

Resolution No. ²³

RESOLUTION OF THE BOARD OF TRUSTEES OF SANTA MONICA COMMUNITY COLLEGE DISTRICT, IN THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S 2020 GENERAL OBLIGATION REFUNDING BONDS, 2002 ELECTION AND 2008 ELECTION (FEDERALLY TAXABLE), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$240,000,000, AND APPROVING CERTAIN OTHER MATTERS RELATING TO SAID BONDS

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS.....	2
SECTION 2. RULES OF CONSTRUCTION.....	7
SECTION 3. AUTHORITY FOR THIS RESOLUTION	7
SECTION 4. RESOLUTION TO CONSTITUTE CONTRACT	7
SECTION 5. APPROVAL OF DOCUMENTS; DETERMINATION OF METHOD OF SALE AND TERMS OF BONDS	7
SECTION 6. AUTHORIZATION OF OFFICERS	9
SECTION 7. USE OF BOND PROCEEDS.....	9
SECTION 8. DESIGNATION AND FORM; PAYMENT.....	9
SECTION 9. DESCRIPTION OF THE BONDS	10
SECTION 10. FEDERAL TAX COVENANTS	10
SECTION 11. BOOK-ENTRY SYSTEM	14
SECTION 12. EXECUTION OF THE BONDS	16
SECTION 13. TRANSFER AND EXCHANGE	16
SECTION 14. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.....	17
SECTION 15. BOND REGISTER	17
SECTION 16. UNCLAIMED MONEY	17
SECTION 17. APPLICATION OF PROCEEDS.....	18
SECTION 18. PAYMENT OF AND SECURITY FOR THE BONDS	19
SECTION 19. ESTABLISHMENT AND APPLICATION OF REBATE FUND	19
SECTION 20. PAYMENT OF COSTS OF ISSUANCE	20
SECTION 21. NEGOTIATED SALE/METHOD OF SALE	20
SECTION 22. ENGAGEMENT OF CONSULTANTS; GOOD FAITH ESTIMATES.....	20
SECTION 23. ESTABLISHMENT OF ADDITIONAL FUNDS AND ACCOUNTS.....	21
SECTION 24. REQUEST FOR NECESSARY COUNTY ACTIONS.....	21
SECTION 25. NOTICE OF REDEMPTION OF REFUNDED BONDS	21
SECTION 26. REDEMPTION.....	21
SECTION 27. SELECTION OF BONDS FOR REDEMPTION	21
SECTION 28. NOTICE OF REDEMPTION.....	22
SECTION 29. PARTIAL REDEMPTION OF BONDS.....	22
SECTION 30. EFFECT OF NOTICE OF REDEMPTION	23

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 31. PAYING AGENT; APPOINTMENT AND ACCEPTANCE OF DUTIES.....	23
SECTION 32. LIABILITY OF PAYING AGENT	23
SECTION 33. EVIDENCE ON WHICH PAYING AGENT MAY ACT.....	23
SECTION 34. COMPENSATION	24
SECTION 35. OWNERSHIP OF BONDS PERMITTED.....	24
SECTION 36. RESIGNATION OR REMOVAL OF PAYING AGENT AND APPOINTMENT OF SUCCESSOR	24
SECTION 37. INVESTMENT OF CERTAIN FUNDS.....	24
SECTION 38. VALUATION AND SALE OF INVESTMENTS	25
SECTION 39. SUPPLEMENTAL RESOLUTIONS WITH CONSENT OF OWNERS	25
SECTION 40. SUPPLEMENTAL RESOLUTIONS EFFECTIVE WITHOUT CONSENT OF OWNERS.....	25
SECTION 41. EFFECT OF SUPPLEMENTAL RESOLUTION.....	26
SECTION 42. DEFEASANCE	26
SECTION 43. APPROVAL OF ACTIONS; MISCELLANEOUS.....	26
SECTION 44. CONFLICTS.....	27
SECTION 45. EFFECTIVE DATE.....	27
 EXHIBIT A FORM OF BONDS	 A-1
EXHIBIT B FORM OF 15C2-12 CERTIFICATE	B-1

RESOLUTION OF THE BOARD OF TRUSTEES OF SANTA MONICA COMMUNITY COLLEGE DISTRICT, IN THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF THE DISTRICT'S 2020 GENERAL OBLIGATION REFUNDING BONDS, 2002 ELECTION AND 2008 ELECTION (FEDERALLY TAXABLE), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$240,000,000, 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, California (the “**County**”), State of California, on March 5, 2002 (the “**2002 Election**”), and thereafter canvassed pursuant to law; and

WHEREAS, at the 2002 Election, there was submitted to and approved by the requisite 55 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 aggregate principal amount of \$160,000,000 payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “**2002 Authorization**”); and

WHEREAS, pursuant to the 2002 Authorization, the District previously issued its (i) General Obligation Bonds, 2002 Election, Series A, (the “**2002A Bonds**”), (ii) General Obligation Bonds, Election of 2002, 2004 Series B (the “**2004B Bonds**”) and (iii) General Obligation Bonds, 2002 Election, 2005 Series C (the “**2005C Bonds**,” and, together with the 2002A Bonds and the 2004B Bonds, the “**2002 Election Bonds**”); and

WHEREAS, the District previously issued its General Obligation Refunding Bonds, 2002 Election, 2013 Series A, (the “**2013A Bonds**”) to effect the current refunding of certain of the District’s 2002A Bonds and the advance refunding of certain of the District’s 2004B Bonds and 2005C Bonds; and

WHEREAS, a duly called election was held in the District on November 4, 2008 (the “**2008 Election**”), and thereafter canvassed pursuant to law; and

WHEREAS, at the 2008 Election, there was submitted to and approved by the requisite 55 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 aggregate principal amount of \$295,000,000 payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “**2008 Authorization**”); and

WHEREAS, pursuant to the 2008 Authorization, the District previously issued its General Obligation Bonds, 2008 Election, 2014 Series B, (the “**2014B Bonds**” and, together with the 2013A Bonds, the “**Prior Bonds**”), and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the “**Act**”), the Board of Trustees (the “**Board of Trustees**”) of the District hereby finds and determines that conditions in the financial markets have become favorable for the refunding of all or a portion of the outstanding 2013A Bonds (as so refunded, the “**2013A Refunded Bonds**”) and the 2014B Bonds (as so refunded, the “**2014B Refunded Bonds**” and, together with the 2013A Refunded Bonds, the “**Refunded Bonds**”); and

WHEREAS, the Board of Trustees has now determined that the District is authorized to refund the 2013A Refunded Bonds and the 2014B Refunded Bonds by issuing the Santa Monica Community College District (Los Angeles County, California) 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) (the “**Bonds**”) resulting in savings to the taxpayers of the District; and

WHEREAS, this Board of Trustees desires to authorize the issuance of the Bonds in one or more series of Taxable Current Interest Bonds (as such terms are defined herein); and

WHEREAS, the Board of Trustees desires to appoint professionals related to the issuance of the Bonds; and

WHEREAS, this Board of Trustees 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 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 Board of Trustees 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;

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: “2013A Escrow Fund” shall mean the fund by that name established under the Escrow Agreement, into which the net proceeds of sale of the Bonds (or bonds otherwise designated) shall be deposited in order to effect the advance refunding of the 2013A Refunded Bonds.

“2014B Escrow Fund” shall mean the fund by that name established under the Escrow Agreement, into which the net proceeds of sale of the Bonds (or bonds otherwise designated) shall be deposited in order to effect the advance refunding of the 2014B Refunded Bonds.

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code, including the Los Angeles County Treasury Pool.

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

“Authorizing Law” shall mean Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code.

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

“Bond Counsel” shall mean Norton Rose Fulbright US LLP or any other firm that is a nationally recognized bond counsel firm.

“Bond Purchase Contract” shall mean the Purchase Contract by and between the District and the Underwriters relating to the Bonds.

“Bond Register” shall mean the books referred to in Section 15 of this Resolution.

“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.

“Common Issue Bonds” means the Tax-Exempt Bonds, if any, and any other tax-exempt obligations sold within 15 days of the Tax-Exempt Bonds that are part of the same issue as the Tax-Exempt Bonds pursuant to section 1.150-1(c) of the Regulations.

“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, escrow agent and verification agent; the fees and expenses of the Municipal Advisor; 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.

“Current Interest Bonds” shall mean the Bonds, the interest on which is payable semiannually on each Interest Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Bond Purchase Contract.

“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 17 of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 17 of this Resolution.

“Defeasance Securities” shall mean lawful money or noncallable direct obligations issued by the United States Treasury 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 Bond Counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds or the Refunded Bonds.

“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>.

“Escrow Agreement” shall mean that certain escrow agreement relating to the refunding of the Refunded Bonds to be entered into by the District and an escrow agent to be selected by the District.

“Escrow Fund” shall mean the fund by that name established under the Escrow Agreement, into which the net proceeds of sale of the Bonds (or bonds otherwise designated) shall be deposited in order to effect the refunding of the Refunded Bonds.

“Federal Securities” shall mean direct obligations of the United States Treasury or obligations which are unconditionally guaranteed by the United States or which are issued or guaranteed by the Export-Import Bank of the United States, the Farmers Home Administration, the General Services Administration, the Small Business Administration, the Government National Mortgage Association, the United States Department of Housing and Urban Affairs and

the Federal Housing Administration (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States), provided the principal of and interest on such obligations are backed by the full faith and credit of the United States of America

“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 February 1, 2021, or as otherwise specified in the Bond Purchase Contract.

“Moody’s” shall mean Moody’s Investors Service, 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, LLC, 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 18 of this Resolution.

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

“Rebate Fund” shall mean the Rebate Fund established pursuant to Section 19 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 (a) 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 (b) 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.

“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” shall mean the Tax Exemption Certificate delivered by the District on the Date of Delivery, with respect to any Tax-Exempt Bonds.

“Taxable Bonds” shall mean any Bonds not issued as Tax-Exempt Bonds.

“Tax-Exempt Bonds” shall mean any Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

“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.

“Verification Agent” shall mean Causey, Demgen & Moore, P.C., certified public accountants, in their capacity as verification agent for the sufficiency of amounts on deposit in the applicable Escrow Fund for the payment and redemption of the Refunded Bonds.

“Underwriters” shall mean RBC Capital Markets, LLC, as representative of itself, Piper Sandler & Co. and Samuel A. Ramirez & Co., Inc. as underwriters of the Bonds pursuant to the Bond Purchase Contract.

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) Method of Sale. The Bonds are hereby authorized to be sold at a negotiated sale to the Underwriters, upon the direction of the Authorized Officers. The Bonds shall be sold pursuant to the terms and conditions set forth in the Bond Purchase Contract, as described below.

(b) Approval of Form of Bond Purchase Contract. The form of Bond Purchase Contract by and between the District and the Underwriters, for the purchase and sale of the Bonds, substantially in the form on file with the Secretary to the Board of Trustees, is hereby approved and an Authorized Officer is hereby authorized to execute and deliver such Bond Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as an Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the interest rate and maximum yield on the Bonds shall not exceed the maximum allowed by law, and that the Underwriters’ discount, excluding original issue discount and Underwriters expenses, shall not exceed 0.325% of the aggregate principal amount of the Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Bond Purchase Contract for sale by the District up to \$240,000,000 and to enter into and execute the Bond Purchase Contract with the Underwriters, if the conditions set forth in this Resolution are satisfied.

(c) Form of Preliminary Official Statement. The form of the Preliminary Official Statement is hereby approved. This Board of Trustees 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 B 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.

(d) Form of Continuing Disclosure Undertaking. The form of the Continuing Disclosure Undertaking, as it appears as an appendix to the Preliminary Official Statement, 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) Form of Escrow Agreement. The form of escrow agreement relating to the refunding of the Refunded Bonds to be entered into by the District and an escrow agent to be selected by the District is hereby approved. The Authorized Officers are, and each of them acting alone is, authorized and directed to execute and deliver the Escrow Agreement 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, such approval to be conclusively evidenced by such Authorized Officer's execution thereof and any other documents required to be executed thereunder.

(f) Paying Agent Agreement. The Authorized Officers are, and each of them acting alone is, authorized and directed to execute and deliver a Paying Agent Agreement 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.

(g) Bond Insurance. The Authorized Officer may, upon consultation with Bond Counsel, and in accordance with Section 17 below, purchase bond insurance to secure the payment when due of debt service on all or a portion of the Refunding Bonds.

SECTION 6. Authorization of Officers. The Authorized Officers of the District, including but not limited to the Superintendent/President, the Vice President of Business & Administration, the Director of Facilities Finance 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, together with other available funds, shall be applied to fund the Escrow Fund which will pay the principal of and interest and redemption premium, if any, on the Refunded Bonds as they become due or at their redemption dates and to pay Costs of Issuance.

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 (Los Angeles County, California) 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable)," with such insertions, modifications, or revisions as shall be appropriate to describe the series, federally taxable or tax-exempt status, delivery on a current or forward delivery basis, and/or tranches for each issue of Bonds. The aggregate principal amount of the Bonds shall not exceed \$240,000,000. The Bonds may be issued as serial bonds or term bonds, as Taxable Bonds or Tax-Exempt Bonds, on a current or forward delivery basis, and shall be subject to redemption as set forth in the Bond Purchase Contract, subject to the provisions of this Resolution.

(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 A 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 Bond Purchase Contract.

(b) Interest on each Bond shall accrue from its dated date as set forth in the Bond Purchase Contract. 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 check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof appearing on the Bond Register on the Record Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount or more of such Bonds, 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 with respect to any Tax-Exempt Bonds issued by the District:

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

"Code" shall mean 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" shall mean 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 Common Issue Bonds.

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

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

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

"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 Common Issue 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) the Common Issue 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 Common Issue 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 exclusion from gross income for federal income tax purposes of the interest on any Common Issue 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 the Common Issue Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Common Issue Bonds (including property financed with Gross Proceeds of the Refunded 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, on behalf of or with respect to any person or entity who is treated as using Gross Proceeds of the Common Issue 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 the Refunded 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 Common Issue 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 that 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 for a period that exceeds 80% of the reasonably expected economic life of such property; 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 that 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 Common Issue 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 Common Issue 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 Common Issue Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Reporting. 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 Common Issue Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Common Issue 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 Common Issue Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Common Issue 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 Common Issue 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 Common Issue 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 Common Issue 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 Common Issue Bonds in a manner so that the weighted average maturity of the Common Issue Bonds does not exceed 120% of the average

reasonably expected economic life (or remaining economic life) of the facilities financed (or refinanced) by the Common Issue 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, the Vice President of Business & Administration, either or any combination of them or their respective designees, 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 Common Issue Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(l) Common Issue Bonds Not to Be “Hedge Bonds.”

(i) At the time of issuance of the bonds refunded by (including through a series of refundings over time) the Common Issue Bonds (the “Original Bonds”) were issued, the District reasonably expected to spend at least 85% of the “net sale proceeds” (as defined in Treas. Reg. Section 1.148-1(b)) of the Original Bonds within three years after the Original Bonds were issued.

(ii) Not more than 50% of the proceeds of the Original Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of 4 years or more.

SECTION 11. 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 12. 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 13. 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 A 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 14. 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 15. 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 16. 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. Application of Proceeds.

(a) An amount of proceeds from the sale of the Bonds necessary to purchase certain Federal Securities, or to otherwise refund the 2013A Refunded Bonds, shall be transferred to the Escrow Agent for deposit in the escrow fund established under the Escrow Agreement (the “**2013A Escrow Fund**”), which amount, if uninvested, shall be sufficient, or if invested, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the 2013A Refunded Bonds. An amount of proceeds from the sale of the Bonds necessary to purchase certain Federal Securities, or to otherwise refund the 2014B Refunded Bonds, shall be transferred to the Escrow Agent for deposit in the escrow fund established under the Escrow Agreement (the “**2014B Escrow Fund**”, and together with the 2013A Escrow Fund, the “**Escrow Fund**”), which amount, if uninvested, shall be sufficient, or if invested, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the 2014B Refunded Bonds. The Board of Trustees hereby authorizes the deposit of all or a portion of the premium received from the sale of the Bonds into the Escrow Fund. Premium or proceeds received from the sale of the Bonds desired to pay all or a portion of the costs of issuing the Bonds are hereby authorized to be deposited in the fund of the District held by the Paying Agent, or a fiscal agent selected thereby and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely for the purpose of paying costs of issuance of the Bonds.

(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 a separate fund hereby created and established and to be designated as the “Santa Monica Community College District 2020 General Obligation Refunding 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 Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein shall be transferred to the Debt Service Fund and applied to the payment of the Principal of and interest on the Bonds. The Treasurer is directed to create any accounts and subaccounts in the Debt Service Fund as provided in the Tax Certificate, if any, and Section 10 of this Resolution, if applicable.

(c) All Pledged Moneys (defined below) shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the principal of, premium, if any, and interest on the 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 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 Bonds coming due (the “**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, if any, and Section 10(h) of this Resolution. Any

amounts on deposit in a Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the District, subject to any conditions set forth in the Tax Certificate, if any, and Section 10 of this Resolution.

(f) Certain proceeds of the Bonds may be applied to pay Costs of Issuance as provided in Section 20 below.

(g) Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions of the Tax Certificate, if any, or 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 18. 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 the Debt Service Fund of the District when collected, to secure the payment of the 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, if applicable, 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 53559 of the 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 or refinance one or more of the projects specified in the applicable voter-approved measure.

SECTION 19. Establishment and Application of Rebate Fund. If any Bonds are issued as Tax-Exempt Bonds, there is hereby established in trust a special fund designated “Santa Monica Community College District 2020 General Obligation Refunding Bonds 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, if any, 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, if any, and Section 10 of this Resolution.

SECTION 20. Payment of Costs of Issuance. Premium or proceeds of the sale of the Bonds desired to pay all or a portion of certain costs of issuing the Bonds may be deposited in the fund of the District known as the “Santa Monica Community College District General Obligation Refunding Bonds, 2002 Election and 2008 Election Costs of Issuance Fund” (the “**Costs of Issuance Fund**”), and those proceeds shall be used solely for the purpose of paying Costs of Issuance of the Bonds. The Costs of Issuance Fund may be held and administered by the Paying Agent, or by a Fiscal Agent so named in a Fiscal Agent Agreement. Any amounts remaining in the respective Costs of Issuance Fund 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 Debt Service Fund for the Bonds, as applicable, and to be used to pay the Principal of, and premium, if any, and interest on the applicable Bonds. Underwriters’ discount and other Costs of Issuance may be retained from original issue premium obtained upon sale, pursuant to the terms of the Bond Purchase Contract. Costs authorized to be paid from the proceeds of the Bonds are all of the authorized costs of issuance set forth in California Government Code Sections 53550(e), 53550(f) and 53587.

SECTION 21. 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 integrate the sale of the Bonds with other public financings undertaken, or to be undertaken, by the District in order to refinance outstanding debt or finance and fund its public education facilities; (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 against the taxpayers of the District.

SECTION 22. Engagement of Consultants; Good Faith Estimates.

(a) KNN Public Finance, LLC 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, as representative of itself, Piper Sandler & Co. and Samuel A. Ramirez & Co., Inc. as Underwriters (collectively, the “Underwriters”) with respect to the authorization, sale and issuance of the Bonds.

(b) Based on a good faith estimate received by the District from the Municipal Advisor, the District finds that (i) the true interest cost of the Bonds (as defined in Government Code of the State of California (the “Government Code”) Section 5852.1(a)(1)(A)) is expected to be approximately 2.585%, (ii) the total finance charge of the Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to be \$1,201,294, which includes estimated underwriters’ discount, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the finance charge of the Bonds, is \$231,471,244 and (iv) the District expects that the total payment amount (as defined in Government Code Section 5852.1(a)(1)(D)), calculated to the final maturity of the Bonds, will be \$313,111,637. The information presented in this section is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any other provision of this Resolution.

SECTION 23. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the Treasurer, 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 24. Request for Necessary County Actions.

(a) 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 Board of Trustees 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 Board of Trustees 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.

(b) 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, upon, but only upon, the defeasance or redemption of the Refunded Bonds from proceeds of the Bonds, to discontinue the levy of property taxes on all taxable property of the District for the payment of the Refunded Bonds, pursuant to Section 53561 of the Government Code.

SECTION 25. Notice of Redemption of Refunded Bonds. The escrow agent is hereby authorized and directed to give notice of redemption of the Refunded Bonds, pursuant to the terms of the resolution of the District and/or the Board of Supervisors authorizing the issuance thereof and pursuant to the terms of the Escrow Agreement.

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

SECTION 27. Selection of Bonds for Redemption.

(a) Whenever provision is made in this Resolution or in the Bond Purchase Contract 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 Bond Purchase Contract, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, 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.

Conditional Notice. 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 Bond Purchase Contract, 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 Bond Purchase Contract 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 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, if any, 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 any 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, or its 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, its Board of Supervisors, officers, agents, or employees, and the County, its 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 of the Board of Trustees 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 Bond Purchase Contract, the Bond Purchase Contract 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, if any, 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.

[Remainder of page intentionally left blank.]

ADOPTED, SIGNED AND APPROVED this 10th day of November, 2020, 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, or held remotely pursuant to Executive Order of the Governor, and in order to adhere as closely as possible to the orders of the health officials on behalf of the County, with remote access available to the public, by the following roll-call vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

**SANTA MONICA COMMUNITY COLLEGE
DISTRICT**

By: _____
President, Board of Trustees

Attest:

By: _____
Secretary, Board of Trustees

EXHIBIT A

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)
2020 GENERAL OBLIGATION REFUNDING BONDS
2002 ELECTION AND 2008 ELECTION
(FEDERALLY TAXABLE)**

\$ _____ No. _____

Interest Rate

Maturity Date

Dated Date

CUSIP

____%

August 1, 20__

[Date of Delivery]

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 [February 1, 2021], 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 [January 15, 2021], 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 principal office of U.S. Bank National Association, as agent of the Treasurer and Tax Collector of the County, as initial paying agent/registrar and transfer agent of the District (herein, together with any successor thereto, referred to as the "Paying Agent") in Los Angeles, California. The interest hereon is payable by check or draft mailed by first class mail to each Owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date, or by wire transfer to any Owner of \$1,000,000 aggregate principal amount of such Bonds, 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 \$_____ principal amount of Bonds. This Bond is issued by the District under and in accordance with the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code of the State of California, and pursuant to a resolution adopted by the Board of Trustees of the District on [November 10, 2020] (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 are being issued for the purpose of effecting an advance refunding of (a) certain outstanding general obligation refunding bonds of the District that refunded certain bonds issued pursuant to an authorization obtained from the qualified electors of the District on March 5, 2002 and November 4, 2008, for the issuance of \$160,000,000 aggregate principal amount of general obligation bonds and \$295,000,000 aggregate principal amount of general obligation bonds, respectively, and to pay costs of issuance with regard to the Bonds.

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 <u>Payment Date</u>	Mandatory Sinking <u>Fund Payment</u>
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 given at least 45 days prior to the date designated for such redemption, 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 of 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: _____, 2020

U.S. BANK 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 B

FORM OF 15C2-12 CERTIFICATE

With respect to the proposed sale of its 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) in an aggregate principal amount of not to exceed \$240,000,000, 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: _____, 2020

By _____ [Form Document]
Authorized Officer

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
2020 General Obligation Refunding Bonds
2002 Election and 2008 Election
(Federally Taxable)

BOND PURCHASE CONTRACT

_____, 2020

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 Piper Sandler & Co. and Samuel A. Ramirez & Co., Inc., collectively as underwriters (the “Underwriters”), offers to enter into this Bond Purchase Contract (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 \$_____ 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (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 [February] 1, 2021.

The Underwriters shall purchase the Bonds at a price of \$_____ (consisting of the principal amount of the Bonds of \$_____, 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 _____ 1, 2020 (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 [November 10], 2020 ("District 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.

The Bonds are being issued to: (i) advance refund the District's 2002 General Obligation Refunding Bonds, 2002 Election, 2013 Series A (the "2013A Bonds") and the District's General Obligation Bonds, 2008 Election, 2014 Series B (the "2014B Bonds" and, together with the 2013A Bonds, the "Prior Bonds") on August 1, 2023 (the "2013A Redemption Date") and August 1, 2024 (the "2014B Redemption Date"); and (ii) pay costs of issuance, all as more particularly described in the Official Statement.

In connection with the defeasance of the Prior Bonds, the District will enter into an escrow agreement to be dated as of [December 1, 2020] (the "Escrow Agreement") by and between the District and U.S. Bank National Association, as escrow agent (the "Escrow Agent").

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 _____, 2020 (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 Governing Board 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 _____, 2020, 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 a wire transfer to the Escrow Agent in the amount of \$_____ and the COI Deposit will be paid by wire transfer to the Fiscal Agent for application pursuant to the Fiscal Agent Agreement.

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

(d) 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.

(e) (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 Escrow Agreement, 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 Escrow Agreement 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 Escrow Agreement 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 Escrow Agreement and 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.

(f) 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.

(g) 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.

(h) The issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the District Resolution and the Escrow Agreement, 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.

(i) 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, the Escrow Agreement or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Contract, the Escrow Agreement 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

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

(r) 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:

(d) 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;

(e) 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

(f) 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:

(d) 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;

(e) 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, the Escrow Agreement and this Purchase Contract to be performed at or prior to the Closing;

(f) 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;

(g) 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:

(2) 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, 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; or

(13) the purchase of an 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.

(h) 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:

(2) 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;

(3) 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, the Escrow Agreement 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 the Escrow Agreement 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 Governing Board of the District to the effect that:

- (ii) such copy is a true and correct copy of the District Resolution; and
- (iii) 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) The Verification Report of Causey, Demgen & Moore P.C.;

(11) Executed copies of the Escrow Agreement;

(12) An opinion from Bond Counsel, addressed to the District, the Underwriters and the Escrow Agent, to the effect that (i) the Escrow Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by, and validity against, the Escrow Agent, are valid and binding agreements 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; and (ii) the Prior Bonds have been defeased in accordance with the documents pursuant to which they were issued;

(13) A certificate executed by the Escrow Agent, dated the date of Closing, that as of the date of Closing: (i) the Escrow Agent is duly organized and existing as a national

banking association in good standing under the laws of United States of America having the full power and authority to enter into and perform its duties under their respective Escrow Agreement; and (ii) the execution and delivery by the Escrow Agent of the Escrow Agreement, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Escrow Agent is a party or by which it is otherwise bound (except that no representation warranty or agreement need be made with respect to any federal or state securities or blue sky laws or regulations), or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties, or (except with respect to the lien of the Escrow Agreement) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Escrow Agent;

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

(15) 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 and the District's municipal advisor; (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 the Escrow 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.]

Very truly yours,
RBC CAPITAL MARKETS, LLC, as Representative
of itself, and PIPER SANDLER & CO. 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
_____: ____ AM/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)**

**\$ _____
2020 General Obligation Refunding Bonds
2002 Election and 2008 Election
(Federally Taxable)**

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
--	---	--	---------------------	---------------------

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

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

REDEMPTION

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)	<u>Principal Amount</u>
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.

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)	<u>Principal Amount</u>
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.]

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" herein, interest on the Bonds is exempt from State of California Personal income taxes. Under existing law the interest on the Bonds is not excluded from gross income for federal income tax purposes. See "TAX MATTERS" herein.

§ _____ *

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
2002 Election and 2008 Election
(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 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) (the "Bonds") to refund, on an advance basis, the District's outstanding (i) General Obligation Refunding Bonds, 2002 Election, 2013 Series A (the "2013A Prior Bonds"), which refunded portions of the District's General Obligation Bonds, 2002 Election, Series A, General Obligation Bonds, Election of 2002, 2004 Series B and General Obligation Bonds, 2002 Election, 2005 Series C, each originally authorized pursuant to the District's March 5, 2002 Election, at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$160,000,000 principal amount of general obligation bonds of the District and (ii) General Obligation Bonds, 2008 Election, 2014 Series B (the "2014B Prior Bonds" and, together with the 2013A Prior Bonds, the "Prior Bonds"), which were originally authorized pursuant to the District's November 4, 2008 Election, at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$295,000,000 principal amount of general obligation bonds of the District. See the caption "PLAN OF REFUNDING" herein.

The Bonds are being issued under the laws of the State of California (the "State") and pursuant to resolution of the Board of Trustees of the District, adopted on [November 10, 2020].

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 [February 1, 2021]. 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 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 _____, 2020.

RBC CAPITAL MARKETS [LOGOS]
PIPER SANDLER & CO. RAMIREZ & CO., INC.

Dated: _____, 2020

* Preliminary, subject to change

MATURITY SCHEDULE

\$ _____^{*}
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
2002 Election and 2008 Election
(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.⁽¹⁾ (802385)</u>
--------------------------------	-----------------------------	----------------------	--------------	--------------	---

\$ _____ – _____ % Term Bond due August 1, 20____, – Yield _____ %, Price _____ CUSIP⁽¹⁾ 802385 _____

^{*} Preliminary, subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ 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

Board of Trustees

Dr. Nancy Greenstein, Chair
Dr. Susan Aminoff, Vice Chair
Dr. Louise Jaffe, Member
Dr. Margaret Quiñones-Perez, Member
Rob Rader, Member
Dr. Sion Roy, Member
Barry Snell, CPA Member
Joshua Elizondo, Student Trustee

District Administrators

Dr. Kathryn E. Jeffery, Superintendent/President
Christopher Bonvenuto, Vice President of Business & Administration
Don Girard, Senior Director, Government Relations & Institutional Communications
Sherri Lee-Lewis, Vice President, Human Resources
Jennifer Merlic, 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

Piper Sandler & Co.
El Segundo, 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
Newport Beach, California

Paying Agent

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

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

TABLE OF CONTENTS

	Page
INTRODUCTION.....	2
General	2
The District.....	2
THE BONDS	3
Authority for Issuance.....	3
Description of the Bonds.....	3
Optional Redemption	4
Mandatory Sinking Fund Redemption	4
Selection of Bonds for Redemption	4
Notice of Redemption	4
Partial Redemption of Bonds.....	5
Effect of Notice of Redemption.....	6
Transfer and Exchange	6
Discharge and Defeasance.....	6
Debt Service Schedule	8
Book-Entry Only System	9
PLAN OF REFUNDING.....	9
ESTIMATED SOURCES AND USES OF FUNDS	12
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.....	13
General	13
Assessed Valuations – Constitutional and Statutory Initiatives.....	13
Assessed Valuations of the District.....	14
Tax Rates, Levies, Collections and Delinquencies	16
Tax Rates.....	18
Largest Taxpayers.....	19
District Debt	19
Pledge of Tax Revenues	22
Statutory Lien for General Obligation Bonds.....	22
Ad Valorem Property Tax Collection	22
TAX MATTERS.....	24
LEGAL OPINION.....	27
LEGALITY FOR INVESTMENT	28
VERIFICATION AGENT	28
RATINGS	28
LEGAL AND OTHER MATTERS.....	28
Continuing Disclosure.....	28
Risks Related to COVID-19 Outbreak.....	29
Possible Limitations on Remedies; Bankruptcy	31

TABLE OF CONTENTS
(continued)

	Page
UNDERWRITING	33
MUNICIPAL ADVISOR.....	34
NO LITIGATION	35
OTHER INFORMATION	36
APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT	A-1
APPENDIX B – FORMS OF BOND COUNSEL OPINIONS.....	B-1
APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING.....	D-1
APPENDIX E – BOOK-ENTRY ONLY SYSTEM	E-1
APPENDIX F – THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS.....	F-1

\$ _____ *

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
2002 Election and 2008 Election
(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 Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) (the “Bonds”).

The Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the “Refunding Act”) and other applicable laws and regulations of the State, and pursuant to a resolution adopted by the Board on [November 10, 2020](the “Resolution”).

The proceeds of the Bonds will be applied to (i) refund, on an advance basis, the District’s: (A) General Obligation Refunding Bonds, 2002 Election, 2013 Series A (the “2013A Prior Bonds”), (B) General Obligation Bonds, 2008 Election, 2014 Series B (the “2014B Prior Bonds” and, together with the 2013A Prior Bonds, the “Prior Bonds”) and (ii) the payment of costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

The 2013A Prior Bonds so refunded are referred to as the “2013A Refunded Bonds.” The 2014B Prior Bonds so refunded are referred to as the “2014B Refunded Bonds.” The 2013A Refunded Bonds and the 2014B Refunded Bonds are referred to collectively, as the “Refunded Bonds.”

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 2020-21 is \$62,925,850,966. The District’s total enrollment for fiscal year 2020-21 is projected to be 44,606. The projected funded full-time equivalent students (“FTES”) for 2020-21 is 22,649, comprised of approximately 19,523 California resident FTES and 3,126 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, 2019 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 being issued by the District under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Act") and other applicable laws and regulations of the State, and pursuant to the Resolution. Pursuant to the Refunding Act, general obligation bonds issued for the purpose of refunding outstanding general obligation bonds previously authorized by the voters that do not increase the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding general obligation bonds or the levy of an *ad valorem* property tax sufficient to pay principal of and interest as due on the refunding general obligation bonds.

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 [February 1, 2021], 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 cover 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 National Association, as agent for the 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__, may be redeemed before maturity, 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 par, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption *

The Bonds maturing on August 1, 20__, and bearing interest at a rate of __.00%, 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__	
20__ ⁽¹⁾	
Total	<u> </u> \$

⁽¹⁾ Maturity.

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.

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

* Preliminary, subject to change.

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 Page Intentionally Left Blank.]

Debt Service Schedule

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

Bond Year Ending August 1	Outstanding General Obligation Bonds ⁽¹⁾	2020 G.O. Refunding Bonds		
		Principal	Interest	Total

Total	\$	\$	\$	\$
-------	----	----	----	----

⁽¹⁾ Represents all outstanding general obligation bonds of the District as of _____, 2020; includes the Refunded Bonds.

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 REFUNDING

The net proceeds of the Bonds will be applied to refund, on an advance basis, the Refunded Bonds on their first redemption date as set forth in the tables below and to pay costs of issuance.

On the date of delivery of the Bonds, a portion of the net proceeds of the Bonds will be deposited into an Escrow Fund (the “Escrow Fund”) established pursuant to that certain Escrow Agreement, dated as of _____ 1, 2020 (the “Escrow Agreement”), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent (the “Escrow Agent”).

The net proceeds of the Bonds will be invested under the terms of the Escrow Agreement. Amounts available in the applicable Escrow Fund will be applied (i) to redeem the 2013A Refunded Bonds on August 1, 2023, at a redemption price equal to 100% of the principal amount of the Refunded Bonds together with interest accrued, and (ii) to redeem the 2014B Refunded Bonds on August 1, 2024, at a redemption price equal to 100% of the principal amount of the Refunded Bonds together with interest accrued or accreted.

The Escrow Agreement provides for the investment of the proceeds of the Bonds deposited thereunder in 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. Causey, Demgen & Moore, P.C., certified public accountants (the “Verification Agent”) will verify the sufficiency of amounts so deposited and invested to provide for such payments.

[Remainder of Page Intentionally Left Blank.]

The specific Refunded Bonds, or portions thereof, shall be selected by the District on or about the date of sale of the Refunding Bonds.

Summary of Prior Bonds to Be Refunded⁽¹⁾

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, State of California)
General Obligation Refunding Bonds, 2002 Election
2013 Series A**

Redemption Date: August 1, 2023

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number⁽²⁾ (802385)
2024	\$ 1,200,000	4.000%	LT9
2024	6,190,000	5.000	MB7
2025	8,060,000	5.000	LU6
2026	8,785,000	5.000	LV4
2027	8,290,000	5.000	LW2
2028	9,125,000	4.000	LX0
2029	9,840,000	4.000	LY8
2030	11,945,000	4.000	LZ5

⁽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 S&P Capital IQ 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. Neither the District, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

[Remainder of Page Intentionally Left Blank.]

The specific Refunded Bonds, or portions thereof, shall be selected by the District on or about the date of sale of the Refunding Bonds.

Summary of Prior Bonds to Be Refunded⁽¹⁾

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, State of California)
General Obligation Bonds, 2008 Election
2014 Series B**

**Redemption Date: August 1, 2024
Current Interest Bonds**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number⁽²⁾ (802385)
2025	\$ 2,535,000	5.000%	MR2
2026	3,125,000	5.000	MS0
2028	2,650,000	5.000	NL4
2029	1,500,000	3.500	MY7
2029	3,560,000	5.000	NA8
2030	5,870,000	4.000	MT8
2031	6,685,000	4.000	MU5
2032	7,565,000	4.000	MV3
2033	8,510,000	4.000	NM2
2044	45,000,000	4.000	MZ4
2044	19,000,000	5.000	MW1

**Redemption Date: August 1, 2024
Capital Appreciation Bonds**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number⁽²⁾ (802385)
2027	\$ 2,351,642.20	3.820%	NB6
2028	993,026.10	3.980	NC4
2034	3,940,178.50	4.530	ND2
2035	3,395,048.00	4.580	NE0
2036	3,358,476.00	4.630	NF7
2037	3,316,145.70	4.680	NG5
2038	3,286,822.50	4.710	NH3
2039	3,254,490.40	4.740	NJ9

⁽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 S&P Capital IQ 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. Neither the District, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

ESTIMATED SOURCES AND USES OF FUNDS

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

Source of Funds	2020 G.O. Refunding <u>Bonds</u>	<u>Total</u>
Principal Amount	\$	
Total Sources	\$	
Uses of Funds		
2013A Escrow Fund	\$	
2014B Escrow Fund		
Costs of Issuance ⁽¹⁾		
Total Uses	\$	

⁽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, Bond and Disclosure Counsel and the Verification Agent.

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 2020-21, the District's total assessed valuation is \$62,925,850,966. 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

Source: California Municipal Statistics, Inc.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
2020-21 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	\$18,526,924,367	29.44%	\$18,526,924,367	100.00%
City of Santa Monica	42,160,674,125	67.00	42,272,100,207	99.74
City of Westlake Village	269,912	0.00	3,849,994,142	0.01
Unincorporated Los Angeles County	<u>2,237,982,562</u>	<u>3.56</u>	117,499,724,109	1.90
Total District	\$62,925,850,966	100.00%		
Los Angeles County	\$62,925,850,966	100.00%	\$1,708,923,809,032	3.68%

Source: California Municipal Statistics, Inc.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
2020-21 Assessed Valuation and Parcels by Land Use

	<u>2020-21 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<u>Non-Residential:</u>				
Commercial	\$14,095,043,355	22.84%	2,177	6.25%
Vacant Commercial	357,266,134	0.58	321	0.92
Industrial	964,335,408	1.56	268	0.77
Vacant Industrial	61,679,640	0.10	39	0.11
Recreational	217,220,123	0.35	49	0.14
Government/Social/Institutional	155,421,968	0.25	643	1.84
Miscellaneous	<u>58,206,461</u>	<u>0.09</u>	<u>68</u>	<u>0.20</u>
Subtotal Non-Residential	\$15,909,173,089	25.78%	3,565	10.23%
<u>Residential:</u>				
Single Family Residence	\$28,018,553,465	45.41%	12,978	37.23%
Condominium/Townhouse	8,068,050,402	13.08	10,399	29.83
Mobile Home Park	78,882,571	0.13	7	0.02
2-4 Residential Units	2,293,919,970	3.72	1,866	5.35
5+ Residential Units/Apartments	5,498,070,757	8.91	2,389	6.85
Vacant Residential	<u>1,834,510,618</u>	<u>2.97</u>	<u>3,654</u>	<u>10.48</u>
Subtotal Residential	\$45,791,987,783	74.22%	31,293	89.77%
Total	\$61,701,160,872	100.00%	34,858	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

[Remainder of Page Intentionally Left Blank.]

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Per Parcel 2020-21 Assessed Valuation of Single-Family Homes

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	12,978	\$28,018,553,465	\$2,158,927	\$1,253,580

2020-21 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$199,999	1,230	9.478%	9.478%	\$151,120,762	0.539%	0.539%
200,000 - 399,999	1,256	9.678	19.155	369,255,146	1.318	1.857
400,000 - 599,999	1,061	8.175	27.331	529,753,533	1.891	3.748
600,000 - 799,999	980	7.551	34.882	682,730,504	2.437	6.185
800,000 - 999,999	936	7.212	42.094	840,864,219	3.001	9.186
1,000,000 - 1,199,999	828	6.380	48.474	909,688,125	3.247	12.433
1,200,000 - 1,399,999	668	5.147	53.622	866,114,769	3.091	15.524
1,400,000 - 1,599,999	644	4.962	58.584	963,653,456	3.439	18.963
1,600,000 - 1,799,999	601	4.631	63.215	1,020,721,384	3.643	22.606
1,800,000 - 1,999,999	518	3.991	67.206	983,030,250	3.508	26.115
2,000,000 - 2,199,999	444	3.421	70.627	932,876,052	3.329	29.444
2,200,000 - 2,399,999	352	2.712	73.339	807,801,578	2.883	32.327
2,400,000 - 2,599,999	333	2.566	75.905	831,397,503	2.967	35.294
2,600,000 - 2,799,999	290	2.235	78.140	782,257,354	2.792	38.086
2,800,000 - 2,999,999	255	1.965	80.105	738,407,547	2.635	40.722
3,000,000 - 3,199,999	240	1.849	81.954	745,577,243	2.661	43.383
3,200,000 - 3,399,999	225	1.734	83.688	741,198,586	2.645	46.028
3,400,000 - 3,599,999	167	1.287	84.975	583,916,237	2.084	48.112
3,600,000 - 3,799,999	141	1.086	86.061	521,018,293	1.860	49.972
3,800,000 - 3,999,999	156	1.202	87.263	608,982,336	2.173	52.145
4,000,000 and greater	<u>1,653</u>	<u>12.737</u>	100.000	<u>13,408,188,588</u>	<u>47.855</u>	100.000
Total	12,978	100.000%		\$28,018,553,465	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 “situated” 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 2019-20.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del. June 30
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

	Secured Tax Charge⁽²⁾	Amt. Del. June 30	% Del. June 30
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

⁽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.

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 2015-16 through 2020-21.

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

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
County General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Santa Monica	.004699	.003904	.003764	.003213	.002743	.002411
Santa Monica Unified School District	.070658	.070057	.073972	.061712	.054556	.046433
Santa Monica-Malibu Unified School District SFID No. 1				-	.038884	.035676
Santa Monica Community College District	.060095	.058862	.068451	.062696	.078829	.078535
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500	.003500
Total	1.138952%	1.136323%	1.149687%	1.131121%	1.178512%	1.166555%

⁽¹⁾ 2020-21 assessed valuation of TRA 8604 is \$22,790,048,171; 36.22% of total school district valuation

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The 20 largest local secured taxpayers in the District and their assessed valuations for 2020-21 are shown in the following table.

SANTA MONICA COMMUNITY COLLEGE DISTRICT Largest 2020-21 Local Secured Taxpayers

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total ⁽¹⁾
1.	SC Enterprises SMBP LLC	Commercial	\$736,338,000	1.19%
2.	CA Colorado Center LLC	Office Building	553,924,783	0.90
3.	Water Garden Realty Holding LLC	Office Building	537,201,069	0.87
4.	Office Block Investment LLC	Office Building	390,100,060	0.63
5.	Douglas Emmett LLC	Office Building	359,291,344	0.58
6.	SM Campus LLC	Office Building	327,930,000	0.53
7.	New Santa Monica Beach Hotel LLC	Hotel	306,494,210	0.50
8.	DE Pacific 233 LLC	Office Building	302,444,278	0.49
9.	SMBP LLC	Office Building	285,600,000	0.46
10.	Macerich SMP LP	Shopping Center	250,443,467	0.41
11.	MDP SPE 1 LP	Commercial	237,941,155	0.39
12.	LT Owner LLC	Office Building	210,865,000	0.34
13.	Hart Arboretum LLC	Apartments	188,883,964	0.31
14.	Santa Monica Hotel Owner LLC	Hotel	169,371,000	0.27
15.	Arboretum Courtyard LLC	Office Building	157,620,600	0.26
16.	DE Pacific 233 LLC	Office Building	148,038,516	0.24
17.	Kite Pharma Inc.	Industrial	144,303,480	0.23
18.	Carbonview Limited LLC	Residential	142,454,582	0.23
19.	Palmetto Hospitality of Santa Monica	Hotel	137,617,971	0.22
20.	Jamestown Premier Malibu Village LP	Shopping Center	<u>134,507,520</u>	<u>0.22</u>
			\$5,721,370,999	9.27%

⁽¹⁾ 2020-21 Local Secured Assessed Valuation: \$61,701,160,872
Source: California Municipal Statistics, Inc.

District Debt

Prior to delivery of the Bonds, the District's general obligation indebtedness as of _____ 1, 2020 was \$_____, which is approximately 0.____% of its total 2020-21 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 November 1, 2020. 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.

[Remainder of Page Intentionally Left Blank.]

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

2020-21 Assessed Valuation: \$62,925,850,966

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 11/1/20</u>
Metropolitan Water District	1.928%	\$ 621,394
Santa Monica Community College District	100.000	568,587,960⁽¹⁾
Santa Monica-Malibu Unified School District	99.825	555,412,979
Santa Monica-Malibu Unified School District, SFID No. 1	99.739	95,385,393
Santa Monica-Malibu Unified School District, SFID No. 2	100.000	29,990,000
City of Santa Monica	99.736	2,129,364
City of Malibu Community Facilities District No. 2006-1	100.000	2,955,000
City of Malibu Assessment Districts	100.000	7,610,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,262,692,090

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	3.682%	\$ 84,758,452
Los Angeles County Superintendent of Schools Certificates of Participation	3.682	168,097
Santa Monica Community College District Certificates of Participation	100.000	12,004,366
Santa Monica-Malibu Unified School District Certificates of Participation	99.825	4,189,088
City of Malibu Certificates of Participation	100.000	64,785,000
City of Santa Monica General Fund Obligations	99.736	146,896,168
City of Westlake Village Certificates of Participation	0.007	1,049
Los Angeles County Sanitation District No. 27 Authority	100.000	46,902
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$312,849,122
Less: City of Malibu supported obligations		8,450,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$304,399,122

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$73,190,000

GROSS COMBINED TOTAL DEBT \$1,648,731,212⁽²⁾
NET COMBINED TOTAL DEBT \$1,640,281,212

⁽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 2020-21 Assessed Valuation:

Direct Debt (\$568,587,960).....0.90%
Total Direct and Overlapping Tax and Assessment Debt.....2.01%
Combined Direct Debt (\$580,592,326).....0.92%
Combined Total Debt.....2.62%

Ratios to Redevelopment Incremental Valuation (\$15,373,512,398):

Total Overlapping Tax Increment Debt.....0.48%

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.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (“Executive Order N-61-20”), suspending penalties, costs or interest for the failure to pay taxes on property on the secured or

unsecured roll, or to pay a supplemental bill, before the date and time such taxes became delinquent, and cancelling penalties, costs, and interest, through May 6, 2021. Executive Order N-61-20 applies to residential real property occupied by the taxpayer, or real property owned and operated by certain qualified small business, and requires that taxes owed on the property in question not be delinquent prior to March 4, 2020 and the taxpayer demonstrate economic hardship or that the failure to pay taxes was due to the COVID-19 pandemic.

The District cannot predict the level of delinquent property tax payments due to the COVID-19 pandemic or the effect that Executive Order N-61-20 will have on such level of delinquencies, or whether any further action will be taken by the State with respect to property tax payment or deadlines or delinquent payment of property taxes. The District cannot anticipate how the County will proceed with requests to cancel penalties on late property tax payments or any potential future adjustments to property tax payments related to COVID-19. The District cannot predict whether future property tax deadlines will remain in effect, the extent of delinquencies and delayed tax collections, or the impact of any such delay or delinquencies on the District's financial conditions or operations. The Teeter Plan is not in effect for the County and therefore, the Teeter Plan is not available to local taxing entities within such counties and receipt of property taxes in such counties is therefore subject to delinquencies. Further, State law requires each county to levy ad valorem property taxes sufficient to pay the Bonds when due. If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the counties have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

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" herein.

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

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the 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 Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Bonds as “capital assets” within the meaning of section 1221 of the Code, and acquire such 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 BONDS.

Payments of Stated Interest on the Bonds. The stated interest paid on the 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 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 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 Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Bonds will be amortized over the life of the 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 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 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 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 Bonds will increase the adjusted tax basis of the Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the 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 Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a 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 Bond. However, if the 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 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 Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned with respect to the Bonds as well as gain on the sale of a Bond.

Disposition of Bonds and Market Discount. A beneficial owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of a 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 Bonds. Generally, the beneficial owner's adjusted tax basis in the 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 Bonds.

Under current law, a purchaser of Bonds who did not purchase the Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the 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 Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire 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 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 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 Bonds. This withholding applies if such beneficial owner of 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 Bonds. Beneficial owners of the 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 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 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 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 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 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 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.

VERIFICATION AGENT

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest to retire the Refunded Bonds will be verified by Causey, Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome. See “PLAN OF REFUNDING” herein.

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 nine months following 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.][TO BE CONFIRMED]

The District is initially its own Dissemination Agent, 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

The recent outbreak of the novel strain of coronavirus called COVID-19, 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. On March 4, 2020, California Governor Gavin Newsom declared a state of emergency. The District cannot predict the extent or duration of the outbreak or what impact it may have on the District's financial condition or operations of the District, or the assessed values of property within the District. See "SECURITY AND SOURCES OF PAYMENT — Assessed Valuation," and "-- Tax Rates, Levies, Collections and Delinquencies." The assessed values presented in this Official Statement reflect values prior to the declaration of the state of emergency. **In response to guidelines and directives from the County, State and Federal agencies, including the State Chancellor's Office, in an effort to ensure the continuity of education for students and essential business, Santa Monica College is currently operating business remotely and offering instruction primarily through distance learning and online during Fall, Winter and Spring semesters.**

On August 20, 2020, California moved away from the "watch list" system of tracking coronavirus trends and instead moved to a four-tier, color coded classification system that will determine which counties can move forward with reopening businesses. There are four tiers: yellow, orange, red and purple. Yellow indicates minimal COVID-19 spread and allows for nearly all businesses to reopen indoor operations (as long as physical distancing and face covering requirements are in place). Purple means there is widespread COVID-19 transmission in the county and nearly all businesses have to keep indoor operations closed or severely limited (counties with more than 7 daily new cases per 100,000 residents or higher than 8% positivity rate). The County is currently in the purple zone which requires that schools and colleges remain closed.

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89"), which amends 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 "Stay Home Order"). Since that time, the gradual reopening first of lower-risk workplaces, public spaces and then other businesses was permitted. However, from time to time, the Governor has directed certain counties, including the County, to roll back the opening of some of the businesses permitted to open in June 2020. This is likely to continue as the cases of COVID-19 escalate in the near term, or in the future.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, (v) provide funding for hospitals and community health centers, (vi) expand

funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act 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. The CARES Act also waives a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. The CARES Act addresses needs in multiple arenas, including the Higher Education Emergency Relief Fund (HEERF) which includes \$13.9 billion in “flexible funding” to help Institutions of Higher Education (IHEs) defray expenses and other fiscal impacts. The District’s allocation under the HEERF 18004(a)(1) is \$12,193,513. 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 will also receive \$803,053 under Section 18004(a)(2) of the CARES Act. The District also received \$989,704 in additional CARES Act funds under section 601(a) of the Social Security Act and \$1,214,875 additional State funds to help with the District’s COVID efforts.

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

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 on the District’s operations and finances is unknown. 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, notwithstanding Executive Order N-26-20 and the Stay Home Order, 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 Piper Sandler & Co. and Samuel A. Ramirez & Co., Inc., as underwriters (the "Underwriters") has agreed to purchase: the Bonds from the District at the purchase price of \$_____ (being the aggregate principal amount of the Bonds, \$_____, less Underwriters' discount of \$_____), at the rates and yields shown on the inside cover hereof.

The Purchase Contract 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.

[Piper Sandler & Co., one of the Underwriters of the Bonds, has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.]

[Samuel A. Ramirez & Co., Inc., one of the Underwriters of the Bonds, [DISTRIBUTION AGREEMENT LANGUAGE, IF APPLICABLE _____].]

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.

[Remainder of Page Intentionally Left Blank.]

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**

Name	Office	Term Expires
Dr. Nancy Greenstein	Chair	November 2022
Dr. Susan Aminoff	Vice-Chair	November 2020
Dr. Louise Jaffe	Member	November 2022
Dr. Margaret Quiñones-Perez	Member	November 2020
Rob Rader	Member	November 2020
Dr. Sion Roy	Member	November 2022
Barry Snell	Member	November 2022
Joshua Elizondo	Student Trustee	June 2021

Key Personnel

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

Name	Title
Dr. Kathryn E. Jeffery	Superintendent/President
Christopher Bonvenuto	Vice President of Business & Administration
Don Girard	Senior Director, Government Relations & Institutional Communications
Sherri Lee-Lewis	Vice President, Human Resources
Dr. Jennifer Merlic	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 planning, contracts management, 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 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 in the fall term of 2023.

District Employees

Santa Monica College Faculty Association. As of August 31, 2020, the District employed 316 full-time academic professionals and 925 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. Pursuant to the District Board’s Ratification of the Collective Bargaining Agreement between the District and SMCFA, for the academic year 2019-20, all salary schedules will increase by the 2.5%. Additionally, there were certain increases related to incorporating stipends to department chair salary. For academic year 2020-21 and 2021-22, all salary schedules will increase 1.5% and 1.5% accordingly, with a provision that either party may reopen the Article on the increase by giving written notice on or before December 31, 2020. In the event the District elects to reopen prior to August 31, 2020, the 1.5% will not be implemented. The District elected to reopen Article 8: Salary and Placement which resulted in no increase.

California Schools Employee Association and other classified employees. As of October 1, 2020, the District employed 431 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. Pursuant to the District Board’s Ratification of the Collective Bargaining Agreement between the District and CSEA Chapter 36, all salary schedule will increase by 2.5% effective July 1, 2018 and

2.5% effective July 1, 2019. In addition, the balance of the Employee Welfare Fund were distributed to CSEA members as a one-time off-schedule payment. 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 October 1, 2020, the District employed 12 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 expired on June 30, 2016 extended to June 30, 2018. SMCPOA continues to operate under its existing contract. The Board of Trustees approved a Memorandum of Understanding between the District and SMCPOA providing for an increase in salary schedule by a percentage equally to the actually received COLA in the adopted budget less 1.0% but in no event shall the percentage increase be less than 2.5% effective July 1, 2018 and effective July 1, 2019.

Other District Employees. As of October 1, 2020, the District employed 41 administrators, 47 classified managers and 8 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 Alliance of Schools for Cooperative Insurance Programs (“ASCIP”); 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.

SCCCD-JPA provides workers compensation and retiree health benefit insurance coverage for its member districts. 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, 2019” 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 2020-21.

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	24,043 ⁽⁶⁾	(466)	3,907
2020-21	22,649 ⁽⁷⁾	(1,394)	3,126

⁽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⁾ Estimated Actual FTES.

Source: The District.

Population

The populations of the City of Santa Monica, the City of Malibu, the County and the State of California during the period from 2016 through 2020 are set forth in the following table.

Population Figures⁽¹⁾ 2016 through 2020

Year	City of Santa Monica	City of Malibu	County of Los Angeles	State of California
2016	92,773	12,887	10,158,196	39,131,307
2017	92,995	12,844	10,193,753	39,398,702
2018	92,790	12,779	10,209,676	39,586,646
2019	92,480	11,784	10,184,378	39,695,376
2020	92,357	11,720	10,172,951	39,782,870

⁽¹⁾ As of January 1 of the respective year.

Source: California State Department of Finance.

[Remainder of this page intentionally left blank.]

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	56,100	53,300	2,800	5.0
City of Malibu	6,500	6,300	200	3.3
County of Los Angeles	5,030,500	4,765,900	264,600	5.3
California	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<u>2017</u>				
City of Santa Monica	56,400	53,900	2,500	4.5
City of Malibu	6,600	6,400	200	3.0
County of Los Angeles	5,084,000	4,841,900	242,200	4.8
California	19,176,400	18,257,100	919,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Santa Monica	56,400	53,900	2,500	4.4
City of Malibu	6,600	6,400	200	2.9
County of Los Angeles	5,095,500	4,860,300	235,200	4.6
California	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Santa Monica	56,600	54,200	2,400	4.2
City of Malibu	6,600	6,400	200	2.8
County of Los Angeles	5,121,600	4,894,300	227,300	4.4
California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020*</u>				
City of Santa Monica	52,600	45,600	7,000	13.4
City of Malibu	6,100	5,400	700	10.9
County of Los Angeles	4,929,600	4,111,400	818,300	16.6
California	18,708,800	16,574,300	2,134,600	11.4
United States	160,838,000	147,288,000	13,550,000	8.4

* 2020 figures as of August, 2020.

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 2019

Employer	Industry	Number of Employees
1. Providence Saint John's Health Center (includes St. John's Hospital, Pacific Neuroscience Institute)	Hospital	3,310*
2. UCLA Hospital, Santa Monica	Hospital	2,879
3. City of Santa Monica	Government	2,298
4. Santa Monica-Malibu Unified School District	Education	1,962
5. Santa Monica College	Education	1,800
6. Snap, Inc.	Technology	1,460
7. Activision	Digital Entertainment	1,231*
8. RAND Corporation	Think Tank	891
9. Hulu	Entertainment	882
10. Lionsgate Entertainment	Entertainment	819

* Number of employees based on 2018 statistics. Awaiting updates.
Source: City of Santa Monica.

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, 2019 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 2018-19 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, 2019" 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, 2019 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 2015-16 through 2018-19, as well as a comparison of the adopted general fund budgets to audited actuals (and estimated actuals) for fiscal years 2015-18 through 2019-20.

[Remainder of page intentionally left blank.]

SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE GENERAL FUND
Fiscal Years 2015-16 through 2018-19

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	(Unaudited) Fiscal Year 2019-20
REVENUES					
Revenue from Federal Sources					
Higher Education Act	\$2,745,616	\$2,701,559	\$2,254,713	\$2,193,357	\$4,181,431
Workforce Investment Act	185,263	198,748	57,650,	126,169	111,625
Temporary Assistance for Needy Families (TANF)	68,627	59,652	59,646	57,992	60,917
Student Financial Aid	103,192	104,493	104,282	102,225	125,923
Career & Technical Education	681,624	720,928	751,436	784,943	854,215
Other Federal Revenue	164,614	390,811	344,802	195,790	127,834
Revenue from State Sources					
General Apportionments	75,035,354	74,397,455	89,912,538	84,505,167	91,561,379
Categorical Apportionments	15,829,972	16,362,773	21,026,133	26,564,922	29,011,951
Other State Revenues	22,050,892	11,874,561	12,226,241	12,645,053	13,727,510
Revenue from Local Sources					
Property Taxes	28,052,704	33,109,250	32,372,721	35,432,437	32,957,523
Interest and Investment Income	235,862	411,642	584,956	936,904	666,902
Student Fees and Charges	57,590,215	57,934,386	57,624,525	55,800,470	49,726,582
Other Local Revenue	6,917,323	6,039,351	7,739,896	6,083,633	7,547,015
TOTAL REVENUES	<u>\$209,661,258</u>	<u>\$204,305,609</u>	<u>\$225,059,539</u>	<u>\$225,429,062</u>	<u>\$230,660,807</u>
EXPENDITURES					
Academic Salaries	83,692,839	86,959,483	87,565,501	88,071,813	93,563,650
Classified Salaries	38,987,050	41,382,638	41,849,652	40,373,845	44,610,934
Employee Benefits	41,620,008	45,201,961	53,005,666	54,995,529	61,892,147
Supplies and Materials	2,025,641	1,940,506	1,866,423	2,072,465	3,698,248
Student Financial Aid	672,162	510,381	540,687	779,122	1,073,897
Other Operating Expenses & Services	26,369,426	27,070,603	28,361,586	32,431,973	34,853,698
Capital Outlay	4,706,834	3,290,156	4,697,183	3,228,155	3,336,729
TOTAL EXPENDITURES	<u>\$198,073,960</u>	<u>\$206,355,728</u>	<u>\$217,886,698</u>	<u>\$221,952,902</u>	<u>\$243,029,303</u>
Excess (deficiencies) of revenues over expenditures	<u>\$11,587,298</u>	<u>(\$2,050,119)</u>	<u>\$7,172,841</u>	<u>\$3,476,160</u>	<u>(\$12,368,496)</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	128,383	90,235	113,497	138,175	154,735
Interfund Transfers Out	(429,037)	(402,169)	(421,358)	(441,010)	(462,567)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,654)</u>	<u>(311,934)</u>	<u>(307,861)</u>	<u>(302,836)</u>	<u>(307,832)</u>
Excess (deficiencies) of revenues over Expenditures and other sources (uses)	\$11,286,644	(\$2,362,053)	\$6,864,980	\$3,173,325	(\$12,676,328)
Fund balance, beginning of year	20,684,914	31,971,558	29,609,505	36,474,485	39,647,810
Fund balance, end of year	<u>\$31,971,558</u>	<u>\$29,609,505</u>	<u>\$36,474,485</u>	<u>\$39,647,810</u>	<u>\$26,971,482</u>

Source: The District.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Comparison of Adopted Unrestricted General Fund Budgets for Fiscal Years 2018-19 and 2019-20 and 2020-21
with Audited Actuals for Fiscal Years 2017-18 and 2018-19, and 2019-20

	2017-18 Audited Actuals	2018-19 Adopted Budget	2018-19 Audited Actuals	2019-20 Adopted Budget	2019-20 Estimated Actuals	2020-21 Estimated Actuals
REVENUES:						
Federal	\$ 104,282	\$ 109,556	\$ 102,225	\$ 136,173	\$ 125,923	\$ 134,326
State	102,416,340	100,802,307	99,042,723	101,500,843	106,981,936	103,002,121
Local	84,056,053	80,955,547	86,038,509	84,241,508	78,293,118	74,079,949
Total Revenues	<u>\$186,576,675</u>	<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>
EXPENDITURES:						
Academic Salaries	\$ 76,688,062	\$ 77,714,087	\$ 76,682,237	\$ 79,969,037	\$ 83,242,162	\$ 78,181,125
Classified Salaries	34,775,962	33,563,925	33,496,849	34,781,719	37,204,186	33,609,249
Employee Benefits	47,956,029	50,226,122	49,274,742	52,326,322	55,466,408	55,610,932
Supplies and Materials	865,720	1,058,776	923,954	1,108,324	740,219	1,033,510
Other Operating Expenses & Services	17,812,618	19,370,985	19,590,941	21,164,341	18,126,816	16,541,459
Capital Outlay	0	0	0	100,000	82,963	75,000
Total Expenditures	<u>180,098,391</u>	<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>
Total Other Financing Sources (Uses)	<u>(201,716)</u>	<u>(193,787)</u>	<u>(186,969)</u>	<u>(183,020)</u>	<u>(173,575)</u>	<u>76,919</u>
Change in Fund Balance	6,276,568	(260,272)	3,027,765	(3,754,239)	(9,635,352)	(7,757,960)
Beginning Fund Balance	<u>21,371,774</u>	<u>27,648,342</u>	<u>27,648,342</u>	<u>30,676,107</u>	<u>30,676,107</u>	<u>21,040,755</u>
Ending Fund Balance	<u>\$27,648,342</u>	<u>\$27,388,070</u>	<u>\$30,676,107</u>	<u>\$26,921,868</u>	<u>\$21,040,755</u>	<u>\$13,282,795</u>

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 October 13, 2020, the Foundation had net assets valued at \$28,396,234.

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
2020	1,710,463
2021	1,669,122
2022	1,682,177
2023	1,566,685
2024	1,044,818
2025-2029	4,569,980
2030-2034	4,569,980
2035-2039	4,569,980
2040-2044	4,569,980
2045-2049	4,569,980
2050-2054	4,569,980
2055-2058	3,655,983
Total	<u>38,749,128</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 lease payment schedule appears as of June 30, 2019 in Appendix C, **however, on July 16, 2020, the District contributed cash, from various District funds, to satisfy and payoff the lease agreement.**

Certificates of Participation

On March 11, 2010, the District, as the “lessee,” and the Los Angeles County Schools Regionalized Business Service Corporation (the “LA County RBS Corporation”), a legally separate entity from the District, as the “lessor” or “corporation,” entered into a lease agreement in connection with the execution and delivery of certificates of participation (the “2010 COPs”), initially in the aggregate principal amount of \$13,945,000, to prepay certain of the District’s 1999 Certificates of Participation. Lease payments were required to be made by the District for the 2010 COPs on each June 1 and December 1 for use and possession of certain capital improvements through and until June 1, 2023.

On December 19, 2013, the District, as the “lessee,” and the LA County RBS Corporation, as the “lessor,” entered into a lease agreement in connection with the execution and delivery of certificates of participation (the “2013 COPs”), initially in the aggregate principal amount of \$7,410,000, to refund certain of the District’s 2004 Certificates of Participation (the “2004 COPs”). Lease payments were required to be made by the District for the 2013 COPs on each February 1 and August 1 for use and possession of certain capital improvements through and until February 1, 2027. The 2013 COPs were sold in a private placement.

On July 17, 2020, the District contributed cash, from various District funds, to satisfy, discharge and defease the 2010 COPs and the 2013 COPs. For additional information regarding the 2010 COPs and the 2013 COPs prior to such prepayment, see APPENDIX C. The District may enter into additional lease obligations, including certificates of participation, executed and delivered for capital improvements not covered by Bond proceeds.

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, 2020, 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:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
STRS	\$104,474,234	\$28,206,588	\$21,532,364	\$10,622,857
PERS	83,586,461	18,721,655	4,605,584	13,160,798
PERS – Safety Plan	4,416,271	1,244,915	101,527	365,715
Total	\$192,476,966	\$48,173,158	\$26,239,475	\$24,149,370

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.

In May 2019, STRS released an update on the financial position of the pension system, including estimates of the unfunded liability and contribution rates required for districts, employees and the State. The May funding update reflected an estimated unfunded liability of \$107.2 billion for the valuation period ending June 30, 2018.

Pursuant to Assembly Bill 1469, K-14 school districts' contribution rates will increase in accordance with the following schedule:

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

Effective Date ⁽¹⁾	K-14 School District Employer Contributions
July 1, 2017	14.43%
July 1, 2018	16.28
July 1, 2019	17.10
July 1, 2020	16.15

⁽¹⁾ The State's 2020-21 Budget redirecting funds paid to STRS towards long-term unfunded liabilities to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. This reallocation will reduce the STRS employer contribution rates to approximately 16.15% in fiscal year 2020-21 and to 16.02% in fiscal year 2021-22. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Budget – 2020-21 State Budget."

Source: STRS and California Assembly Bill 1469

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 hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions and actuarial asset gains recognized from the current and prior years, the 2019 STRS Program Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 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 99.9%, 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 actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio.

The District's employer contributions to STRS for fiscal years ended June 30, 2016 through June 30, 2020 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, 2019 for additional information.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
STRS CONTRIBUTIONS**

Fiscal Years Ended June 30	District Employer Contributions
2016	\$7,157,396
2017	8,018,587
2018	9,476,774 ⁽¹⁾
2019	10,444,631
2020	11,572,080 ⁽²⁾

⁽¹⁾ 28 full-time faculty members retired in December, 2017.

⁽²⁾ Unaudited.

Source: The District

To provide local educational agencies and California community colleges with increased fiscal relief, the 2020-21 State Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to further reduce employer contribution rates in Fiscal Years 2020-21 and 2021-22. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Budget - 2020-21 *State Budget*” herein.

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.

On April 17, 2019, the PERS Board established the employer contribution rates and released certain information from the PERS Schools Pool Actuarial Valuation as of June 30, 2018 (the “2018 PERS Schools Pool Actuarial Valuation”). The actuarial funding method used in the 2018 PERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.” The 2018 PERS Schools Pool Actuarial Valuation assumes, among other things, 2.625% inflation and payroll growth of 2.875% compounded annually. The 2018 PERS Schools Pool Actuarial Valuation reflects a discount rate of 7.25% compounded annually (net of administrative expenses) as of June 30, 2018 and 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 from 2.625% as of June 30, 2018 to 2.50% as of June 30, 2019. 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, the addition of \$904 million contributed by the State in July 2019, 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 22.8% and 24.9% for fiscal year 2020-21 and fiscal year 2021-22, respectively. According to the PERS Schools Actuarial Valuation as of June 30, 2018, the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis, as compared to the funded ratio of 72.1% reported in the Actuarial Valuation as of June 30, 2017. The funded ratio, on a market value basis, as of June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012 was 71.9%, 77.5%, 86.6%, 80.5%, and 75.5%. 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 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.

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, 2016 through June 30, 2020 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, 2019 for additional information.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
PERS CONTRIBUTIONS**

Fiscal Years Ended June 30	District Employer Contributions
2016	\$4,650,746
2017	5,861,860
2018	5,846,446
2019	7,649,649
2020	9,029,874 ⁽¹⁾

⁽¹⁾ Unaudited.

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 2016-17 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 2017-18, 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 2018-19 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 June 9, 2020, with a valuation date of June 30, 2019 and a measurement date of June 30, 2019 (the "2019 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, 2019 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 2018 Actuarial Report include a 4.30% discount rate, a 2.75% inflation rate, a 2.75% increase in payroll and various other assumptions.

The 2019 Actuarial Report estimates the Total OPEB Liability of the District to be \$141,025,895. 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 \$133,516,034. The 2019 Actuarial Report determined that the OPEB Expense for the Fiscal Year ended June 30, 2020 was \$16,887,961. 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 2019 Actuarial Report estimates the "pay-as-you-go" cost of providing retiree health benefits in the fiscal year beginning July 1, 2019 to be \$4,851,585. 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 \$5,795,480.

[Remainder of page intentionally left blank.]

The below table provides a comparison of certain information regarding the position of the District's OPEB plan as of the valuation dates of July 1, 2013 and July 1, 2015, which were prepared in accordance with GASB 45, and the valuation dates of June 30, 2017 and June 30, 2019, which were prepared in accordance with GASB 75.

District OPEB

	Valuation Date			
	July 1, 2013	July 1, 2015	June 30, 2017	June 30, 2019
Actuarial Present Value of Projected Benefits ⁽¹⁾	\$115,218,650	\$112,152,318	\$109,799,973	\$187,656,443
Actuarial Accrued Liability ⁽²⁾	89,242,676	92,553,859	N/A	N/A
Total OPEB Liability ⁽³⁾	N/A	N/A	90,622,970	141,025,895
Unfunded Actuarial Accrued Liability ⁽²⁾	87,166,553	88,636,033	N/A	N/A
Net OPEB ⁽³⁾	N/A	N/A	84,062,475	133,516,034
Normal Cost ⁽²⁾	4,083,480	3,342,611	N/A	N/A
Service Cost ⁽³⁾	N/A	N/A	3,052,511	5,795,480
Annual Required Contribution ⁽²⁾	8,511,480	8,999,025	N/A	N/A
OPEB Expense ⁽³⁾	N/A	N/A	8,300,132	16,887,961
Plan Assets ⁽¹⁾	2,076,123	3,917,826	6,560,495	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.

Source: The District

For additional information, see the fiscal year 2018-19 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 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

* 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.

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 \$3,520,794 in fiscal year 2018-19 than in fiscal year 2017-18 in available Total Computational Revenue from State and local sources included in the State Chancellor's apportionment calculation. The increase in revenue represents a cost of living increase of 2.71%. 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. In 2018-19, The District received a hold harmless protection adjustment of \$4,300,143.

The District earned \$3,040,909 more in fiscal year 2019-20 than in fiscal year 2018-19 in available Total Computational Revenue from State and local sources included in the State Chancellor's apportionment calculation. The 2020-21 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 2023-24. COLA for fiscal year 2019-20 was 3.26%, which provided an additional \$4,350,124 for the District. However, the revenue may be constrained by approximately \$1,309,215 due to an overall State budget shortfall. COLA for fiscal year 2020-21 is 0.00%.

There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, State and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District 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 the ongoing COVID-19 outbreak. 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 “situated” 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.

Since the adoption of the 2019-20 State Budget preceded the COVID-19 pandemic, it did not take into account the significant adverse impacts COVID-19 would have on the State's financial condition beginning in fiscal years 2019-20, 2020-21 and beyond. Certain limited information from the 2019-20 State Budget relating to the funding of education is provided herein as a historical baseline solely for context and reference.

2019-20 State Budget. On June 27, 2019, Governor Newsom signed a final State budget for Fiscal Year 2019-20 (the "2019-20 State Budget") in the total amount of \$214.8 billion, including \$147.8 billion from the State General Fund. The 2019-20 State Budget projects that the State will end Fiscal Year 2018-19 with total reserves of \$19.2 billion, of which \$16.5 billion is in the Rainy Day Fund, \$1.4 billion in the Special Fund for Economic Uncertainties, \$900 million in the Safety Net Reserve, and approximately \$380 million in the Public School System Stabilization Account. See APPENDIX A – "CONSTITUTIONAL AND STATUTORY INITIATIVES – *Proposition 2*" herein. The 2019-20 State Budget makes an additional payment of \$9 billion over the four succeeding Fiscal Years to pay down unfunded pension liabilities, including \$3 billion to PERS, \$2.9 billion to STRS on behalf of the State, and \$3.15 billion to STRS and PERS on behalf of schools. The 2019-20 State Budget also invests \$4.5 billion to eliminate the so-called 'Wall of Debt' and reverses the debt deferral undertaken during the last recession.

Significant features of the 2019-20 State Budget pertaining to community colleges include the following:

- ***Settle-Up Payment.*** An increase of \$686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through Fiscal Year 2017-18.
- ***Student Centered Funding Formula.*** An ongoing increase of \$254.7 million in Proposition 98 funding to support the SCFF, including (i) an increase of \$230 million to support a 3.26% COLA for total apportionment growth, and (ii) an increase of \$24.7 million to fund 0.55% of enrollment growth.
- ***Pension Costs.*** A \$3.15 billion payment from non-Proposition 98 funds to STRS and PERS, to reduce long-term liabilities for K-14 school districts. Of this amount, \$850 million would be provided to buy down employer contribution rates in Fiscal Years 2019-20 and 2020-21. With these payments, STRS employer contributions will be reduced from 18.13% to 17.1% in Fiscal Year 2019-20, and from 19.1% to 18.4% in Fiscal Year 2020-21. The PERS employer contribution will be reduced from 20.7% to 19.7% in Fiscal Year 2019-20, and the projected PERS employer contribution is expected to be reduced from 23.6% to 22.9 % in Fiscal Year 2020-21. The remaining \$2.3 billion would be paid towards employers' long-term unfunded liability.
- ***Enrollment Fee Waiver.*** \$42.6 million in ongoing Proposition 98 funding to support a second academic year of the California College Promise to waive enrollment fees for first-time, full-time students.
- ***Deferred Maintenance.*** A one-time increase of \$13.5 million in Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.

- ***Student Support.*** An ongoing increase of \$9 million in Proposition 98 funding to provide support to community college students who are homeless or are experiencing housing insecurity. The 2019-20 Budget also provides a one-time increase of \$3.9 million in Proposition 98 funding to address student basic needs, including housing and food insecurity.
- ***Veterans Resources.*** An ongoing increase of \$5 million in Proposition 98 funding for the establishment or enhancement of veterans resource centers at community colleges. In addition, the 2019-20 Budget also provides an increase of \$2.25 million in Proposition 98 settle-up funds to expand veterans resource centers at specified colleges.
- ***Workforce Development.*** A one-time increase of \$4.75 million in one-time, Proposition 98 settle-up funds to support the improvement of workforce development programs at specified community colleges.
- ***Proposition 51.*** The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS CONSTITUTIONAL AND STATUTORY INITIATIVES – *Proposition 51.*” The 2019-20 Budget allocates \$535.3 million of Proposition 51 bond proceeds to critical fire and life safety projects at campuses statewide.

State Department of Finance Budget Letter. On March 24, 2020, the State Department of Finance (the “DOF”) released Budget Letter 20-08 which stated that the DOF anticipates a severe drop in economic activity in California as a result of the COVID-19 pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20, and will certainly produce impacts in fiscal year 2020-21 and beyond.

CARES Act. The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act (S. 3548 and H.R. 748), was signed into law on March 27, 2020. The CARES Act addresses needs in multiple arenas, including the Higher Education Emergency Relief Fund (HEERF) which includes \$13.9 billion in “flexible funding” to help Institutions of Higher Education (IHEs) defray expenses and other fiscal impacts. The District’s allocation under the HEERF 18004(a)(1) is \$12,193,513. 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 will also receive \$803,053 under Section 18004(a)(2) of the CARES Act. The District also received \$989,704 in additional CARES Act funds under section 601(a) of the Social Security Act and \$1,214,875 additional State funds to help with the District’s COVID efforts.

Fiscal Update from State Department of Finance. The DOF released a fiscal update memorandum (the “Fiscal Update”) on May 7, 2020 reflecting the economic forecast for the May Revision to the Proposed 2020-21 Budget. The Fiscal Update makes it clear that the onset of COVID-19 has had a severe and immediate impact on the State’s economy, including in excess of 4.4 million claims for State and federal unemployment benefits since mid-March 2020 and disproportionate job losses in lower-wage sectors of the economy. The DOF also projects that the 2020 unemployment rate will be as high as 18% and states that the May Revision economic forecast projects that COVID-19 will continue to

cause economic losses in 2020, including a projected drop in State personal income by nearly 9% on an annual basis and a projected drop of 21% in permits for new housing construction, a key economic indicator. Consequently, compared to the projections included in the Proposed 2020-21 Budget, the State's three main revenues sources are projected to drop as follows: (i) personal income taxes by 25.5%, (ii) sales and use taxes by 27.2%, and (iii) corporation taxes by 22.7%. As a result, the DOF projects that State general fund revenues will decline by \$41.2 billion from the projected level included in the Proposed 2020-21 Budget, including \$9.7 billion allocable to fiscal year 2019-20 and \$32.2 billion allocable to fiscal year 2020-21. This revenue decline would result in a reduction of the Proposition 98 minimum funding guarantee by approximately \$19 billion.

These revenue declines, together with \$7.1 billion in caseload increases supporting health and human services programs and other expenditures of approximately \$6.1 billion largely attributable to the COVID-19 outbreak, are projected to result in an overall State budget deficit of approximately \$54.3 billion. Of this amount, \$13.4 billion occurs in fiscal year 2019-20 and \$40.9 billion would occur in fiscal year 2020-21. For additional information regarding the Fiscal Update, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

2020-21 State Budget. On June 29, 2020 Governor Newsom signed into law the Fiscal Year 2020-21 State Budget (the "2020-21 State Budget"), closing a \$54.3 billion gap in Fiscal Year 2020-21 and reducing the State's structural deficit, balancing the State's budget by drawing \$8.8 billion in reserves from the Rainy Day Fund (\$7.8 billion), the Safety Net Reserve (\$450 million), and all of the funds in the Public School System Stabilization Account. The 2020-21 Budget (i) includes \$11.1 billion in reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020; (ii) relies on \$10.1 billion in federal funds that provide General Fund relief, including \$8.1 billion already received; (iii) temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year (generating \$4.4 billion in additional revenues in Fiscal Year 2020-21); and (iv) relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 schools.

In addition, the 2020-21 Budget reflects estimated spending of \$5.7 billion to respond directly to the COVID-19 pandemic, including personal protective equipment, hospital surge preparation, and other expenditures to support populations at greater risk of contracting COVID-19. Of the \$9.5 billion in Coronavirus Relief Fund received by the State, \$4.5 billion is allocated to local school districts, \$1.3 billion is allocated to counties, and \$500 million to cities. The 2020-21 Budget also includes \$750 million General Fund to provide support for counties experiencing revenue losses due to the pandemic. The 2020-21 Budget also temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.

For Fiscal Year 2019-20, the 2020-21 Budget projects total general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion and the State is projected to end Fiscal Year 2019-20 with total available general fund reserves of \$17 billion, including \$16.1 billion in the Budget Stabilization Account ("BSA") and \$900 million in the Safety Net Reserve Fund. For Fiscal Year 2020-21, the 2020-21 Budget projects total general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end the Fiscal Year 2020-21 with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

California Community Colleges (“CCC”). The 2020-21 Budget enacts certain statutory changes in an effort to assist CCCs to recover from the impacts of the recession caused by the COVID-19 pandemic, including the following: (i) exempting direct COVID-19-related expenses incurred by community college districts (excluding revenue declines) from the “50 Percent Law” (which requires community college districts to spend at least half of their current expense of education in each fiscal year on salaries and benefits of classroom instructors); (ii) providing a hardship exemption for community college districts unable to meet their financial obligations due to the deferrals enacted in the 2020-21 Budget; (iii) extending the Student-Centered Funding Formula hold harmless provisions for an additional two years, as well as authorizing the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the Student-Centered Funding Formula for Fiscal Year 2020-21; and (iv) encouraging and expediting the development of short-term career technical education courses to address the impacts of the COVID-19 pandemic.

Proposition 98 Guarantee. As a result of declining State revenue, the 2020-21 Budget states that the constitutional Proposition 98 guarantee level of \$70.9 billion is more than \$10 billion below the minimum guarantee at the 2019 Budget Act, a loss which is offset by the 2020-21 Budget and defers \$12.9 billion in payments to preserve programs and to provide K-12 schools and CCCs, the resources necessary to safely reopen. In addition, the 2020-21 Budget commits to making supplemental appropriations above the Proposition 98 guarantee for several years starting in Fiscal Year 2021-22, which will accelerate General Fund support for schools over the multi-year forecast period.

Supplemental Appropriations – The 2020-21 Budget provides for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately \$12.4 billion, and reflects the administration’s estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in Fiscal Year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increases the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by Fiscal Year 2023-24.

Other significant features of the 2020-21 Budget affecting CCCs include the following:

- **Fiscal Year Deferrals.** A deferral of approximately \$330.1 million Proposition 98 General Fund of community college apportionments from Fiscal Year 2019-20 to Fiscal Year 2020-21 and a deferral of approximately \$662.1 million Proposition 98 General Fund of community college apportionments from Fiscal Year 2020-21 to Fiscal Year 2021-22.
- **Fiscal Year 2020-21 Deferrals Subject to Control Section 8.28.** As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the State with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the Fiscal Year 2020-21 as follows: a deferral of approximately \$791.1 million Proposition 98 General Fund of community college apportionments from Fiscal Year 2020-21 to Fiscal Year 2021-22.
- **COVID-19 Response Block Grant for CCCs.** A one-time increase of approximately \$120.2 million, which is comprised of approximately \$54 million from the Coronavirus Relief Fund (CARES Act) and approximately \$66.3 million Proposition 98 General

Fund, for a COVID-19 Response Block Grant for the community colleges to support student learning and mitigate learning loss related to the COVID-19 pandemic.

- ***Dreamer Resource Liaisons.*** An increase of \$5.8 million Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, for immigrant students including undocumented students in community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645). These services provide an opportunity to address disparities and advance economic justice by supporting educational attainment, career pathways and economic mobility for students who may face barriers related to their immigration status.
- ***Legal Services.*** An increase of \$10 million ongoing Proposition 98 General Fund to provide legal services to immigrant students, faculty, and staff on community college campuses.
- ***Revised PERS/STRS Contributions.*** To provide local educational agencies and CCCs with increased fiscal relief, the Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to STRS and PERS for long-term unfunded liabilities to further reduce employer contribution rates in Fiscal Years 2020-21 and 2021-22.
- ***CCC Facilities.*** An increase of general obligation bond funding of \$223.1 million, including \$28.4 million to start 25 new capital outlay projects and \$194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2021. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- ***Local Property Tax Adjustment.*** A decrease of \$60.9 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.
- ***Employee Protections.*** Includes the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in Fiscal Year 2020-21.

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.

[Remainder of Page Intentionally Left Blank.]

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 XIIB, 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.

Proposition 15. On May 29, 2020, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "Proposition 15"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 15 would amend Article XIII A such that the "full cash value" of commercial and industrial real property, for each lien date, would be equal to the fair market value of that property. If approved, Proposition 15 would not affect the "full cash value" of residential property, real property used for commercial agricultural production, or commercial and industrial real property with a combined value of \$3 million or less, which would continue to be subject to annual increases not to exceed 2%. In addition Proposition 15 would eliminate the business tangible personal property tax on equipment and fixtures for small businesses and would provide a \$500,000 per year exemption for all other businesses. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. With respect to the tax revenues deposited into the Local School and Community College Property Tax Fund, 11% would be allocated by the Board of Governors of the California Community Colleges to community college districts and 89% of such tax revenues would be allocated by the Superintendent of Public Instruction to school districts, charter schools and county offices of education.

The District cannot predict whether Proposition 15 will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of Proposition 15 will have on District revenues or the assessed valuation of real property in the District.
[TO BE UPDATED PRIOR TO POSTING POS/OS]

APPENDIX B
FORM OF BOND COUNSEL OPINION

[to come]

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 _____, 2020 in connection with the execution and delivery of its 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on [November 10, 2020] (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 Piper Sandler & Co. and Samuel A. Ramirez, Inc., (collectively, 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 mean the District, or, any 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.

“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 _____, 2020.

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, 2021] with the report for the fiscal year ending June 30, [2020][UPDATES TO COME BASED ON DELIVERY OF 2020 AUDIT], 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: \$_____ 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable)

Date of Issuance: _____, 2020

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 _____, 20[20]. 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 August 31, 2020, 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	\$12.879
Schools and Community Colleges	14.667
Discretionary Participants	<u>3.478</u>
Total	\$31.024

The Treasury Pool participation composition is as follows:

Non-Discretionary Participants	88.79%
Discretionary Participants:	
Independent Public Agencies	10.79
County Bond Proceeds and Repayment Funds	<u>0.42</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 31, 2020, 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 September 30, 2020, the August 31, 2020 book value of the Treasury Pool was approximately \$31.024 billion and the corresponding market value was approximately \$31.104 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 August 31, 2020.

<u>Type of Investment</u>	<u>% of Pool</u>
U.S. Government and Agency Obligations	6.45
Certificates of Deposit	66.85
Commercial Paper	0.00
Bankers Acceptances	26.28
Municipal Obligations	0.10
Corporate Notes & Deposit Notes	0.32
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of August 31, 2020, approximately 49% of the investments mature within 60 days, with an average of 628 days to maturity for the entire portfolio.

ESCROW AGREEMENT

by and between the

SANTA MONICA COMMUNITY COLLEGE DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Prior Bonds Paying Agent and
as Escrow Agent

Dated as of _____ 1, 2020

Pertaining to the Defeasance of

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

General Obligation Refunding Bonds, 2002 Election, 2013 Series A

and

General Obligation Bonds, 2008 Election, 2014 Series B

ESCROW AGREEMENT

This Escrow Agreement (the "Agreement"), made and entered into as of _____ 1, 2020, by and between the SANTA MONICA COMMUNITY COLLEGE DISTRICT, a community college district, organized and existing under, and by virtue of the laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Escrow Agent and as Prior Bonds Paying Agent (the "Escrow Agent");

W I T N E S S E T H:

WHEREAS, a duly called election was held in the District on March 5, 2002 (the "2002 Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at the 2002 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 aggregate principal amount of \$160,000,000 to finance the projects described in the proposition ("Measure U") payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "2002 Authorization"); and

WHEREAS, pursuant to the 2002 Authorization, the Board of Trustees of the District (the "Board") has previously approved the issuance, among other series, of (i) \$25,000,000 aggregate initial principal amount of the District's General Obligation Bonds, 2002 Election, Series A (the "2002A Bonds"), (ii) \$21,999,971.25 aggregate initial principal amount of the District's General Obligation Bonds, Election of 2002, 2004 Series B (the "2004B Bonds"), and (iii) \$89,999,923.35 aggregate initial principal amount of the District's General Obligation Bonds, 2002 Election, 2005 Series C (the "2005C Bonds," and, together with the 2002A Bonds and the 2004B Bonds, the "2002 Election Bonds"); and

WHEREAS, in 2013, to effect the refunding of the 2002 Election Bonds, the Board approved the issuance of \$108,405,000 aggregate principal amount of the District's General Obligation Refunding Bonds, 2002 Election, 2013 Series A (the "2013A Prior Bonds"), of which \$81,950,000 aggregate principal amount is presently outstanding and \$63,435,000 aggregate principal amount is subject to refunding; and

WHEREAS, a duly called election was held in the District on November 4, 2008 (the "2008 Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at the 2008 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 aggregate principal amount of \$295,000,000 to finance the projects described in the proposition payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "2008 Authorization"); and

WHEREAS, pursuant to the 2008 Authorization, the Board has previously approved the issuance, among other series, of \$144,995,829.40 aggregate initial principal amount of the District's General Obligation Bonds, 2008 Election, 2014 Series B (the "2014B Prior Bonds" and, together with the 2013A Prior Bonds, the "Prior Bonds") of which \$135,665,829.40 aggregate principal amount and denominational amount is presently outstanding and \$129,895,829.40 aggregate principal amount and denominational amount is subject to refunding; and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Sections 53550 and 53580, respectively), the District is authorized to issue, or cause to be issued, general obligation bonds to refund all or a portion of the Prior Bonds (so refunded, the "Refunded Bonds"); and

WHEREAS, the District has authorized the issuance of its (i) 2020 General Obligation Refunding Bonds, 2002 Election and 2008 Election (Federally Taxable) (the "Bonds"), a portion of the proceeds of which are to be used, to refund all or a portion of the Refunded Bonds; and

WHEREAS, the District has now determined that conditions in the financial markets have become favorable for the refunding of the Refunded Bonds by issuing the Bonds, resulting in substantial savings to the taxpayers of the District; and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to refund the Refunded Bonds in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"2013A Bonds Redemption Date" means August 1, 2023, which is the date on which the 2013A Refunded Bonds are to be redeemed or paid.

"2014B Bonds Redemption Date" means August 1, 2024, which is the date on which the 2014B Refunded Bonds are to be redeemed or paid.

"2013A Refunded Bonds" means the 2013A Prior Bonds maturing [August 1, 2024 through and including August 1, 2030], the Maturity Amount of which will be held in escrow and paid when due.

"2014B Refunded Bonds" means the 2014B Prior Bonds maturing [August 1, 2025 through and including [August 1, 2044], the Maturity Amount or accreted value of which, as applicable, will be held in escrow and paid when due. "Code" means the Internal Revenue Code of 1986.

"Escrow Funds" means the 2013A Escrow Fund and the 2014B Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

“Escrow Requirements” means an amount sufficient to pay the principal of, redemption price, and interest on the Refunded Bonds through and including the Redemption Date, as shown on Exhibit A hereto.

“Escrow Securities” means such securities eligible to be used to defease the Refunded Bonds under the Prior Bonds Resolution and deposited in the respective Escrow Fund pursuant to Section 5 hereof.

“Prior Bonds Resolution” means collectively, the resolution adopted by the Board of the District adopted on May 7, 2013, pursuant to which the 2013A Prior Bonds were issued, and the resolution adopted by the Board of the District adopted on October 7, 2014, pursuant to which the 2014B Prior Bonds were issued.

SECTION 2. The District hereby appoints U.S. Bank National Association as Escrow Agent under this Agreement for the benefit of the holders of the Refunded Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Prior Bonds Resolutions, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Bonds Resolutions shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Agent special and irrevocable trust funds designated the “Santa Monica Community College District General Obligation Refunding Bonds, 2002 Election, 2013 Series A Escrow Fund” (the “2013A Escrow Fund”) and the “Santa Monica Community College District General Obligation Bonds, 2008 Election, 2014 Series B Escrow Fund” (the “2014B Escrow Fund” and, together with the 2013A Escrow Fund, the “Escrow Funds”) to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The District herewith deposits, or causes to be deposited, with the Escrow Agent into the 2013A Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the amount of \$_____ from the proceeds of the Bonds. The District herewith deposits, or causes to be deposited, with the Escrow Agent into the 2014B Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the amount of \$_____ from the proceeds of the Bonds.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest \$_____ of amounts in the 2013A Escrow Fund in the Escrow Securities set forth in Exhibit B hereto and to retain the amount of \$_____ uninvested. The Escrow Agent agrees immediately to invest \$_____ of amounts in the 2014B Escrow Fund in the Escrow Securities set forth in Exhibit B hereto and to retain the amount of \$_____ uninvested. Such amounts shall be applied by the Escrow Agent to the

payment of the respective Escrow Requirements for the equal and ratable benefit of the holders of the Refunded Bonds.

The Escrow Agent may conclusively rely upon the verification report by Causey, Demgen & Moore, P.C. dated _____, 2020 as to the sufficiency of the funds to make the payments required for the defeasance of the Refunded Bonds and a full redemption of the outstanding Refunded Bonds.

SECTION 6. The District hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will perform all the duties expressly required to be taken by it hereunder. The liability of the Escrow Agent for the payment of the applicable Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the moneys and Escrow Securities available for such purposes in the Escrow Funds.

SECTION 7. The District irrevocably instructs the Escrow Agent to pay to the Prior Bonds Paying Agent from amounts held in the Escrow Funds:

(a) the amount equal to the redemption price of the principal amount or denominational amount, as applicable, of the Refunded Bonds called for redemption on the Redemption Date, plus interest accrued or accreted, as applicable, thereon to the Redemption Date, all as shown on Exhibit A hereto. The District irrevocably instructs the Prior Bonds Paying Agent under the Prior Bonds Resolution to provide notice of redemption of the Refunded Bonds as provided therein and to electronically post such notice to the MSRB's EMMA website at <https://emma.msrb.org> in the forms attached as Exhibit C-1 hereto no later than July 11, 2023 (and no earlier than June 17, 2023), and as Exhibit C-2 hereto no later than July 11, 2024 (and no earlier than June 17, 2024). In addition, the District irrevocably instructs the Prior Bonds Paying Agent under the respective Prior Bonds Resolution to provide notice of defeasance of the Refunded Bonds as provided therein and to electronically post such notice to the MSRB's EMMA website at <https://emma.msrb.org> in the forms attached as Exhibit D-1 hereto on _____, 2020, and as Exhibit D-2 hereto on _____, 2020; and

(b) The sole remedy for the Escrow Agent's failure to post notices of defeasance and redemption on the MSRB's EMMA website shall be an action by the holders of the Refunded Bonds in mandamus for specific performance or similar remedy to compel performance.

SECTION 8. The trust hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien limited to all applicable moneys and applicable Escrow Securities in the Escrow Funds, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 9. This Agreement is made pursuant to and in furtherance of the Prior Bonds Resolutions and for the benefit of the District and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered, amended or supplemented without

the written consent of all such holders and the written consent of the Escrow Agent and the District; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure an ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or agency that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Prior Bonds Paying Agent shall be entitled to conclusively rely upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. In consideration of the services rendered by the Escrow Agent under this Agreement, the District agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the applicable moneys or applicable Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 11. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the District and the Prior Bonds Paying Agent, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 7 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the District as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the District and the Prior Bonds Paying Agent and signed by the holders of a majority in principal amount of the Refunded Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by

the holders of a majority in principal amount of the Refunded Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys-in-fact, duly authorized in writing; provided, nevertheless, that in any such event, the District shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds, and any such temporary Escrow Agent so appointed by the District shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the District pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the District, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$50,000,000. For purpose of this Section 11, a corporation or institution with trust powers organized under the financial institution laws of the United States of America or any state shall be deemed to have combined capital and surplus of at least \$50,000,000 if it has a combined capital surplus of at least \$20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least \$50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the District, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the District execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all moneys and Escrow Securities held by it to its successor. Should any transfer, assignment or instrument in writing from the District be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the District.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of

the Escrow Agent to make payments required in the Agreement shall be limited to the applicable moneys and applicable Escrow Securities in the Escrow Fund.

SECTION 12. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 4 and 5 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys or Escrow Securities held hereunder except as provided in this Agreement.

SECTION 13. To the extent permitted by law, the District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Funds, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent. The District shall pay the Escrow Agent full compensation for its duties under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase of any Escrow Securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Funds be deemed to be available for said purposes.

SECTION 14. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the moneys and the Escrow Securities to accomplish the redemption of the Refunded Bonds pursuant to the Prior Bonds Resolutions or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a

matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the District. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and

circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Escrow Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, quarantine restrictions, acts of civil or military authority or governmental action or other similar occurrences.

SECTION 15. This Agreement shall terminate upon payment of all Refunded Bonds on the Redemption Date. Upon such termination, all moneys and Escrow Securities remaining in the Escrow Funds after payment of all fees and expenses of the Escrow Agent shall be released to the District.

SECTION 16. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be

deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the District or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

SANTA MONICA COMMUNITY COLLEGE
DISTRICT

By _____
Vice President of Business & Administration

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent and as Prior Bonds Paying
Agent

By _____
Authorized Officer

EXHIBIT A

ESCROW REQUIREMENTS

[See attached page __ of Final Numbers]

EXHIBIT B

SCHEDULE OF ESCROW SECURITIES

[See attached pages ____ of Final Numbers and
Exhibits _ of the Verification Report]

EXHIBIT C-1
FORM OF 2013A PRIOR BONDS REDEMPTION NOTICE

NOTICE OF REDEMPTION

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, State of California)
General Obligation Refunding Bonds, 2002 Election
2013 Series A

Notice is hereby given to the owners of certain Santa Monica Community College District (the "District") General Obligation Refunding Bonds, 2002 Election, 2013 Series A (the "Bonds"), originally issued on June 18, 2013, that the Bonds maturing in the years and bearing the CUSIP numbers set forth below are subject to optional redemption in accordance with that certain resolution adopted by the Board of Trustees of the District on May 7, 2013, the principal amounts set forth below, along with interest thereon, have been determined to be sufficient and available to redeem on an advance basis all or a portion of the Bonds identified below, at a redemption price of 100% of the Principal Amount of the Bonds called for redemption, plus accrued interest thereon, on August 1, 2023 (the "Redemption Date").

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u> <u>(802385)</u>
2024	\$ 1,200,000	4.000%	LT9
2024	6,190,000	5.000	MB7
2025	8,060,000	5.000	LU6
2026	8,785,000	5.000	LV4
2027	8,290,000	5.000	LW2
2028	9,125,000	4.000	LX0
2029	9,840,000	4.000	LY8
2030	11,945,000	4.000	LZ5

⁽¹⁾ Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Redemption. It is included solely for the convenience of the Holders.

On August 1, 2023, all of the Bonds to be redeemed will become due and payable at the redemption price aforesaid, and payment will be made upon presentation and surrender to the Escrow Agent for the Bonds at:

If by Mail:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave. E
St. Paul, MN 55107

If by Hand or Overnight Mail:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave. E
St. Paul, MN 55107

1-800-934-6802

Bondholders presenting their bonds in person for same day payment must surrender their bond(s) by 1:00 P.M. CST on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

Interest on the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “Bondholder Information” link.

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified.

By: U.S. Bank National Association,
as Paying Agent

EXHIBIT C-2
FORM OF 2014B PRIOR BONDS REDEMPTION NOTICE

NOTICE OF REDEMPTION

Notice is hereby given to the owners of certain Santa Monica Community College District (the “District”) General Obligation Bonds, 2008 Election, 2014 Series B (the “Bonds”), originally issued on November 13, 2014, that the Bonds maturing in the years and bearing the CUSIP numbers set forth below are subject to optional redemption in accordance with that certain resolution adopted by the Board of Trustees of the District on October 7, 2014, the principal amounts set forth below, along with interest thereon, have been determined to be sufficient and available to redeem on an advance basis all or a portion of the Bonds identified below, at a redemption price of 100% of the Principal Amount of the Bonds called for redemption, plus accrued interest thereon, on August 1, 2024 (the “Redemption Date”).

CURRENT INTEREST BONDS

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u> <u>(802385)</u>
2025	\$ 2,535,000	5.000%	MR2
2026	3,125,000	5.000	MS0
2028	2,650,000	5.000	NL4
2029	1,500,000	3.500	MY7
2029	3,560,000	5.000	NA8
2030	5,870,000	4.000	MT8
2031	6,685,000	4.000	MU5
2032	7,565,000	4.000	MV3
2033	8,510,000	4.000	NM2
2044 ⁽²⁾	45,000,000	4.000	MZ4
2044 ⁽²⁾	19,000,000	5.000	MW1

⁽¹⁾ Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Redemption. It is included solely for the convenience of the Holders.

⁽²⁾ Term Bonds.

CAPITAL APPRECIATION BONDS

Maturity Date (August 1)	Denominational Amount	Accretion Rate	CUSIP Number⁽¹⁾ (802385)
2027	\$ 2,351,642.20	3.820%	NB6
2028	993,026.10	3.980	NC4
2034	3,940,178.50	4.530	ND2
2035	3,395,048.00	4.580	NE0
2036	3,358,476.00	4.630	NF7
2037	3,316,145.70	4.680	NG5
2038	3,286,822.50	4.710	NH3
2039	3,254,490.40	4.740	NJ9

(1) Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Redemption. It is included solely for the convenience of the Holders.

On August 1, 2024, all of the Bonds to be redeemed will become due and payable at the redemption price aforesaid, and payment will be made upon presentation and surrender to the Escrow Agent for the Bonds at:

If by Mail:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave. E
St. Paul, MN 55107

If by Hand or Overnight Mail:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave. E
St. Paul, MN 55107

1-800-934-6802

Bondholders presenting their bonds in person for same day payment must surrender their bond(s) by 1:00 P.M. CST on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

Interest on the principal amount designated to be redeemed shall cease to accrue or accrete, as applicable, on and after the Redemption Date.

REQUIREMENT INFORMATION

For a list of redemption requirements please visit our website at www.usbank.com/corporatetrust and click on the “Bondholder Information” link.

IMPORTANT NOTICE

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), 28% will be withheld if tax identification number is not properly certified.

By: U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

EXHIBIT D-1
2013A PRIOR BONDS

NOTICE OF DEFEASANCE

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, State of California)
General Obligation Refunding Bonds, 2002 Election
2013 Series A

Notice is hereby given to the owners of certain of the above-captioned general obligation refunding bonds of the Santa Monica Community College District (the “Bonds”) that there has been deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), moneys, together with investment earnings thereon, sufficient to provide for the payment of the principal of and interest on the designated portion of the Bonds listed below have been set aside in an Escrow Fund established under that certain Escrow Agreement, dated as of _____ 1, 2020, by and between the Santa Monica Community College District and the Escrow Agent (the “Escrow Agreement”), and verified for such purpose by Causey, Demgen & Moore, P.C., as Verification Agent.

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u> <u>(802385)</u>
2024	\$ 1,200,000	4.000%	LT9
2024	6,190,000	5.000	MB7
2025	8,060,000	5.000	LU6
2026	8,785,000	5.000	LV4
2027	8,290,000	5.000	LW2
2028	9,125,000	4.000	LX0
2029	9,840,000	4.000	LY8
2030	11,945,000	4.000	LZ5

⁽¹⁾ Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Defeasance. It is included solely for the convenience of the Holders.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

By: U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

EXHIBIT D-2
2014B PRIOR BONDS

NOTICE OF DEFEASANCE

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(County of Los Angeles, State of California)
General Obligation Bonds, 2008 Election
2014 Series B

Notice is hereby given to the owners of certain of the above-captioned general obligation bonds of the Santa Monica Community College District (the “Bonds”) that there has been deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), moneys, together with investment earnings thereon, sufficient to provide for the payment of the principal of and interest on the designated portion of the Bonds listed below have been set aside in an Escrow Fund established under that certain Escrow Agreement, dated as of _____ 1, 2020, by and between the Santa Monica Community College District and the Escrow Agent (the “Escrow Agreement”), and verified for such purpose by Causey, Demgen & Moore, P.C., as Verification Agent.

CURRENT INTEREST BONDS

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number⁽¹⁾</u> <u>(802385)</u>
2025	\$ 2,535,000	5.000	MR2
2026	3,125,000	5.000	MS0
2028	2,650,000	5.000	NL4
2029	1,500,000	3.500	MY7
2029	3,560,000	5.000	NA8
2030	5,870,000	4.000	MT8
2031	6,685,000	4.000	MU5
2032	7,565,000	4.000	MV3
2033	8,510,000	4.000	NM2
2044 ⁽²⁾	45,000,000	4.000	MZ4
2044 ⁽²⁾	19,000,000	5.000	MW1

⁽¹⁾ Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Defeasance. It is included solely for the convenience of the Holders.

⁽²⁾ Term Bonds.

CAPITAL APPRECIATION BONDS

Maturity Date (August 1)	Denominational Amount	Accretion Rate	CUSIP Number⁽¹⁾ (802385)
2027	\$ 2,351,642.20	3.820%	NB6
2028	993,026.10	3.980	NC4
2034	3,940,178.50	4.530	ND2
2035	3,395,048.00	4.580	NE0
2036	3,358,476.00	4.630	NF7
2037	3,316,145.70	4.680	NG5
2038	3,286,822.50	4.710	NH3
2039	3,254,490.40	4.740	NJ9

⁽¹⁾ Neither the District nor the Escrow Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Defeasance. It is included solely for the convenience of the Holders.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

By: U.S. BANK NATIONAL ASSOCIATION