession, deflation of land values, global pandemics, such as the novel coronavirus 2019 (“COVID-19”), relocation of businesses out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, mudslide, drought, fire or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

Drought. In recent years, the State has experienced severe drought conditions. In January of 2014, the Governor declared a Statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State’s river and reservoirs were below their

record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (largely in the Sierra Nevada mountain range) at around 20% of normal average for the winter season. Following the Governor’s declaration, the California State Water Resources Control Board (the “Water Board”) issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor declared emergency drought declarations in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021, the Governor expanded the declaration further to include an additional 9 counties in the State.

Sea-level. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and ports may be vulnerable to impacts associated with sea level rise. Continued development in vulnerable areas will put additional assets at risk and raise protection costs. The District is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

Wildfire. In recent years, portions of California, including the County, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of the District. There has been no significant effect to assessed values as a result of the November 2018 Woolsey Fire or other recent wildfire activity. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Proposition 50 and Proposition 171. On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

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

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

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

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

TAX MATTERS

Tax-Exempt Bonds

General. The delivery of the Tax-Exempt Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Tax-Exempt Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Tax-Exempt Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Tax-Exempt Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California. Forms of Bond Counsel’s anticipated opinions are included as Appendix B. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

For taxable years that began before January 1, 2018, interest on the Tax-Exempt Bonds owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Tax-Exempt Bonds pertaining to the use, expenditure, and investment of the proceeds of the Tax-Exempt Bonds and will assume continuing compliance with the provisions of the New Money Resolution by the District subsequent to the issuance of the Tax-Exempt Bonds. The New Money Resolution and the Tax Certificate contain covenants by the District with respect to, among other matters, the use of the proceeds of the Tax-

Exempt Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Tax-Exempt Bonds are to be invested, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Tax-Exempt Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS or the State of California. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Tax-Exempt Bonds is commenced, under current procedures, the IRS is likely to treat the District as the “taxpayer,” and the owners of the Tax-Exempt Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Tax-Exempt Bonds, the District may have different or conflicting interests from the owners of the Tax-Exempt Bonds. Public awareness of any future audit of the Tax-Exempt Bonds could adversely affect the value and liquidity of the Tax-Exempt Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Tax-Exempt Bonds

The initial public offering price of certain Tax-Exempt Bonds (the “Discount Tax-Exempt Bonds”) may be less than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Tax-Exempt Bond (assuming that a substantial amount of the Discount Tax-Exempt Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Tax-Exempt Bond. A portion of such original issue discount allocable to the holding period of such Discount Tax-Exempt Bond by the initial purchaser will, upon the disposition of such Discount Tax-Exempt Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Tax-Exempt Bonds described above. Such interest is considered to be accrued

actuarially in accordance with the constant interest method over the life of a Discount Tax-Exempt Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Tax-Exempt Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum tax on corporations for taxable years that began before January 1, 2018, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Tax-Exempt Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Tax-Exempt Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Tax-Exempt Bond was held) is includable in gross income.

Owners of Discount Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Tax-Exempt Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Tax-Exempt Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment. The initial offering price of certain Tax-Exempt Bonds (the “Premium Tax-Exempt Bonds”) may be greater than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Tax-Exempt Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Tax-Exempt Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Tax-Exempt Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Tax-Exempt Bonds.

Taxable Bonds

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Taxable Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences

applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Taxable Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Taxable Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Taxable Bonds for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the IRS or the State of California with respect to any of the U.S. federal income tax consequences discussed herein, and no assurance can be given that the IRS or the State of California will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

Payments of Stated Interest on the Taxable Bonds. The stated interest paid on the Taxable Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the Taxable Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Taxable Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Taxable Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Taxable Bonds will be amortized over the life of the Taxable Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Taxable Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Taxable Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Taxable Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Taxable Bonds will increase the adjusted tax basis of the Taxable Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Taxable Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Taxable Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Bond and may offset interest otherwise required to be included in respect of the Taxable Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Bond. However, if the Taxable Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Bond. Any election to amortize bond premium applies to all taxable debt instruments

held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned with respect to the Taxable Bonds as well as gain on the sale of a Taxable Bond.

Disposition of Bonds and Market Discount. A beneficial owner of Taxable Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Taxable Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner’s adjusted tax basis in the Taxable Bonds. Generally, the beneficial owner’s adjusted tax basis in the Taxable Bonds will be the beneficial owner’s initial cost, increased by the original issue discount previously included in the beneficial owner’s income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner’s holding period for the Taxable Bonds.

Under current law, a purchaser of Taxable Bonds who did not purchase the Taxable Bonds in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition of the Taxable Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued “market discount.” Market discount is the amount by which the price paid for the Taxable Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Taxable Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Taxable Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Bonds could have a material effect on the market value of the Taxable Bonds.

[Legal Defeasance. If the District elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a “legal defeasance”), under current tax law, a beneficial owner of Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Bonds generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.]

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the Taxable Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to “backup withholding” on payments of current or accrued interest on the Taxable Bonds. This withholding applies if such beneficial owner of Taxable Bonds: (i) fails to furnish to payor such beneficial owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor

with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Taxable Bonds. Beneficial owners of the Taxable Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Taxable Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Taxable Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest with respect to the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments with respect to the Taxable Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8BEN, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

[Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to "foreign pass-through payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign pass-through payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.]

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the Taxable Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Taxable Bond for U.S. federal income tax purposes.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the District. Complete copies of the proposed form of Bond Counsel opinion(s) are contained in APPENDIX B herein. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

LEGALITY FOR INVESTMENT

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

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), and Moody's Investors Service ("Moody's") have assigned their municipal bond ratings of "___" and "___" to the Bonds, respectively. Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000 and Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL AND OTHER MATTERS

Continuing Disclosure

Current Undertaking. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the SEC, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than 240 days after the end of the District's fiscal year (which currently ends June 30), commencing with the report for fiscal year 2019-20, and to provide notices of the occurrence of certain listed events, as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriters in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

Previous Undertakings. [The District has conducted a review of the compliance of the District, with their respective previous continuing disclosure undertakings pursuant to the Rule. This review has

concluded that, within the past five years, the District has not failed to file annual financial information regarding the District within the past five years.]

The District has retained HTS Continuing Disclosure Services, A Division of Hilltop Securities to assist it in preparing and filing the annual reports and notices of listed events required under its existing continuing disclosure obligations, as well as the undertaking entered into in connection with the Bonds.

Risks Related to COVID-19 Outbreak

Background. The outbreak of the novel strain of coronavirus called COVID-19 and its variants, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have seen significant volatility that has been attributed to COVID-19 concerns, economic output has fallen, and unemployment has increased. The California Department of Public Health and the United States Centers for Disease Control and Prevention have been providing regular updates and guidelines to the public and to State and local governments. The District cannot predict the extent or duration of the outbreak or its variants, or what impact it may have on the District's financial condition or operations.

Federal Response. In response to COVID-19 in March 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act appropriated over \$2 trillion dedicated to various areas of the national economy, includes approximately \$14.25 billion in funding for higher education, including California community college districts, principally in the form of direct emergency aid to students and institutional grants.

On December 27, 2020, President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act. The HEERF, implemented in the CARES Act, will receive an additional \$22.7 billion ("HEERF II funds") under CRRSA, \$20.2 billion of which will be allocated to public and private non-profit institutions of higher education, including those institutions that serve students enrolled exclusively in distance education, to be distributed by an allocation formula which considers head count in addition to full-time equivalent enrollment. The allocation formula is a change from the CARES Act, which only used full-time equivalent enrollment.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (the "American Rescue Plan"). The American Rescue Plan included \$39.6 billion in HEERF III funds. The HEERF III funds were allocated using essentially the same methodology as the previous two iterations and required institutions to allocate at least 50% of the funds to students in the form of emergency grants.

The District's allocation under the HEERF 18004(a)(1) is \$12,193,513. The District also received \$24,643,186 in additional HEERF II funds under CRRSA section 314(a)(1) and \$43,146,398 additional funds under American Rescue Plan Section 2003(a)(1). A minimum of 50% of these funds must be distributed in direct aid to students. As a Hispanic, Asian, Native American, and Pacific Islander serving institution, the District received \$2,202,189 under Section 18004(a)(2) of the CARES Act. The District received an additional \$2,368,228 under Section 2003 of the American Rescue Plan. State funds to help with the District's COVID efforts is \$2,204,579.

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

put in place since March 2020 as part of the pandemic response. California fully reopened the economy on June 15, 2021. Businesses and activities could return to normal, except for certain “mega events” (5,000 people indoors or 10,000 outdoors). Capacity limits and social distancing requirements ended in most cases.

During certain emergency conditions, state regulations provided that a community college district may be provided an “emergency conditions allowance,” calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. On March 16, 2020, the Board of Governors of the California Community Colleges (the “Board of Governors”) granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers the Chancellor has to hold community college districts financially harmless in the wake of campus closures.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing and maintaining certain distance learning programs, disruption of the regional and local economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, and decreases in new home sales and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District’s required contribution rates in future fiscal years. See “APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT—THE DISTRICT– Retirement Systems” herein.

Impacts on State and Local Revenues. The COVID-19 public health emergency has had and will continue to have negative impacts on global and local economies, including the economy of the State and in the region of the District. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain. For more detail regarding the State’s 2021-22 and 2022-23 proposed budget, see “APPENDIX A - “FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT - State Budget Process” herein.

Impacts on the District. In 2020, shelter in place orders suspended in-person classroom instruction throughout California schools. Most school districts (including the District) enacted distance learning efforts to provide continuing instruction to students.

Status of District In-Person Instruction. The District continues to respond to the COVID-19 pandemic by gradually increasing the presence of on-ground classes as it is safe to do so. For the Spring 2022 semester, 28% of course sections are being offered on ground, translating to 678 out of 2,461 sections. The remaining 72% of sections are delivered through synchronous or asynchronous forms of online instruction. The District has welcomed a population of 9,500 unique students on-ground in Spring 2022, the largest number of students on campus since February 2020, at the start of the COVID-19 pandemic. Educational programs that require hands-on learning, or that require students to use specialized equipment in lab-based courses, have been the first to return fully to on-ground instruction. This includes programs in Health Sciences (Nursing, Respiratory Care), Performing Arts (Dance, Music, Art, Theater), Laboratory Science, Kinesiology and Athletics, and Career Technical Education in fields like Cosmetology, Photography, and Fashion Design and Merchandising. At this time, educational programs or individual courses that rely predominantly on lecture-based methodologies remain largely online or hybrid as educational technology permits.

In Summer 2022 and Fall 2022, the District expects to keep increasing the presence of on-ground classes as it revises its COVID-19 campus protocols. In Summer 2022, 33% of course sections will be on-ground, while between 40-55% of course sections will be on ground for Fall 2022. The gradual increase of on-ground courses has enabled the District to bring back relevant campus services gradually alongside the growing student population while keeping campus COVID cases to a minimum.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 and its variants on the District's operations and finances is unknown, including potential impacts on the future assessed values of property within the District. See "SECURITY AND SOURCE OF PAYMENT OF THE BONDS – Assessed Valuations of the District" and "-- Tax Rates, Levies, Collections and Delinquencies." Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the State Governor's office, the California Department of Public Health and the Chancellor's Office. <https://www.gov.ca.gov/>; <https://www.cdph.ca.gov/>; <https://www.cccco.edu/About-Us/Chancellors-Office>. The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or average daily attendance within the District and materially adversely impact the financial condition or operations of the District. **However, the Bonds are general obligations of the District payable solely from unlimited *ad valorem* property taxes and are not payable from the general fund of the District.**

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. See "APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT." If the safeguards are not successful in preventing a community college district from becoming insolvent, the Chancellor of the California Community Colleges (the "State Chancellor"), operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except as described below in the case of "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds,

if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory and is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless such taxes are "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a recent decision by the United States Court of Appeals for the First Circuit.

“Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District’s debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit’s interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the District, the bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), if the County fails to do so as required by State law or was instructed not to do so by the District, which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues,” a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the County fails to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, the Bankruptcy Code provides that any consensual lien on special revenues “derived” from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District’s tax collections are “derived” from a District project or system, then even if pledged *ad valorem* tax revenues are determined to be “special revenues,” the court could determine that such revenues may not be ordered (by itself or a state court) to pay debt service to the extent that they are needed to pay necessary operating expenses of the District and may lawfully be applied for that purpose.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s Treasury Pool, as described in “SECURITY FOR AND SOURCES OF

PAYMENT FOR THE BONDS” and “APPENDIX F – THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS.” Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights.

UNDERWRITING

RBC Capital Markets, LLC, as Representative (the “Representative”) of itself and Samuel A. Ramirez & Co., Inc., as underwriters (the “Underwriters”) has agreed to purchase the Tax-Exempt Bonds from the District at the purchase price of \$_____ (being the aggregate principal amount of the Tax-Exempt Bonds, \$_____, plus net original issue premium of \$_____, less Underwriters’ discount of \$_____), at the rates and yields shown on the inside cover hereof.

The Underwriters have agreed to purchase the Taxable Bonds from the District at the purchase price of \$_____ (being the aggregate principal amount of the Taxable Bonds, \$_____, less an Underwriters’ discount of \$_____), at the rates and yields shown on the respective inside cover hereof.

The Purchase Contracts for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreements, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover pages. The offering prices may be changed from time to time by the Underwriters.

RBC Capital Markets, LLC made voluntary contributions to the committees that were formed to support the elections that authorized the issuance of the bonds that are being refunded.

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

RBC Capital Markets, LLC and its affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC Capital Markets, LLC and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets, LLC and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC Capital Markets, LLC and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC Capital Markets, LLC and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the offering of the Bonds or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

MUNICIPAL ADVISOR

KNN Public Finance, a Limited Liability Company (“KNN”) is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s compensation for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. KNN, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue the Bonds.

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which 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. Copies of the Resolution are available upon request from the Vice President of Business & Administration, Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405-1628. Fees may be imposed for copying, mailing and handling, if applicable.

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 be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

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

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

By: _____
Superintendent/President

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

This Appendix A provides information concerning the operations and finances of the Santa Monica Community College District (the “District”). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County of Los Angeles (the “County”), the State of California or any of its other political subdivisions or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the District, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District’s financial condition. The District neither receives nor accounts for ad valorem tax revenues collected by the County to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the debt service fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors, including as a result of the impact of COVID-19. For more information on the impact of the COVID-19 pandemic, see “LEGAL AND OTHER MATTERS— Risks Related to COVID-19 Outbreak.”

THE DISTRICT

District General Information

The District was established in 1929. The District encompasses approximately 28 square miles which borders the Pacific Ocean on the western edge of the County. The District’s boundaries are approximately coterminous with the combined area of the City of Santa Monica, the City of Malibu and the unincorporated area of the County within the Malibu postal zip code.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405, Attention: Christopher Bonvenuto, Vice President of Business & Administration. Fees may be imposed for copying, mailing and handling, if applicable.

District Organization

The District is governed by a seven-member Board of Trustees (the “Board”), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. A student trustee, who serves a one-year term, is elected by District students. Current members of the Board, together with their offices and the dates their terms expire, are listed on the following page.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Louise Jaffe	Chair	November 2022
Barry Snell	Vice-Chair	November 2022
Dr. Susan Aminoff	Member	November 2024
Dr. Nancy Greenstein	Member	November 2022
Dr. Margaret Quiñones-Perez	Member	November 2024
Rob Rader	Member	November 2024
Dr. Sion Roy	Member	November 2022
Ali Shirvani	Student Trustee	June 2022

Key Personnel

The following is a listing of the key administrative personnel of the District:

<u>Name</u>	<u>Title</u>
Dr. Kathryn E. Jeffery	Superintendent/President
Christopher Bonvenuto	Vice President of Business & Administration
Donald Girard	Senior Director, Government Relations & Institutional Communications
Sherri Lee-Lewis	Vice President, Human Resources
Dr. Bradley Lane	Vice President, Academic Affairs
Teresita Rodriguez	Vice President, Enrollment Development
Michael Tuitasi	Vice President, Student Affairs

The Superintendent/President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board.

Brief biographies of the Superintendent/President and the Vice President of Business & Administration follow:

Dr. Kathryn E. Jeffery, Superintendent/President. Kathryn E. Jeffery, PhD, was appointed to the position of Superintendent and President in November 2015 and took office in February 2016. Dr. Jeffery comes to the District after serving nearly eight years as president of Sacramento City College. Dr. Jeffery possesses over three decades of diverse higher education experience – encompassing roles as professor, counselor, and administrator – from arts and educational leadership education, to student services and Career Technical Education. She led the development of educational programs that support Science, Technology, Engineering, and Math (STEM) education at Hennepin Technical College in Minnesota, and at Sacramento City College; as well as the launch of a bachelor’s degree program at the College of Southern Nevada. Prior to serving as president of Sacramento City College, Dr. Jeffery was President of Hennepin Technical College; Provost/Chief Campus Administrator at the College of Southern Nevada in Las Vegas; Vice President of Columbia College in the Yosemite Community College District; Dean for Faculty and Staff Diversity/Development and Dean for Student Services at the California Community Colleges Chancellor’s Office.

Dr. Jeffery is a member of the American Association of Community Colleges (AACC) Special Commission on Structured Pathways, and she serves on the Board of Directors of the Santa Monica College Foundation; the Broad Stage at the Santa Monica College Performing Arts Center; and the Human Relations Council of Santa Monica.

Christopher Bonvenuto, Vice President of Business & Administration. As Vice President of Business & Administration at the District, Christopher “Chris” Bonvenuto is responsible for the leadership and administration of all aspects of business operations, fiscal services, budget, contracts and procurement, risk management, facilities planning and maintenance & operations. Chris has served Santa Monica College since May 2014 as Chief Director of Business Services. His prior roles include that of Vice President of Administration at Los Angeles Valley College (April 2013 – April 2014). Prior to that, Chris held the positions at Santa Monica College as Director of Fiscal Services, Associate Vice President and Accounting Manager. At the beginning of his 15-year career, he was also a Senior Accountant/Financial consultant at Los Angeles City College Foundation. He holds a Bachelor of Science in Accountancy (*Summa Cum Laude*) from National University.

Accreditation

Santa Monica College is accredited by the Accrediting Commission for Community and Junior Colleges (“ACCJC”). ACCJC is one of seven institutional accrediting bodies recognized by the Commission on Recognition of Postsecondary Accreditation and the U.S. Department of Education. Accreditation is a voluntary system of self-regulation developed to evaluate overall educational quality and institutional effectiveness and to provide public assurance of the quality of education based upon such evaluation. Each institution affiliated with ACCJC voluntarily accepts the obligation to participate in a six year cycle of evaluation that requires a comprehensive evaluation visit by an external team of peers. The cycle includes a mandatory midterm report in the third year as well as any other reports requested by ACCJC.

Santa Monica College’s accreditation was most recently reaffirmed on February 3, 2017. ACCJC’s next comprehensive review of Santa Monica College will occur the week of September 25, 2023.

District Employees

Santa Monica College Faculty Association. As of March 14, 2022, the District employed 307 full-time academic professionals and 839 part-time academic professionals who are in the collective bargaining unit represented by the Santa Monica College Faculty Association (“SMCFA”), which represents these academic, non-management personnel. The collective bargaining agreement with SMCFA expires on August 22, 2022.

California Schools Employee Association and other classified employees. As of March 14, 2022, the District employed 426 permanent classified employees who are in the collective bargaining unit represented by the California School Employees Association (“CSEA”), which represents all permanent classified non-management personnel. The collective bargaining agreement with CSEA expires on June 30, 2021. The District is currently in negotiations for a successor agreement. Under the provisions of the agreement with the CSEA, if the District agrees to provide at least 25% of the members of another bargaining unit or unrepresented group with terms relating to cost of living adjustments (“COLA”), salary schedules or reductions in work hours that are more favorable than those included in the agreement with CSEA, then such more favorable terms will also apply to the agreement with CSEA. The District also employs temporary classified employees who are not members of any collective bargaining unit.

Santa Monica Community College Police Officer Association. As of March 14, 2022, the District employed 11 permanent community college police officers and police officer trainees who are in the collective bargaining unit represented by the Santa Monica Community College Police Officer Association (“SMCPOA”). The collective bargaining agreement with SMCPOA expires on June 30, 2024. Under the agreement with SMCPOA, if the District agrees to provide CSEA with terms with respect to COLA or

salary schedules that are more favorable than those included in the agreement with SMCPOA, then such more favorable terms will also apply to the agreement with SMCPOA.

On January 18, 2022, the Board of Trustees approved the collective bargaining agreement between the District and SMCPOA, providing for an increase in salary schedule by 1.5% effective July 1, 2020 plus \$3,000 one-time pay as part of the “Me Too” clause, an increase of 1.5% effective July 1, 2021, 40% of adopted COLA effective July 1, 2022 and 40% of adopted COLA effective July 1, 2023.

Other District Employees. As of March 14, 2022, the District employed 46 administrators, 50 classified managers and 7 confidential employees.

Insurance

The District maintains various insurance programs, the majority of which are partially or entirely self-insured, while smaller and/or specialized types of coverage are placed with commercial insurance carriers including excess property coverage for loss due to fire.

The District participates in three joint powers agreements (the “JPAs”): the Protected Insurance Program for Schools and Community Colleges (“PIPS”); the Southern California Community College District Joint Powers Agency (“SCCCD-JPA”); and the Statewide Association of Community Colleges (“SWACC”). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes and as such are not included in the District’s financial statement.

PIPS provides workers compensation coverage for its member districts while SCCCDCD-JPA accounts for previous run-off of self-insured years regarding workers’ compensation insurance. SWACC provides liability and property insurance for approximately nineteen community colleges throughout the State.

The District has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District’s audited financial statements. Fund transactions between the District and the JPAs are included in the District financial statements. Audited financial statements are available from the respective entities. See APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2021” hereto.

Based upon prior claims experience, the District believes it has adequate insurance coverage through the JPAs and its own self-insurance.

District Enrollment

For the past 20 years, the District has been one of the top-rated community college districts for transfers to the University of California system, the University of California, Los Angeles, the University of Southern California, and Loyola Marymount University. Enrollment includes a large number of international and out-of-state students who pay higher tuition and fees than in-state students. The District has the third-largest number of international students enrolled among all community colleges and junior colleges, nationally. The table below sets forth the enrollment for funded Full-Time Equivalent Students (“FTES”) for the District for the fiscal years 2013-14 through 2021-22.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Funded Full-Time Equivalent Students⁽¹⁾

Fiscal Year	Resident and Non-Resident FTES⁽¹⁾	Increase (Decrease) From Prior Year	Non-Resident FTES
2013-14	25,478	699	4,278
2014-15	26,312	834	4,626
2015-16	26,771 ⁽²⁾	459	4,742
2016-17	27,807 ⁽³⁾	1,036	4,797
2017-18	25,283 ⁽⁴⁾	(2,524)	4,589
2018-19	24,508 ⁽⁵⁾	(775)	4,259
2019-20	24,184 ⁽⁶⁾	(324)	3,921
2020-21	23,008 ⁽⁷⁾	(1,176)	3,088
2021-22	20,514 ⁽⁸⁾	(2,494)	2,632 ⁽⁸⁾

⁽¹⁾ FTES figures include California resident (“Resident”) and non-resident students. The District receives apportionment from the State only for Resident students. Non-resident students are charged a higher fee per unit than Resident students, which income is independent and not subject to apportionment deduction by the State.

⁽²⁾ Funded FTES and includes 313 borrowed credit Resident FTES.

⁽³⁾ Funded FTES and includes 2,065 borrowed credit Resident FTES.

⁽⁴⁾ Actual FTES; District was in stabilization and funded at the same FTES as 2016-17.

⁽⁵⁾ Actual FTES. In 2018-19, the State adopted the new Student Centered Funding Formula which consists of Base Allocation, Supplemental Allocation and Student Success. Base allocation allocates funding based on the average of 3-year FTES.

⁽⁶⁾ Reported FTES. Due to COVID-19, Districts were allowed to claim FTES apportionment for all students in attendance as of the course census date, which includes any student withdrawal due to COVID-19 outbreak. Actual FTES is 21,865 FTES (Resident – 18,163 FTES; Non-Resident – 3,702 FTES)

⁽⁷⁾ Actual FTES.

⁽⁸⁾ Estimated FTES

Source: The District.

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Population

The populations of the City of Santa Monica, the City of Malibu, the County and the State of California during the period from 2017 through 2021 are set forth in the following table.

Population Figures⁽¹⁾ 2017 through 2021

Year	City of Santa Monica	City of Malibu	County of Los Angeles	State of California
2017	93,763	12,788	10,181,162	39,352,398
2018	93,650	12,707	10,192,593	39,519,535
2019	93,309	11,700	10,163,139	39,605,361
2020	92,995	11,608	10,135,614	39,648,938
2021	92,968	11,537	10,044,458	39,466,855

⁽¹⁾ As of January 1 of the respective year.
Source: California State Department of Finance.

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Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the City of Santa Monica, the City of Malibu, the County of Los Angeles, the State of California and the United States during the period from 2016 through 2020. Unemployment rates have substantially increased in 2020 due to the COVID-19 pandemic.

**CITY OF SANTA MONICA, CITY OF MALIBU, COUNTY OF LOS ANGELES
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2016 through 2020**

Year and Area	Labor Force	Civilian Employment	Civilian Unemployment	Unemployment Rate (%)
<u>2016</u>				
City of Santa Monica	55,900	53,100	2,800	5.1
City of Malibu	6,200	6,000	200	3.6
County of Los Angeles	5,018,900	4,751,200	267,700	5.3
California	19,012,000	17,965,400	1,046,600	5.5
United States	159,188,000	151,436,000	7,751,000	4.9
<u>2017</u>				
City of Santa Monica	56,500	53,900	2,600	4.5
City of Malibu	6,500	6,400	200	2.9
County of Los Angeles	5,088,900	4,843,700	245,200	4.8
California	19,173,800	18,246,800	927,000	4.8
United States	160,319,000	153,335,000	6,985,000	4.4
<u>2018</u>				
City of Santa Monica	56,300	53,800	2,500	4.4
City of Malibu	6,600	6,400	200	2.9
County of Los Angeles	5,094,300	4,857,300	237,000	4.7
California	19,263,900	18,442,400	821,500	4.3
United States	162,074,000	155,759,000	6,315,000	3.9
<u>2019</u>				
City of Santa Monica	56,400	53,900	2,500	4.4
City of Malibu	6,400	6,200	200	2.6
County of Los Angeles	5,122,800	4,888,600	234,300	4.6
California	19,353,700	18,550,500	803,200	4.2
United States	163,530,000	157,530,000	6,000,000	3.7
<u>2020*</u>				
City of Santa Monica	52,900	47,300	5,600	10.5
City of Malibu	5,900	5,500	400	7.6
County of Los Angeles	4,921,500	4,291,700	629,800	12.8
California	18,821,200	16,913,100	1,908,100	10.1
United States	160,755,000	147,806,000	12,949,000	8.1

* Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

Principal Employers

The following table lists the top 10 employers in the City of Santa Monica.

CITY OF SANTA MONICA Principal Employers 2021

Employer	Industry	Number of Employees
1. UCLA Medical Center, Santa Monica	Hospital	1,965
2. City of Santa Monica	Government	1,848
3. Santa Monica College	Education	1,787
4. Santa Monica-Malibu Unified School District	Education	1,697
5. Providence Saint John's Health Center	Hospital	1,518
6. Hulu	Entertainment	1,394
7. SNAP Inc.	Technology	1,384
8. Activision Publishing	Digital Entertainment	1,231
9. Oracle	Technology	974
10. Universal Music Group	Entertainment	957

Source: City of Santa Monica Annual Comprehensive Financial Report for fiscal year ending June 30, 2021

The following table lists the top 10 public sector employers in the County of Los Angeles.

COUNTY OF LOS ANGELES Principal Public Sector Employers 2019-20

Employer	Number of Los Angeles County Employees
1. Los Angeles County	113,207
2. Los Angeles Unified School District	77,928
3. University of California, Los Angeles	50,957
4. U.S. Government – Federal Executive Board ⁽¹⁾	50,000
5. City of Los Angeles ⁽²⁾	34,172
6. State of California ⁽³⁾	30,370
7. Long Beach Unified School District	11,867
8. LA Metro	9,978
9. LADWP	9,400
10. Mt. San Antonio Community College District	8,857

⁽¹⁾ Excludes law enforcement and judiciary employees.

⁽²⁾ Excludes proprietary departments (LADWP, LAWA, Port of L.A.).

⁽³⁾ Excludes education employees.

Source: Los Angeles Business Journal.

The following table lists the top 10 private sector employers in the County of Los Angeles.

**COUNTY OF LOS ANGELES
Principal Private Sector Employers 2019-20**

Employer	Industry	Number of Los Angeles County Employees
1. Kaiser Permanente Southern California	Nonprofit Healthcare	41,349
2. University of Southern California	Private University	22,164
3. Target Corp.	Retailer	20,000
4. Northrop Grumman Corp. ⁽¹⁾	Aerospace/Electronics/Information Systems	18,000
5. Ralphs/Food 4 Less (Kroger Co. Division)	Grocery Retailer	15,532
6. Cedars-Sinai Medical Center	Medical Center	15,302
7. Amazon ⁽¹⁾	Online Retailer	15,000
8. Allied Universal	Security Services/Technology Solutions	14,480
9. Providence	Health Care	14,094
10. Walt Disney Co. ⁽¹⁾	Media/Entertainment	12,750

⁽¹⁾ Los Angeles Business Journal estimate.
Source: Los Angeles Business Journal.

District Investments

The Treasurer and Tax Collector (the “Treasurer”) of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County’s Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see APPENDIX F – “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS” hereto.

Financial Statements of the District

The District’s General Fund finances the legally authorized activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, charges for current services, aid from other governmental agencies and other revenue. The General Fund of the District is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District and restricted funds and moneys which are restricted to specific types of programs or purposes. Certain information from the District’s financial statements follows. The District’s audited financial statements for fiscal year ended June 30, 2021 are attached hereto as APPENDIX C. The District has not requested and its auditor has not provided any review or update of such statements in connection with the inclusion thereof in this Official Statement.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The data included in this Official Statement for the District beyond fiscal year 2020-21 is unaudited and has not been reviewed by the District's independent certified public accountants.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District's accounting method, see "APPENDIX C –AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2021" hereto.

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

The District's Audited Financial Statements for fiscal year ended June 30, 2021 were prepared by Eide Bailly LLP, Rancho Cucamonga, California and are attached as APPENDIX C.

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

Budgets of District; State Chancellor Oversight

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The Chancellor of California Community Colleges

(the “State Chancellor”) imposes a uniform budgeting format for each community college district in the State.

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

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

The California Code of Regulations grants the State Chancellor the authority to take certain actions if the State Chancellor determines that a community college district’s plans are inadequate to solve the financial problems or to implement the principles of sound fiscal management, such community college district substantially fails to implement the plans, or if a college operated by such community college district is in imminent jeopardy of losing its accreditation which would create severe fiscal problems. The State Chancellor may, among other thing, (i) conduct a comprehensive management review of a community college district and its educational programs and an audit of the financial condition of such community college district; (ii) direct a community college district to amend and readopt the fiscal and educational plans based on the findings of the comprehensive audits; (iii) review and monitor the implementation of the plans and direct a community college district to make any further modifications to the fiscal and educational plans he or she deems necessary for such community college district’s achievement of fiscal stability; (iv) appoint or assign a special trustee (a “Special Trustee”). The Special Trustee, if appointed, may review and monitor plans, reports, and other financial material, and may modify the fiscal and educational plans, review and prioritize expenditures in order to further the community college district’s achievement of fiscal stability, approve or disapprove actions of such community college district which affect or relate to the implementation of the fiscal and educational plans. The Special Trustee may assume management and control of a community college district if authorized by the Board of Governors based on the recommendation of the State Chancellor. The State Chancellor may authorize the Special Trustee to exercise such powers as are approved by the Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more one-year extensions.

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not

authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds.

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

District Finances

The following pages describe the District’s audited financial results for the fiscal years 2016-17 through 2020-21, as well as a comparison of the adopted general fund budgets to audited actuals (and estimated actuals) for fiscal years 2018-19 through 2020-21.

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE GENERAL FUND
Fiscal Years 2016-17 through 2020-21⁽¹⁾

	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2019-20⁽¹⁾</u>	<u>Fiscal Year 2020-21</u>
REVENUES					
Revenue from Federal Sources					
Higher Education Act	\$2,701,559	\$2,254,713	\$2,193,357	\$3,044,142	\$31,139,899
Workforce Investment Act	198,748	57,650	126,169	111,625	n/a
Temporary Assistance for Needy Families (TANF)	59,652	59,646	57,992	60,917	57,890
Student Financial Aid	104,493	104,282	102,225	125,923	118,577
Career & Technical Education	720,928	751,436	784,943	854,215	890,485
Other Federal Revenue	390,811	344,802	195,790	1,265,123	549,565
Revenue from State Sources					
General Apportionments	74,397,455	89,912,538	84,505,167	91,561,379	87,001,125
Categorical Apportionments	16,362,773	21,026,133	26,564,922	29,011,951	25,065,908
Other State Revenues	11,874,561	12,226,241	12,645,053	13,727,510	13,280,450
Revenue from Local Sources					
Property Taxes	33,109,250	32,372,721	35,432,437	32,957,523	38,579,091
Interest and Investment Income (Loss)	411,642	584,956	936,904	666,902	(104,573)
Student Fees and Charges	57,934,386	57,624,525	55,800,470	49,726,582	41,247,590
Other Local Revenue	6,039,351	7,739,896	6,083,633	7,547,015	5,895,768
TOTAL REVENUES	<u>\$204,305,609</u>	<u>\$225,059,539</u>	<u>\$225,429,062</u>	<u>\$230,660,807</u>	<u>\$243,721,775</u>
EXPENDITURES					
Academic Salaries	86,959,483	87,565,501	88,071,813	93,563,650	91,063,536
Classified Salaries	41,382,638	41,849,652	40,373,845	44,610,934	39,843,055
Employee Benefits	45,201,961	53,005,666	54,995,529	61,892,147	61,730,869
Supplies and Materials	1,940,506	1,866,423	2,072,465	3,698,248	1,632,228
Student Financial Aid	510,381	540,687	779,122	1,073,897	985,342
Other Operating Expenses & Services	27,070,603	28,361,586	32,431,973	34,853,698	25,128,349
Capital Outlay	3,290,156	4,697,183	3,228,155	3,336,729	2,488,753
TOTAL EXPENDITURES	<u>\$206,355,728</u>	<u>\$217,886,698</u>	<u>\$221,952,902</u>	<u>\$243,029,303</u>	<u>\$222,872,132</u>
Excess (deficiencies) of revenues over expenditures	<u>(\$2,050,119)</u>	<u>\$7,172,841</u>	<u>\$3,476,160</u>	<u>(\$12,368,496)</u>	<u>\$20,849,643</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	90,235	113,497	138,175	154,735	21,876,407
Interfund Transfers Out ⁽²⁾	(402,169)	(421,358)	(441,010)	(462,567)	(23,814,432)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(\$311,934)</u>	<u>(\$307,861)</u>	<u>(\$302,835)</u>	<u>(\$307,832)</u>	<u>(\$1,938,025)</u>
Excess (deficiencies) of revenues over Expenditures and other sources (uses)	(\$2,362,053)	\$6,864,980	\$3,173,325	(\$12,676,328)	\$18,911,618
Fund balance, beginning of year	31,971,558	29,609,505	36,474,485	39,647,810	26,971,482
Adjustment to Beginning Balance ⁽¹⁾	-	-	-	-	(448,853)
Fund balance, end of year	<u>\$29,609,505</u>	<u>\$36,474,485</u>	<u>\$39,647,810</u>	<u>\$26,971,482</u>	<u>\$45,434,247</u>

⁽¹⁾ Fiscal Year 2019-20 does not include the following adjustments made after the books were closed: (a) increase in revenues of \$347,581 and (b) reassignment of revenues from 2019-20 to 2020-21 of \$796,434. The adjustments result in Fiscal Year 2019-20 Ending General Fund Balance of \$26,522,629.

⁽²⁾ 2016-17 was restated to be consistent with classifications for 2017-18 and following; 2020-21 include transfers from Restricted to Unrestricted for the backfill of lost revenues and indirect costs from Higher Education Relief Fund (HEERF) of \$16,681,407. Source: The District.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Comparison of Adopted Unrestricted General Fund Budgets for Fiscal Years 2018-19 through 2021-22
with Audited Actuals for Fiscal Years 2018-19 through 2020-21 and Projected 2021-22

	<u>2018-19 Adopted Budget</u>	<u>2018-19 Audited Actuals</u>	<u>2019-20 Adopted Budget</u>	<u>2019-20 Audited Actuals⁽¹⁾</u>	<u>2020-21 Adopted Budget</u>	<u>2020-21 Audited Actuals</u>	<u>2021-22 Adopted Budget</u>	<u>2021-22 Projected</u>
REVENUES:								
Federal	\$ 109,556	\$ 102,225	\$ 136,173	\$ 125,923	\$ 134,326	\$ 118,577	\$ 117,433	\$ 117,433
State	100,802,307	99,042,723	101,500,843	106,981,936	103,002,121	101,148,825	105,013,241	107,258,046
Local	80,955,547	86,038,509	84,241,508	78,293,118	74,079,949	78,310,726	75,660,060	75,642,130
Total Revenues	<u>\$181,867,410</u>	<u>\$185,183,457</u>	<u>\$185,878,524</u>	<u>\$185,400,977</u>	<u>\$177,216,396</u>	<u>\$179,578,128</u>	<u>\$180,790,734</u>	<u>\$183,017,609</u>
EXPENDITURES:								
Academic Salaries	\$ 77,714,087	\$ 78,682,237	\$ 79,969,037	\$ 83,242,162	\$ 78,181,125	\$ 78,792,314	\$ 80,332,560	\$ 80,527,675
Classified Salaries	33,563,925	33,496,849	34,781,719	37,204,186	33,609,249	33,996,777	35,980,302	38,338,198
Employee Benefits	50,226,122	49,274,742	52,326,322	55,466,408	55,610,932	55,281,777	58,939,900	59,280,827
Supplies and Materials	1,058,776	923,954	1,108,324	740,219	1,033,510	422,183	1,045,747	1,098,747
Other Operating Expenses & Services	19,370,985	19,590,941	21,164,341	18,126,816	16,541,459	13,671,742	17,663,940	18,020,980
Capital Outlay	0	0	100,000	82,963	75,000	-	-	-
Total Expenditures	<u>\$181,933,895</u>	<u>\$181,968,723</u>	<u>\$189,449,743</u>	<u>\$194,862,754</u>	<u>\$185,051,275</u>	<u>\$182,164,793</u>	<u>\$193,962,449</u>	<u>\$197,266,427</u>
Excess (deficiencies) of revenues over expenditures	(66,485)	3,214,734	(3,571,219)	(9,461,777)	(7,834,879)	(2,586,665)	(13,171,715)	(14,248,818)
Total Other Financing Sources (Uses) ⁽²⁾	<u>(193,787)</u>	<u>(186,969)</u>	<u>(183,020)</u>	<u>(173,575)</u>	<u>76,919</u>	<u>16,731,326</u>	<u>14,484,672</u>	<u>14,409,307</u>
Operating Surplus/(Deficit) including One-Time Items	(260,272)	3,027,765	(3,754,239)	(9,635,352)	(7,757,960)	14,144,661	1,312,957	160,489
Beginning Fund Balance	27,648,342	27,648,342	30,676,107	30,676,107	21,040,755	21,339,089	35,483,750	35,483,750
Ending Fund Balance	<u>\$27,388,070</u>	<u>\$30,676,107</u>	<u>\$26,921,868</u>	<u>\$21,339,089</u>	<u>\$13,282,795</u>	<u>\$35,483,750</u>	<u>\$36,796,707</u>	<u>\$35,644,239</u>

(1) After the Fiscal Year 2020-21 budget was adopted, adjustments were made to the Fiscal Year 2019-20 actuals that result in an increase of \$298,334 in revenues.

(2) Total Other Financing Sources (Uses) include backfill of lost revenues and indirect cost from HEERF of \$16,681,407 in 2020-21, \$14,395,308 in 2021-22 Adopted and \$14,294,688 in 2021-22 Projected.

Source: The District.

Santa Monica College Foundation

The Santa Monica College Foundation (the “Foundation”) is a separate non-profit, public benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established in 1956 to provide financial support for the District’s programs, scholarships, services and capital campaigns. The purpose of the Foundation is to promote, foster and help provide scientific, literary, educational and recreational programs and facilities at Santa Monica College; provide scholarships, fellowships, grants, loans and other financial assistance to approved students, members of the faculty, alumni and programs of Santa Monica College; and raise and expend monies for the general welfare of District students, staff, faculty and programs. Under GASB rules, the Foundation is not a component unit of the District for financial reporting purposes. As of June 30, 2021, the Foundation had net assets valued at \$35,976,689.

Operating Leases

The District has entered into an operating lease for land, building, and equipment with lease terms in excess of one year for the Madison campus and the 14th Street warehouse project. These agreements do not contain a purchase option. Future minimum lease payments under these agreements are as follows:

Fiscal Year (Ending June 30)	Lease Payments
2022	2,053,065
2023	1,910,122
2024	1,261,441
2025	979,827
2026	939,838
2027-2031	4,569,980
2032-2036	4,569,980
2037-2041	4,569,980
2042-2046	4,569,980
2047-2051	4,569,980
2052-2056	4,569,980
2057-2058	1,827,992
Total	<u>36,392,165</u>

Source: The District.

The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Capital Leases

The District entered into a lease with the Municipal Finance Corporation for the acquisition of certain capital improvements, including a Photovoltaic Power System, valued at approximately \$7 million under an agreement which provided for title to pass upon expiration of the lease period. In May, 2016, the District refinanced the original lease with the Municipal Finance Corporation for the acquisition of and installation of energy conservation and alternative energy measures. The outstanding balance of the lease was paid in full as of June 30, 2021.

Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teacher’s

Retirement System (“STRS”) and classified employees are members of the State Public Employees’ Retirement System (“PERS”).

For the fiscal year ended June 30, 2021, the District reported the net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources for each of the plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
STRS	\$122,311,981	\$33,372,489	\$14,610,612	\$15,287,071
PERS	91,930,297	14,817,815	2,424,969	17,661,192
PERS – Safety Plan	4,919,902	1,194,951	354,199	806,267
Total	<u>\$219,162,180</u>	<u>\$49,385,255</u>	<u>\$17,389,780</u>	<u>\$33,754,530</u>

Source: The District.

STRS. The District participates in the State Teachers’ Retirement System. STRS is a defined benefit plan that covers all full-time certificated employees and some classified employees, which are employees employed in a position that does not require a teaching credential from the State. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions are established by State legislation in accordance with the State Teachers’ Retirement Law. STRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

As part of the 2014-15 State Budget, the Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) (“AB 1469”), a comprehensive funding solution intended to eliminate the projected STRS unfunded liability on the STRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in Fiscal Year 2014-15 and will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in Fiscal Year 2021-22 through Fiscal Year 2045-46, AB 1469 authorizes the STRS Board to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014.

In addition, the STRS Board is authorized to modify the percentages paid by employers and employees for Fiscal Year 2021-22 and each fiscal year thereafter in order to eliminate STRS’ unfunded liability by June 30, 2046 based upon actuarial recommendations. The STRS Board would also have the authority to reduce employer and State contributions if they are no longer necessary.

The actuarial assumptions and methods adopted by the STRS Board for funding the STRS Defined Benefit Program include: the “Entry Age Normal Cost Method”, with the actuarial gains/losses and the unfunded actuarial obligation amortized over a closed period ending June 30, 2046, an assumed 7.25% investment rate of return (net of investment and administrative expenses) for Fiscal Year 2015-16 and a 7.00% investment rate of return (net of investment and administrative expenses) for Fiscal Year 2016-17, an assumed 3.00% interest on member accounts (based on the STRS Board’s short-term interest crediting policy), projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to

expected gains in productivity, and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases.

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

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

According to the 2020 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990. AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90. The supplemental \$297 million State contribution made in July 2020 will be reflected in the June 30, 2021 valuation and is reflected in the projections of funding levels and contribution rates included in the 2020 STRS Actuarial Valuation.

The actuary for the STRS Defined Benefit Program notes in the 2020 STRS Actuarial Valuation that the increase in unfunded actuarial obligation represents a net actuarial gain of \$899 million since the unfunded actuarial obligation was expected to be \$106.8 billion based on the 2019 STRS Actuarial Valuation. Salaries increasing less than projected caused the unfunded actuarial obligation to decrease by \$1.8 million from expectation. The decline in the number of teachers and slower growth in total payroll is the largest risk facing employers. For the 2020 STRS Actuarial Valuation, the number of active teachers decreased from about 451,000 on June 30, 2019 to 448,000 on June 30, 2020. This decrease resulted in a payroll growth of 2.8%, below the assumed 3.5% annual growth. Further, the return on market value compared to prior valuation is estimated at 4.1%, less than the assumed 7.0% return, while the return on the actuarial value of assets was also less, estimated at 6.5%.

The STRS Board established the employer contribution rates applicable for the period July 1, 2021 to June 30, 2022, based on the 2020 STRS Actuarial Valuation and STRS Employer Directive 2021-05, dated June 9, 2021. The contribution rate for fiscal year 2021-22 is adjusted to 16.92%, a slight increase over the adjusted contribution rate for fiscal year 2021-22 which was 16.15%. The 2020-21 State Budget re-directed the supplemental payment paid by the State on behalf of employers as part of the 2019-20 State

budget. The supplemental payment is now solely being used to reduce the contribution rate for employers for fiscal years 2019-20, 2020-21 and 2021-22.

The District’s employer contributions to STRS for fiscal years ended June 30, 2017 through June 30, 2021 are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2021 for additional information.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
STRS CONTRIBUTIONS**

Fiscal Years Ended June 30	District Employer Contributions
2017	\$ 8,018,587
2018	9,476,774 ⁽¹⁾
2019	10,444,631
2020	11,512,186
2021	8,425,977

⁽¹⁾ 28 full-time faculty members retired in December, 2017.
Source: The District

PERS. The District also participates in the State Public Employees’ Retirement System (“PERS”). PERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees’ Retirement Law. The contribution requirements of the plan members are established by State statute. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS (the “PERS Board”).

Active plan miscellaneous members hired on or before December 31, 2012 are required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 6.5% of their monthly salary. The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates are based on those adopted by PERS Board. School districts are currently required to contribute to PERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17 and 2017-18 respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19 and 19.721% of eligible salary for fiscal year 2019-20. The 2020-21 State Budget redirected State funding paid to PERS in fiscal year 2019-20 towards long-term unfunded liabilities to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the PERS employer contribution rate will be 20.7% in fiscal year 2020-21 and 22.91% in fiscal year 2021-22. The effect of the redirection of funding provided in the Fiscal Year 2020-21 State Budget is reflected in the 2019 PERS Schools Pool Actuarial Valuation (defined below).

The PERS Schools Pool Actuarial Valuation as of June 30, 2019 (the “2019 PERS Schools Pool Actuarial Valuation”) is the most recent actuarial valuation for the PERS Schools Pool Plan, in which the District participates. The actuarial funding method used in the 2019 PERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.” The 2019 PERS Schools Pool Actuarial Valuation assumes, among other things, 2.50% inflation and payroll growth of 2.75% compounded annually. The 2019 PERS Schools Pool Actuarial Valuation reflects a discount rate of 7.00% compounded annually (net of administrative expenses) as of June 30, 2019. The PERS Board adopted new demographic assumptions

on December 19, 2017, including a reduction in the inflation assumption. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to January 1, 2013, to those hired after such date, the projected employer contribution (as a percentage of payroll) is 23.0% and 26.3% for fiscal year 2021-22 and fiscal year 2022-23, respectively. According to the 2019 PERS Schools Pool Actuarial Valuation as of June 30, 2019, the funded ratio is approximately 68.5% on a market value of assets basis, as compared to the funded ratio of 70.4% reported in the Actuarial Valuation as of June 30, 2018, mainly due to the reduction in the discount rate and investment return being lower than expected. The funded ratio, on a market value basis, as of June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014 was 70.4%, 72.1%, 71.9%, 77.5%, and 86.6%. On December 21, 2016, the PERS Board voted to lower the PERS discount rate to 7.00% over the next three years in accordance with the following schedule: 7.375% in Fiscal Year 2017-18, 7.25% in Fiscal Year 2018-19 and 7.00% in Fiscal Year 2019-20. The discount rates went into effect July 1, 2017 for the State and went into effect July 1, 2018 for K-14 school districts and other public agencies.

On June 27, 2019, PERS informed school employers that the employer and employee pension contribution rates approved by the PERS Board of Administration on April 17, 2019 were modified by Senate Bill 90 and codified at California Government Code Section 20825.2. The employer contribution rate for Fiscal Year 2019-20 would be 19.721%, representing a reduction of 1.012% in the employer contribution rate from the 20.733% adopted by the PERS Board on April 17, 2019. The employer contribution rate of 19.721% for fiscal year 2019-20 was the first fiscal year that employer contributions were impacted by demographic assumptions adopted by the PERS Board in December 2017. The 19.721% contribution rate became effective with the first payroll period beginning July 2019. The employer contribution rate for fiscal year 2020-21 will be 22.68%, which reflects an initial actuarially determined rate of 23.35% that has been reduced by 0.67% pursuant to Senate Bill 90. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20 and will be 7% of such salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20 and will be 7% in fiscal year 2020-21. The Fiscal Year 2020-21 State Budget redirects State funding paid to PERS in fiscal year 2019-20 towards long-term unfunded liabilities to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the PERS employer contribution rate will be reduced to 20.7% in fiscal year 2020-21 and to 22.84% in fiscal year 2021-22. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Budget – 2021-22 State Budget” herein.

The PERS Board established the employer contribution rates for 2020-21 on April 21, 2020, releasing certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as of June 30, 2019 does not reflect the State’s additional payment of \$660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate was projected to increase annually, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year

was well below the 7% assumed return. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA—State Budget—2020-21 State Budget.” The District’s employer contribution to PERS for fiscal years ended June 30, 2017 through June 30, 2021 are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2021 for additional information.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
PERS CONTRIBUTIONS**

Fiscal Years Ended June 30	District Employer Contributions
2017	\$5,861,860
2018	6,739,968
2019	7,649,649
2020	9,009,886
2021	8,188,723

Source: The District

Both PERS and STRS are operated on a Statewide basis and, based on available information, both PERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. See “State Pension Trusts” below. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

California Public Employees’ Pension Reform Act of 2013. The Governor signed the California Public Employee’s Pension Reform Act of 2013 (the “Reform Act”) into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% “age factor” (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (c) “pensionable compensation” is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

On April 17, 2013 the PERS Board of Administration (the “PERS Board”) approved new actuarial policies aimed to fully fund the pension system’s obligations within 30 years. The new policies included a rate-smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented in respect of the State, K-14 school district and all other public agencies in Fiscal Year 2015-16.

In 2014, PERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the PERS Board adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS discount rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS discount rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans. The PERS Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these changes is the inclusion of mortality improvement to acknowledge the greater life expectancies among PERS membership and expected continued improvements.

Pursuant to the PERS Board’s decision in February 2014, the new actuarial assumptions will be incorporated in the June 30, 2015 valuation for the schools portion of the PERS pool (the “School’s Pool”). The increase in liability due to the new actuarial assumptions will be amortized over 20 years and phased in over 5 years in accordance with PERS Board policy, beginning with the contribution requirement for fiscal year 2016-17. The projected impact of the assumption change on the Schools Pool rate is estimated to be an increase of 1.6 percent of payroll in 2016-17 with approximate annual increases of 0.8 percent of payroll in each of the next 4 years with an estimated total increase of 4.8 percent of payroll by 2020-21.

In February 2018, the PERS Board voted to shorten the period over which PERS amortized actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain at a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contribution required to be made by employers may increase beginning in fiscal year 2020-21.

In February 2017, the STRS Board voted to adopt revised actuarial assumptions to reflect the increasing life expectancies of its members and the then-current economic trends. The revisions to the actuarial assumptions included changes to the generational mortality methodology that reflect prior improvements in life expectancies and more dynamic assessments of future life spans. In addition, the STRS Board determined to decrease the investment return assumption over a two-year period as follows: (i) a decrease from 7.50% to 7.25% for the June 30, 2016 actuarial valuation that is to be presented to the STRS Board in April 2017 and (ii) a decrease from 7.25% to 7.00% for the June 30, 2017 actuarial valuation

to be presented to the STRS Board at the April/May 2018 meeting. The changes reflect the less than 50% probability that the then-current return assumptions would be met over the long term. The STRS Board also decreased some of the economic-related assumptions to reflect continued trends. As a result, the wage-growth assumption was reduced to 3.50% from 3.75% while the price inflation factor was also reduced to 2.75% from 3.00%.

State Pension Trusts

The following information on the State Pension Trusts has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District or the Underwriter. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

Both STRS and PERS have substantial Statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The PERS Schools Pool had an unfunded liability, based on the market value of assets, of \$27.2 billion as of June 30, 2018, and STRS had unfunded actuarial liabilities of \$107.2 billion as of June 30, 2018. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the PERS annual financial report and actuarial valuations may be obtained from the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

GASB Statement Nos. 67 and 68

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

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

For more information, see the fiscal year 2020-21 audited financial statements of the District included in Appendix C hereto.

Post-Employment Benefits

In June 2015, GASB issued Statement Nos. 74 and 75, respectively, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pension Plans and Pensions, respectively*. The objectives of these statements are to (i) improve the usefulness of information related to postemployment benefits other than pensions (other postemployment benefits or “OPEB”) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability and (ii) improve accounting and financial reporting by State and local governments for OPEB, respectively.

Plan Description. The District administers a single-employer defined benefit plan for retiree healthcare benefits. The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. The District contributes 100 percent of the amount of premiums, for medical, dental and vision benefits, incurred by retirees and their dependents up to the age of 65. For all retirees above the age of 65, medical benefits are paid, not-to-exceed a maximum amount determined by the District, for life. There are currently 593 retired employees eligible to receive post-employment retirement benefits, 104 of which are eligible to receive full benefits and 489 employees who are eligible to receive the supplement to Medicare and/or the maximum District contribution to postemployment health care benefits (currently \$1,095.04 per month).

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional discretionary contribution made to the PERS irrevocable trust as determined by the Board of Trustees. For fiscal year 2019-20, the District contributed \$4,712,032 to the Plan, which was applied to current premiums and no discretionary contribution to the PERS irrevocable trust. The District has budgeted approximately \$5,760,049 from the General Fund for fiscal year 2020-21 to pay retiree medical benefits.

Annual OPEB Cost and Net OPEB Obligation. An actuarial study for the District’s OPEB plan prepared in accordance with GASB Statement No. 74 (“GASB 74”) and GASB Statement No. 75 (“GASB 75”) was most recently completed by Total Compensation Systems, Inc. in May 17, 2021, with a valuation date of June 30, 2019 and a measurement date of June 30, 2020 (the “2020 Actuarial Report”). Under GASB 75 the District is required to employ the “entry age actuarial cost method.” Under this method, there are key measurements of actuarial value: (i) a “service cost” and (ii) the “Total OPEB Liability.”

Under the entry age actuarial cost method, the actuary determines the annual amount needed to be expensed from the hire of an employee until retirement to fully accrue the cost of retiree health benefits. This amount is the “service cost” component of the actuarial costs. The total liability created under the District’s plan for OPEB is referred to as the actuarial present value of projected benefits or APVPBP. The APVPBP represents the amount on June 30, 2020 that, if all actuarial assumptions were correct, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age. The Total OPEB Liability is the portion of the APVPBP that is attributable to employees’ service prior to the measurement date. The excess of Total OPEB Liability over the value of plan assets is called the Net OPEB Liability. In order for assets to count toward offsetting the Total OPEB

Liability, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants. Certain assumptions incorporated in the 2020 Actuarial Report include a 2.80% discount rate, a 2.75% inflation rate, a 2.75% increase in payroll and various other assumptions.

The 2020 Actuarial Report estimates the Total OPEB Liability of the District to be \$174,020,902. The District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of the trust was \$7,509,861 at June 30, 2019, resulting in a Net OPEB Liability of \$166,511,041. The 2020 Actuarial Report determined that the OPEB Expense for the Fiscal Year ended June 30, 2020 was \$21,891,129. Under GASB 74 and 75, OPEB Expense includes service cost, interest cost, change in Total OPEB Liability due to plan changes, as adjusted for deferred inflows and outflows.

The 2020 Actuarial Report estimates the “pay-as-you-go” cost of providing retiree health benefits in the fiscal year beginning July 1, 2020 to be \$5,097,015. This cost represents the costs of benefits for current retirees. The value of benefits “accrued” in the year beginning July 1, 2019 for current employees is \$8,713,880.

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The below table provides a comparison of certain information regarding the position of the District's OPEB plan as of the valuation date July 1, 2015, which was prepared in accordance with GASB 45, and the valuation dates of June 30, 2017, June 30, 2019 and June 30, 2020, which were prepared in accordance with GASB 75.

District OPEB

	Valuation Date			
	July 1, 2015	June 30, 2017	June 30, 2019	June 30, 2020 ⁽⁴⁾
Actuarial Present Value of Projected Benefits ⁽¹⁾	\$112,152,318	\$109,799,973	\$187,656,443	\$252,367,512
Actuarial Accrued Liability ⁽²⁾	92,553,859	N/A	N/A	N/A
Total OPEB Liability ⁽³⁾	N/A	90,622,970	141,025,895	183,967,604
Unfunded Actuarial Accrued Liability ⁽²⁾	88,636,033	N/A	N/A	N/A
Net OPEB ⁽³⁾	N/A	84,062,475	133,516,034	176,196,037
Normal Cost ⁽²⁾	3,342,611	N/A	N/A	N/A
Service Cost ⁽³⁾	N/A	3,052,511	5,795,480	8,953,512
Annual Required Contribution ⁽²⁾	8,999,025	N/A	N/A	N/A
OPEB Expense ⁽³⁾	N/A	8,300,132	16,887,961	21,891,129
Plan Assets ⁽¹⁾	3,917,826	6,560,495	7,509,861	7,509,861

⁽¹⁾ Reportable under GASB 45 and GASB 75.

⁽²⁾ Reportable under GASB 45; no longer reportable under GASB 75.

⁽³⁾ Reportable under GASB 75.

⁽⁴⁾ The June 30, 2020 is the measurement date for the roll-forward valuation from the June 30, 2019 valuation date.

Source: The District

For additional information, see the fiscal year 2020-21 audited financial statements of the District included in Appendix C hereto.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

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

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

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

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

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

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

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

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

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

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2021-22,* community college districts will receive

* The 2020-21 State Budget extended the formula’s existing hold harmless (minimum revenue) provision by two years, through 2023-24. Under this provision, districts will earn at least their 2017-18 total computational revenue, adjusted by COLA each year, in years without base reductions.

no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2022-23 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above).

The 2020-21 State Budget extends the formula's existing hold harmless (minimum revenue) provision by two years, through 2023-24. Under this provision, the District will earn at least their 2017-18 total computational revenue, adjusted by COLA each year, in years without base reductions.

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “- *Enrollment Based Funding*” above), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. The 2019 Budget Act tasked the Chancellor's Office with determining the formula's final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by the Department of Finance. Beginning in 2020-21, these funding rates are to be adjusted by COLA and other base adjustments, and the distribution of funds across the three allocations (base, supplemental, and student success) is to be determined by changes in the underlying factors.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at \$3,727 for fiscal year 2018-19. For fiscal year 2019-20 the 2019-20 State Budget recalculates funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in 2020-21 those funding rates are codified in trailer bill language and are to be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

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

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Section 68130.5 (AB540), and student fee waivers under California Education Code 76300 (California College Promise Grant). The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the 2019-20 State Budget recalculates funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. The final SCFF rate per qualifying student as calculated in the 2020 Budget Act is \$948. Beginning in 2020-21 those rates would be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a various student outcome metrics, including obtaining various degrees and

certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The original SCFF stipulates that Student Success Allocation accounts for 10% of statewide funding for community college districts in fiscal year 2018-19, 10% in fiscal year 2019-20 and is expected to 15% in fiscal year 2020-21, and to 20% in fiscal year 2021-22. The SCFF Funding allocation implementation plan has been revised to allocate 10% to Student Success Allocation starting in 2019-2020. However, increases in future fiscal years' are subject to change. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

Beginning in fiscal year 2019-20 the student success allocation will count only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

The District received \$587,189 more in fiscal year 2020-21 than in fiscal year 2019-20 in available Total Computational Revenue from State and local sources included in the State Chancellor's apportionment calculation. The increase in revenue represents a 0.4261% revenue deficit factor in fiscal year 2019-20 that did not happen in fiscal year 2020-21. As the funding formula is phased-in, a district can be "held harmless" where, at a minimum, it will receive resources at least equal to the amounts received in fiscal year 2017-18 plus a cost-of-living adjustment. If at any time during the hold harmless period a district would do better under the new funding formula than the hold harmless amount, they will receive the higher of the two.

The 2021-22 State Budget extends the existing minimum revenue provisions of the SCFF, specifying that districts will receive at least the 2017-18 total computational revenues, adjusted by COLA each year, through 2024-25. COLA for fiscal year 2021-22 is 5.07%, which provided an estimated additional \$6,985,928 for the District. COLA for fiscal year 2022-23 is 5.33%.

There can be no assurances that the spread of COVID-19 or its variants, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, State and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District and, notwithstanding Executive Order N-26-20 and the Stay Home Order, materially adversely impact the financial condition or operations of the District. Accordingly, the District's FTES count and State funding may be affected by COVID-19 and its variants. See "LEGAL AND OTHER MATTERS –Risks Related to COVID-19 Outbreak" and "APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT – FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA - State Budget" herein.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer;(2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and(4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis

of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations has become increasingly difficult to accurately predict. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. ***The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriters assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.ebudget.ca.gov, which website is not incorporated herein by reference.***

2021-22 State Budget. On July 16, 2021, Governor Newsom signed into law the Fiscal Year 2021-22 State Budget (the "2021-22 State Budget"). The 2021-22 State Budget totals about \$262.6 billion. General Fund spending would increase over Fiscal Year 2020-21 by about \$30.4 billion (18.3%) to \$196.4 billion. The State was projected to end the Fiscal Year 2020-21 with available general fund reserves that include: \$15.8 billion in the Budget Stabilization Account (the General Fund's "rainy-day" fund) for fiscal emergencies; \$900 million in the Safety Net Reserve (used to maintain benefits and services for CalWORKs and Medi-Cal participants during economic downturns) and \$4.5 billion in the Public School System Stabilization Account (the Proposition 98 "rainy-day" fund used to lessen the impact of State revenue volatility on K-14 schools). The multi-year forecast reflects a budget roughly in balance; however, risks to the economic forecast remain, including a stock market decline that would significantly reduce State revenues.

Proposition 98 Guarantee. For K-12 public schools and California community colleges ("CCCs"), the Proposition 98 funding for Fiscal Year 2021-22 is approximately \$93.7 billion, a significant increase above the level that was projected in January 2021 in the Governor's proposed budget.

Significant features of the 2021-22 State Budget affecting CCCs include the following:

- ***Reducing Textbook Costs*** - \$115 million one-time Proposition 98 General Fund to develop and implement Zero-Textbook-Cost degrees and open educational resources.

Apportionment Investments:

- ***Apportionments Adjustment*** - An increase of \$395 million ongoing Proposition 98 General Fund, which includes \$371.2 million for a 5.07% cost-of-living adjustment (COLA) and \$23.8 million for 0.50% enrollment growth.
- ***Repayment of 2020-21 Apportionments Deferral*** - A 2021-22 payment of \$1.453 billion Proposition 98 General Fund for apportionments deferred from 2020-21, of which \$144.6 million is from 2019-20, \$1,078.9 million is from 2020-21, and \$229.8 million is from 2021-22.
- ***Local Property Tax Adjustment*** - A decrease of \$230.2 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

Student-Focused Program Investments:

- ***Emergency Financial Assistance Grants*** - An increase of \$250 million one-time American Recovery Plan Act of 2021 funds to support emergency student financial assistance grants.
- ***Student Basic Needs*** - An increase of \$160 million Proposition 98 General Fund, comprised of \$100 million one-time Proposition 98 General Fund available over three years to address student basic needs including food and housing insecurity, \$30 million ongoing Proposition 98 General Fund to support student mental health services, and \$30 million ongoing Proposition 98 General Fund for colleges to establish basic needs centers and hire basic needs coordinators.
- ***Retention and Enrollment Strategies*** - An increase of \$120 million one-time Proposition 98 General Fund to support efforts to bolster CCC student retention rates and enrollment.
- ***Guided Pathways*** - An increase of \$50 million one-time Proposition 98 General Fund to further support colleges' efforts to implement Guided Pathways programs.
- ***Categorical Program Augmentations*** - An increase of \$64.2 million ongoing Proposition 98 General Fund to support budget augmentations for the Student Equity and Achievement Program, Extended Opportunity Programs and Services (EOPS), the Umoja Program, the MESA Program, and the Puente Project.
- ***Equal Employment Opportunity Programs*** - An increase of \$20 million one-time Proposition 98 General Fund to support the implementation of EEO best practices developed by the Chancellor's Equal Employment Opportunity and Diversity Advisory Committee.

Workforce-Focused Investments:

- ***CCC Strong Workforce Program*** - An increase of \$42.4 million ongoing Proposition 98 General Fund to increase program funding and enable community college districts to support work-based learning opportunities.
- ***High Road Training Partnerships and Regional Partnerships*** - An increase of \$20 million one-time Proposition 98 General Fund to support CCC participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.
- ***California Apprenticeship Initiative*** - An increase of \$15 million ongoing Proposition 98 General Fund to augment the California Apprenticeship Initiative.
- ***Competency-Based Education Pilot*** - An increase of \$10 million one-time Proposition 98 General Fund to pilot implementation of competency-based education at select community colleges.
- ***CCC Registry Modernization*** - An increase of \$1 million one-time Proposition 98 General Fund to support the modernization of the CCC Registry, an online database of job opportunities for the CCCs.

Technology-Focused Investments:

- ***Online Education and Supports Block Grant*** - An increase of \$10.6 million ongoing Proposition 98 General Fund to support the continuity of education and quality distance learning across the CCC system, including access to online tutoring, online counseling, and online student support services such as mental health services.
- ***Common Course Numbering*** - An increase of \$10 million one-time Proposition 98 General Fund to plan for and begin developing a common course numbering system throughout the community college system.
- ***CENIC Cost Increase*** - An increase of \$8 million ongoing Proposition 98 General Fund for cost increases associated with continued broadband access provided by the Corporation for Education Network Initiatives in California (CENIC).
- ***Library Services Platform*** - An increase of \$4 million ongoing Proposition 98 General Fund to support a system-wide technology platform for library services to better manage and deliver digital information to support teaching and learning.

Other Investments:

- ***CCC Facilities*** - General Obligation bond funding of \$581.4 million (\$577.9 million Proposition 51 of 2016 and \$3.5 million Proposition 55 of 2004), including \$8.2 million to start nine new capital outlay project and \$573.2 million for the construction phase of 32 projects anticipated to complete design by spring 2022. This allocation of Proposition 51 funding represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- ***Deferred Maintenance*** - An increase of \$511 million one-time Proposition 98 General Fund to address deferred maintenance.

- **Faculty Investments** - An increase of \$100 million ongoing Proposition 98 General Fund to hire new full-time faculty, and \$100 million Proposition 98 General Fund, of which \$10 million is ongoing to support part-time faculty office hours.
- **College Augmentations** - An increase of \$72.9 million one-time Proposition 98 General Fund to support local requests.
- **Adult Education** - An increase of \$21.8 million ongoing Proposition 98 General Fund to reflect a 4.05-percent cost-of-living adjustment for the Adult Education Program, and \$1 million ongoing Proposition 98 General Fund to support technical assistance for the Program.
- **Faculty Professional Development** - An increase of \$20 million one-time Proposition 98 General Fund for culturally competent professional development for faculty, including leveraging 21st-century technology to improve learning outcomes.
- **Anti-Racism Initiatives** - An increase of \$5.6 million one-time Proposition 98 General Fund to support the implementation of the provisions of Chapter 32, Statutes of 2020 (AB 1460) and system-wide anti-racism initiatives.

Governor’s Proposed 2022-23 Budget. On January 10, 2022, Governor Newsom released California’s Proposed Fiscal Year 2022-23 State Budget (the “Proposed 2022-23 State Budget” or “the Budget”). In allocating money to the State’s three higher education segments (the University of California system, the California State University system, and the California Community Colleges system), the Budget proposes total funding of \$39.6 billion including \$26 billion General Fund and property tax appropriations and \$13.6 billion from other sources.

The Budget details several key goals for CCCs including enhancing intersegmental and cross-sectoral collaboration for timely transfer of CCC students, increasing transfers to the State’s four-year postsecondary institutions, improving time-to-degree and certificate completion, closing equity gaps, and better aligning the system with K-12 and workforce needs. The Governor’s Office seeks to increase the percentage of CCC students who acquire associate degrees, credentials, and certificates by 20 percent by 2026, decrease the median units to completion by 15 percent, and proportionally increase the number of CCC students transferring annually to a UC or CSU relative to enrollment growth at the UC and CSU.

Supporting Student Enrollment. Community colleges continue to see declining enrollment in California, a trend has been exacerbated by the COVID-19 Pandemic. To build on the investment of \$120 million one-time Proposition 98 General Fund monies for student enrollment and retention in the 2021 Budget Act, the Budget proposes an additional \$150 million one-time Proposition 98 General Fund allocation to continue to support community college efforts and focused strategies to increase student retention rates and enrollment.

Continued Implementation of the Student Centered Funding Formula. The Budget proposes to continue supporting the Student Centered Funding Formula. The hold harmless provision of the SCFF – which ensures that districts receive the greater of the formula’s core funding computation or their 2017-18 funding level annually, adjusted by a cost-of-living adjustment – is currently set to expire after 2024-25. To prevent fiscal declines between 2024-25 and 2025-26, the Budget proposes to create a funding floor for districts that allows all districts to transition to the core formula over time. This allows funding rates to continue to increase by the statutory cost-of-living adjustment, but removes its application to the hold harmless provision commencing with 2025-26.

Significant features of the Proposed 2022-23 State Budget affecting CCCs include the following:

- ***CCC Apportionments*** - A \$409.4 million ongoing Proposition 98 General Fund increase to provide a 5.33-percent cost-of-living adjustment for apportionments and \$24.9 million ongoing Proposition 98 General Fund for 0.5-percent enrollment growth.
- ***Deferred Maintenance*** - An increase of \$387.6 million one-time Proposition 98 General Fund to support deferred maintenance and energy efficiency projects at community colleges, of which \$108.7 million is from 2022-23, \$182.1 million is from 2021-22, and \$96.8 million is from 2020-2021.
- ***CCC Teach Credentialing Partnership Program*** - A \$5 million one-time Proposition 98 General Fund increase to support the Teacher Credentialing Partnership Program.
- ***Part-Time Faculty Health Insurance*** - An increase of \$200 million ongoing Proposition 98 General Fund to augment the Part-Time Faculty Health Insurance Program to expand healthcare coverage provided to part-time faculty by community college districts.
- ***Healthcare Vocational Education*** - An increase of \$130 million one-time Proposition 98 General Fund monies, of which \$30 million is for 2022-23, \$50 million is for 2023-24, and \$50 million is for 2024-25, to support healthcare-focused vocational pathways for English language learners across all levels of English proficiency through the Adult Education Program.
- ***CCC Technology Modernization and Sensitive Data Protection*** - A \$100 million Proposition General Fund increase, of which \$75 million is one-time and \$25 million is ongoing, to address modernization of CCC technology infrastructure, including sensitive data protection efforts at community colleges.
- ***Emergency Financial Assistance Grants for AB 540 Students*** - A one-time \$20 million Proposition 98 General Fund increase to support emergency student financial assistance grants to eligible AB 540 students.
- ***Local Property Tax Adjustment*** - A decrease of \$230.5 million ongoing Proposition 98 General Fund monies as a result of increased offsetting local property tax revenues.
- ***CCC Facilities Construction*** - A \$373 million one-time General Obligation bond funding for the construction phase of 17 projects anticipated to complete design by spring 2023 and the working drawings phase of one project. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- ***Pathways Grant Program for High-Skilled Careers*** - An increase of \$20 million in a one-time Proposition 98 General Fund appropriation for a grant program that incentivizes public-private partnerships that prepare students in grade 9 to 14 for the high-skill fields of education and early education; science, technology, engineering and mathematics; and healthcare.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions, over which the District has no control, and other factors over which the District will have no control. To

the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst ("LAO") at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future Initiatives

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution. On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution (“Article XIII A”). Article XIII A limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See “Proposition 39” below. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-1976 tax bill under full ‘cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer’s date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIII A (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B of the California Constitution. An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979 thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIIC and Article XIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, XIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIC also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIID deals with assessments and property-related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 62. In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a “general tax”) must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a “special tax”) must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency’s property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in Santa Clara County Local Transportation Authority v. Guardino, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court’s decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. (“La Habra”). In this case, the court held that public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 98. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). The Accountability Act changed State funding of public education below

the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (d) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (e) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (f) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

In the 2020-21 State Budget, the State anticipates approximately an overall 7% decline in State Revenues, which without other action, would result in an approximately \$10 billion reduction in spending from the Proposition 98 minimum guarantee set forth the 2019-20 State Budget. The 2020-21 State Budget offsets this loss in several ways, including the deferral of approximately \$12.9 billion in payments into the 2021-22 fiscal year to preserve programs for school districts and community college districts and draws of approximately \$8.8 billion in reserves from the BSA, Safety Net Reserve and Public School System Stabilization Account. The 2020-21 State Budget restores up to an approximate of \$11.1 billion in the event federal funds are received by October 15, 2020, with the specific amount depending on the amount of federal funding received. See "- State Budget" herein.

Application of Proposition 98.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of \$1.3 billion during fiscal year 1990-91, \$1.1 billion during fiscal year 1991-92, \$1.3 billion during fiscal year 1992-93 and \$787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling \$1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, California Teachers' Association et al. v. Gould, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total \$1.76 billion in loans, the State will repay \$935 million, while K-14 districts will repay \$825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and \$360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. A significant amount of the "extra" Proposition 98 moneys in the last few years has been allocated to special programs, most particularly an initiative to allow each classroom from grades K-3 to have no more than 20 pupils by the end of the 1997-98 school year. More recently, however, the economy of the State has slowed and it is anticipated that the State may experience budget shortfalls due to COVID-19. For a discussion of State funding of the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA." See also "LEGAL MATTERS - Risks Related to COVID-19 Outbreak."

Proposition 39.

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIII A of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: 1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property; 2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property; and, 3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally,

AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Jarvis v. Connell

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

Proposition 1A and Proposition 22

Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a Statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting or diverting revenues to any other local government, including school and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to K-14 schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduced the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State has to take other actions to balance its budget, such as reducing State

spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State are more directly dependent upon the State's general fund.

Redevelopment Agency Dissolution. On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues. As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and became effective in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional State tax revenues of about \$6 billion annually from 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011-12, 2017-18, and 2018-19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget from going into effect. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Revenues generated by Proposition 30 accounted for an increase of approximately 14 percent over fiscal year 2011-12 in funding for schools and community colleges as set forth in the 2012-13 State Budget. Almost all of this increase was used to pay K-14 expenses from the previous year and reduce delays in certain State K-14 payments. Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through 2018-19, providing several billion dollars annually through fiscal year 2018-19 available for purposes including funding existing State programs, ending K-14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was approved by State voters on November 8, 2016. Proposition 55 extends the increase to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through

the year 2030. Tax revenues received under Proposition 55 are allocated as follows: 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

Proposition 2

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

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a “budget emergency” (defined as an emergency within the meaning of Article XIII B of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the “Public School System Stabilization Account”) into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding

guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 51

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

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at \$3 million for a new facility and \$1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

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

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 98, 111, 1A, 22, 30, 2, 62, 39 and 51 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues

or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B-1

FORM OF BOND COUNSEL OPINION (TAX-EXEMPT BONDS)

Upon issuance and delivery of the Tax-Exempt Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinions with respect to the Tax-Exempt Bonds substantially in the following form:

[CLOSING DATE]

Board of Trustees
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, California 90405

Re: \$ _____ Santa Monica Community College District General Obligation Bonds,
Election of 2016, 2022 Series B (Tax-Exempt)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Monica Community College District (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of its General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) (the “Bonds”). The Bonds are issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, and the resolution adopted by the Board of Trustees of the District on [April 5, 2022] (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution and the Tax Exemption Certificate of the District dated the date hereof (the “Tax Certificate”). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph

hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions

to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such 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 and covenants referenced above.

Respectfully submitted,

APPENDIX B-2

FORM OF BOND COUNSEL OPINION (TAXABLE BONDS)

Upon issuance and delivery of the Taxable Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinions with respect to the Taxable Bonds substantially in the following form:

[CLOSING DATE]

Board of Trustees
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, California 90405

Re: \$ _____ Santa Monica Community College District (Los Angeles County, California)
 General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Monica Community College District (the “District”), in connection with the issuance by the District of \$ _____ aggregate principal amount of its General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable) (the “Bonds”). The Bonds are issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, and the resolution adopted by the Board of Trustees of the District on [April 5, 2022] (the “Resolution”). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents pertaining to the Bonds may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel. We express no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation

to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, any supplements thereto or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.
3. Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the State of California; rather, such 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 and covenants referenced above.

Respectfully submitted,

APPENDIX C
AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Undertaking”) is executed and delivered by Santa Monica Community College District (the “District”) as of _____, 2022 in connection with the execution and delivery of its General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt) and General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on [April 5, 2022] (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist RBC Capital Markets, LLC, as representative of itself and Samuel A. Ramirez, Inc., (together, the “Underwriters”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Undertaking.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” shall initially mean HTS Continuing Disclosure Services, A Division of Hilltop Securities. The District may appoint an alternate or successor dissemination agent, designated in writing by the Superintendent/President or Vice President of Business & Administration (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

“Financial Obligation” as used in this Disclosure Undertaking is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a 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 MSRB consistent with the Rule.

“Listed Event” means any of the events listed in Section 6 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website located at <http://emma.msrb.org>, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2022.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing on or prior to February 25, 2023 with the report for the fiscal year ending June 30, 2022, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access system. Information regarding requirement for submissions to EMMA is available at <http://emma.msrb.org>.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Outstanding indebtedness and lease obligations;

(ii) General fund budget and actual results;

(iii) Enrollment, or equivalent information, as may be reasonably available;

- (iv) Assessed valuations; and
- (v) Largest local secured taxpayers.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;
- (ix) Bankruptcy, insolvency, receivership or similar event of the District; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

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

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds, if applicable;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) If the District determines that the occurrence of a Listed Event described in Section 6(b) hereof is material under applicable federal security laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) 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 pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent/President or Vice President of Business & Administration may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would 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 amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report 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.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Santa Monica Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

By: _____
Vice President of Business & Administration

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Santa Monica Community College District

Name of Issue: \$ _____ General Obligation Bonds, Election of 2016, 2022 Series B (Tax-Exempt)

\$ _____ General Obligation Bonds, Election of 2016, 2022 Series B-1 (Federally Taxable)

Date of Issuance: _____, 2022

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated _____, 2022. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER/DISSEMINATION AGENT]

By: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' 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 foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners

are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any 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 the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination of like tenor upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Pooled Surplus Investments Fund has been provided by the Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasurer and Tax Collector (the “Treasurer”) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the “Treasury Pool”). As of January 31, 2022, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$18.589
Schools and Community Colleges	20.448
Discretionary Participants	<u>4.408</u>
Total	\$43.445

The Treasury Pool participation composition is as follows:

Non-Discretionary Participants	89.85%
Discretionary Participants:	
Independent Public Agencies	9.53
County Bond Proceeds and Repayment Funds	<u>0.62</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer’s prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State, and by a more restrictive Investment Policy (the “Investment Policy”) developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 9, 2021, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the “Investment Report”) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the County Board of Supervisors. According to the Investment Report dated February 28, 2022, the January 31, 2022 book value of the Treasury Pool was approximately \$43.445 billion and the corresponding market value was approximately \$42.804 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer’s Compliance Auditor, who operates independently from the Investment Officer, reconciles cash

and investments to fund balances daily. The Compliance Auditor’s staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of January 31, 2022.

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	4.60
U.S. Government and Agency Obligations	69.75
Bankers Acceptances	0.00
Commercial Paper	25.39
Municipal Obligations	0.07
Corporate Notes & Deposit Notes	0.19
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of January 31, 2022, approximately 36.97% of the investments mature within 60 days, with an average of 994 days to maturity for the entire portfolio.