

## Board of Trustees Regular Meeting (VIII.E)

Meeting	November 17, 2020
Agenda Item	Resources (VIII.E)
Subject	Resources Resolution No. 06-20/21 - 2020-21 Tax and Revenue Anticipation Note (TRAN)
College/District	District
Funding	N/A
Recommended Action	Recommend approving Resolution No. 06-20/21 authorizing and approving the borrowing of funds for FY 2020-21 in the not-to-exceed amount of \$40,000,000; the issuance and sale of a 2020-21 Tax Revenue Anticipation Note; and participation in the California Community College Districts Tax and Revenue Anticipation Note Program.

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### Background Narrative:

The Riverside Community College District (the "District") estimates that it will experience a cash flow shortfall during fiscal year 2020-21 created by timing differences between its anticipated expenditures and estimated receipt of deferred State funding allocations. Resolution No. 06-20/21 authorizes a borrowing by the District to address this cash flow shortfall through the issuance of a tax and revenue anticipation note (a "TRAN").

The resolution authorizes the issuance of a TRAN in an amount not-to-exceed \$40,000,000, at legal interest rates, and the participation by the District in the California Community College Districts Tax and Revenue Anticipation Notes Program (the "Program"). By participating in the Program, the District's TRAN will be marketed together with TRANs of other similarly-rated community college districts.

The Resolution approves the forms of Note Participation Purchase Agreement (the "Purchase Agreement"), Trust Agreement (the "Trust Agreement") and Preliminary Official Statement (the "POS") for the Program in their current form, and staff is being authorized to fill in any existing blanks in the documents and to approve their final form.

Pursuant to the Purchase Agreement, Piper Sandler & Co., the underwriter of the Program, will agree to buy a series of note participations (the "Note Participations") representing investors' interests in the TRANs of the District and all other community college districts participating in the Program. All the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Note Participations and the District's TRAN, the final execution copy of the Purchase Agreement will be prepared following this form.

The Trust Agreement is signed by U.S. Bank National Association (the "Trustee"), and each participating district in the Program. The Trust Agreement sets out instructions to the Trustee for the deposit and disbursement of (1) the funds received from the issuance of the TRANs and (2) funds transmitted by the participating districts to repay their TRANs. The Trust Agreement also sets forth the terms of the Note Participations and the rights of investors.

The POS is the offering document describing the Note Participations and the District's TRAN which will be distributed to prospective purchasers of the Note Participations. The POS will disclose information with respect to, among other things, (i) the proposed uses of proceeds of the TRAN, (ii) the terms of the TRAN and the Note

Participations (interest rate, maturity, yield, etc.), (iii) the security for repayment of the TRAN (the pledge of revenues described below), (v) certain District financial and operating data (together with financial and operating data of the other participating districts), and (vi) absence of material litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Note Participations. Following the pricing of the Note Participations and the TRAN, a final Official Statement for the Note Participations will be prepared, substantially in the form of the POS.

It is expected that, pursuant to the Purchase Agreement, the District will pledge a portion of the revenues expected to be received in or accrued to the District's 2020-21 fiscal year to the repayment of the TRAN. However, the TRAN will be a general obligation of the District payable from its General Fund, and to the extent pledged revenues are not available, the TRAN will be paid from other legally available moneys of the District. The District will not have any obligation to pay the TRANs of the other districts participating in the Program, and the District will not be liable for the failure of any other district participating in the Program to pay its own TRAN.

Prepared By: Aaron S. Brown, Vice Chancellor, Business & Financial Services

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**RESOLUTION NO. 06-20/21**

**RESOLUTION AUTHORIZING AND APPROVING THE BORROWING OF FUNDS FOR FISCAL YEAR 2020-21 IN THE NOT-TO-EXCEED AMOUNT OF \$40,000,000; THE ISSUANCE AND SALE OF A 2020-21 TAX AND REVENUE ANTICIPATION NOTE THEREFORE AND PARTICIPATION IN THE CALIFORNIA COMMUNITY COLLEGE DISTRICTS TAX AND REVENUE ANTICIPATION NOTE PROGRAM**

**WHEREAS**, community college districts are authorized by Section 53850 to 53858, both inclusive, of the Government Code of the State of California (the “Act”) (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

**WHEREAS**, the Governing Board (the “Legislative Body”) of the community college district specified in Section 23 hereof (the “District”) has determined that a sum (the “Principal Amount”), not to exceed the Maximum Amount of Borrowing specified in Section 23 hereof, which Principal Amount is to be confirmed and set forth in the Pricing Confirmation (as defined in Section 4 hereof), is needed for the requirements of the District, to satisfy operating or capital obligations of the District, and that it is necessary that said Principal Amount be borrowed for such purpose at this time by the issuance of a note or notes therefore in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys of the District, as further described herein, for fiscal year ending June 30, 2021 (“Repayment Fiscal Year”);

**WHEREAS**, the District hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance of the Note (defined herein), in one or more series of Notes, on either a tax-exempt or taxable basis, as hereinafter defined;

**WHEREAS**, because the District does not have fiscal accountability status pursuant to Education Code Section 85266, it requests that the board of supervisors (the “County Board”) of the county, the county superintendent of which has jurisdiction over the District (the “County”) to borrow, on the District’s behalf, the Principal Amount by the issuance of the Note;

**WHEREAS**, pursuant to Section 53853 of the Act, if the County Board fails or refuses to authorize by resolution the issuance of the Note within the time period specified in said Section 53853, following receipt of this Resolution, and the Note is issued in conjunction with tax and revenue anticipation notes, in one or more series, of other Issuers (as hereinafter defined), the District may issue the Note in its name pursuant to the terms stated herein;

**WHEREAS**, it appears, and this Legislative Body hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, shall not exceed eighty five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other

moneys of the District, and available for the payment of the principal of the Note and the interest thereon;

**WHEREAS**, no money has heretofore been borrowed by or on behalf of the District through the issuance of tax and revenue anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, the District's Unrestricted Revenues (as defined herein);

**WHEREAS**, pursuant to Section 53856 of the Act, any Unrestricted Revenues can be pledged for the payment of the principal of the Note and the interest thereon (as hereinafter provided);

**WHEREAS**, the District has determined that it is in the best interests of the District to participate in the California Community College Districts Tax and Revenue Anticipation Note Program (the "Program"), whereby participating California community college districts, including the District (collectively, the "Issuers"), will simultaneously issue tax and revenue anticipation notes;

**WHEREAS**, the District desires to have its Note (defined herein) marketed together with some or all of the notes issued by the Issuers participating in the Program;

**WHEREAS**, Keygent LLC, as the independent municipal advisor agent appointed in Section 21 hereof (the "Municipal Advisor"), will structure one or more pools of notes or series of note participations (referred to herein as the "Note Participations", the "Series" and/or the "Series of Note Participations") distinguished by (i) whether and what type(s) of Credit Instrument (as hereinafter defined) secures notes comprising each Series of Note Participations, (ii) whether interest on the Series of Note Participations is a fixed rate of interest or a variable rate of interest swapped to a fixed rate, (iii) whether interest on the Series of Note Participations is includable in gross income for federal income tax purposes, or (iv) other factors, such as common credit ratings, all of which the District hereby authorizes the Municipal Advisor to determine;

**WHEREAS**, the Program requires the Issuers participating in any particular Series to deposit their tax and revenue anticipation notes with a trustee pursuant to a trust agreement (the "Trust Agreement") among such Issuers, the District, and U.S. Bank National Association, or such other trustee bank as shall be named in the Purchase Agreement, as such term is defined herein (the "Trustee");

**WHEREAS**, the Trust Agreement provides, among other things, that for the benefit of registered owners of Note Participations (collectively the "Owners" or individually an "Owner"), that the District shall provide notices of the occurrence of certain enumerated events, as further described herein.

**WHEREAS**, the Program requires the Trustee, pursuant to the Trust Agreement, to execute and deliver the Note Participations evidencing and representing proportionate, undivided interests in the payments of principal of and interest on the tax and revenue anticipation notes issued by the Issuers comprising such Series;

**WHEREAS**, the District desires to have the Trustee execute and deliver a Series of Note Participations which evidence and represent interests of the Owners thereof in the Note and the Notes issued by other Issuers in such Series;

**WHEREAS**, as additional security for the Owners of the Note Participations, all or a portion of the payments by all of the Issuers of their respective notes may or may not be secured either by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments) (collectively, the “Credit Instrument”) issued by the credit provider or credit providers designated in the Trust Agreement, as finally executed (collectively, the “Credit Provider”), which may be issued pursuant to a credit agreement or agreements or commitment letter or letters designated in the Trust Agreement (collectively, the “Credit Agreement”) between the Issuers and the respective Credit Provider;

**WHEREAS**, in the event that a Credit Instrument is unavailable, the District has determined that it is desirable to authorize a portion of the premium or proceeds received from the sale of the Note to be deposited, along with the moneys received from the sale of Notes of other Issuers, into a reserve account to be held by the Trustee pursuant to the Trust Agreement and for the benefit of Owners of the Note Participations;

**WHEREAS**, the net proceeds of the Note may be invested by the District in Permitted Investments (as defined in the Trust Agreement) or in any other investment permitted by the laws of the State of California, as now in effect and as hereafter amended, modified or supplemented from time to time;

**WHEREAS**, the Program requires that each participating Issuer approve the Trust Agreement and the alternative Credit Instruments, if any, in substantially the forms presented to the Legislative Body, or, in the case of the Credit Instruments, if any, and if not presented, in a form which complies with such requirements and standards as may be determined by the Legislative Body, with the final form and type of Credit Instrument and corresponding Credit Agreement, if any, determined upon execution by the Authorized Representative of the Pricing Confirmation;

**WHEREAS**, pursuant to the Program each participating Issuer will be responsible for its share of (a) the fees of the Trustee and the costs of issuing the applicable Series of Note Participations, and (b), if applicable, the fees of the Credit Provider and the Issuer's allocable share of all the Issuer's Reimbursement Obligations, if any (as defined herein);

**WHEREAS**, pursuant to the Program, the Note and the Notes issued by other Issuers participating in the same Series (all as evidenced and represented by a Series of Note Participations) will be offered for public sale or private placement through negotiation with the Underwriter or purchaser, as applicable, pursuant to the terms and provisions of a purchase agreement or comparable placement agent agreement, as applicable (collectively, the “Purchase Agreement”) or sold on a competitive bid basis;

**WHEREAS**, it is necessary to engage the services of certain professionals to assist the District in its participation in the Program;

**NOW, THEREFORE,** this Legislative Body hereby finds, determines, declares and resolves as follows:

**Section 1. Recitals.** This Legislative Body hereby finds and determines that all the above recitals are true and correct.

**Section 2. Authorization of Issuance.** This Legislative Body hereby determines to borrow solely for the purpose of anticipating certain taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys of the District (including moneys deposited in inactive or term deposits but excepting certain moneys encumbered for a special purpose) generally available for the payment of current expenses and other obligations of the District (collectively, the “Unrestricted Revenues”), by the issuance of one or more series of taxable or tax-exempt note or notes in the aggregate Principal Amount under Sections 53850 *et seq.* of the Act, designated the District’s “2020-21 Tax and Revenue Anticipation Note,” with an appropriate series designation if more than one note is issued (collectively, the “Note”), to be issued in the form of a fully registered note or notes in the Principal Amount thereof, to be dated the date of its delivery to the initial purchaser thereof, to mature (without option of prior redemption) not more than 13 months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation (the “Maturity Date”), and to bear interest, payable on its Maturity Date (and if the Maturity Date is more than 12 months from the date of issuance, payable on the interim interest payment date set forth in the Pricing Confirmation) and computed upon the basis of a 360-day year consisting of twelve 30-day months, or a 365 or 366 day year, as the case may be, and actual days elapsed, at a rate or rates, if more than one Note is issued, not to exceed the rate authorized by law, as determined in the Pricing Confirmation and indicated on the face of the Note (the “Note Rate”).

If the Note as evidenced and represented by the Series of Note Participations is secured in whole or in part by a Credit Instrument or such Credit Instrument secures the Note in whole or in part and all principal of and interest on the Note is not paid in full at maturity or if payment of principal and/or interest on the Note is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw or claim is not fully reimbursed on such date, such Note shall become a Defaulted Note (as defined in the Trust Agreement), and the unpaid portion thereof (including the interest component, if applicable, or the portion thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Trust Agreement). If the Note as evidenced and represented by the Series of Note Participations is unsecured in whole or in part and the Note is not fully paid at maturity, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate. In each case set forth in the preceding two sentences, the obligation of the District with respect to such Defaulted Note or unpaid Note shall not be a debt or liability of the District prohibited by Article XVI, Section 18 of the California Constitution and the District shall not be liable thereon except to the extent of any lawfully available revenues, as provided in Section 8 hereof.

The percentage of the Note as evidenced and represented by the Series of Note Participations to which a Credit Instrument, if any, applies (the “Secured Percentage”) shall be

equal to the amount of the Credit Instrument divided by the aggregate amount of unpaid principal of and interest on notes (or portions thereof) of all Issuers of Notes comprising such Series of Note Participations, expressed as a percentage (but not greater than 100%) as of the maturity date. Both the principal of and interest on the Note shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the Designated Office of the Trustee (as defined in the Trust Agreement).

Anything in this Resolution to the contrary notwithstanding, the Pricing Confirmation may specify that a portion of the authorized Principal Amount of the Note shall be issued as a separate series of taxable Note the interest on which is includable in the gross income of the holder thereof for federal income tax purposes (a "Taxable Note"). In such event, the Taxable Note shall be issued with an appropriate series designation and other terms reflecting such taxability of interest income, including without limitation, a taxable Note Rate and a taxable Default Rate; the terms of the Note, and other terms as appropriate, shall be deemed to include or refer to such Taxable Note; and the agreements, covenants and provisions set forth in this Resolution to be performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of the holder of any Note without preference, priority or distinction as to security or otherwise of any Note over any other Note.

In the event the County Board fails or refuses to authorize the issuance of the Note within the time period specified in Section 53853 of the Act, following receipt of this Resolution, this Board hereby authorizes issuance of such Note, in the District's name, in one or more series, pursuant to the terms stated in this Section 2 and this Resolution. Except as provided in Section 19(B) hereof, the Note shall be issued in conjunction with the note or notes of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

**Section 3. Form of Note.** The Note shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures to be inserted or determined at or prior to the execution and delivery of the Note.

**Section 4. Sale of Note; Delegation.** Unless sold competitively, the Note as evidenced and represented by the Note Participations shall be sold to the Underwriter (defined herein) or other purchaser pursuant to the terms and provisions of the Purchase Agreement. The form of the Purchase Agreement, including the form of the Pricing Confirmation set forth as an exhibit thereto (the "Pricing Confirmation"), on file with the clerk or secretary of the Legislative Body, is hereby approved. The authorized representatives set forth in Section 23 hereof, or a designated deputy thereof (the "Authorized Representatives"), each alone, are hereby authorized and directed to execute and deliver the Purchase Agreement in substantially said form, with such changes thereto as such Authorized Representative shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; *provided, however*, that the Note Rate shall not exceed the maximum rate allowed by law, and that the District's *pro rata* share of Underwriter's discount on the Note, shall not exceed 1.0% of the Principal Amount of the Note and the Principal Amount shall not exceed the Maximum Amount of Borrowing.

Delivery of an executed copy of the Pricing Confirmation by fax or telecopy shall be deemed effective execution and delivery for all purposes.

**Section 5. Program Approval.** Except as provided in Section 19(B) hereof, the Note shall be combined with notes of other Issuers into a Series and shall be sold simultaneously with such other notes of that Series supported by the Credit Instrument (if any) referred to in the Pricing Confirmation, and shall be evidenced and represented by the Note Participations which shall evidence and represent proportionate, undivided interests in the Note in the proportion that the face amount of the Note bears to the total aggregate face amount of the Note and the notes issued by other Issuers which the Series of Note Participations represent. Such Note Participations may be delivered in book-entry form.

The forms of Trust Agreement and alternative general types and forms of Credit Agreements, if any, presented to this meeting are hereby approved, and the Authorized Representatives, each alone, are hereby authorized and directed to execute and deliver the Trust Agreement and a Credit Agreement, if applicable, which shall be identified in the Pricing Confirmation, in substantially one or more of said forms (a substantially final form of Credit Agreement to be delivered to the Authorized Representative following the execution by such Authorized Representative of the Pricing Confirmation), with such changes therein as said Authorized Representative shall require or approve, such approval of this Legislative Body and such Authorized Representative to be conclusively evidenced by the execution thereby of the Trust Agreement and the Credit Agreement, if any. A description of this undertaking shall be set forth in the Preliminary Official Statement, defined herein, if any, and will also be set forth in the Final Official Statement, defined herein, if any. The Authorized Representatives, each alone, are hereby authorized and directed to comply with and carry out all of the provisions of the Trust Agreement with respect to continuing disclosure; *provided however*, that failure of the District to comply with the Continuing Disclosure Agreement, as defined in Article 11 of the Trust Agreement, shall not be considered an Event of Default hereunder. Any Credit Agreement identified in the Pricing Confirmation but not at this time before the Legislative Body shall include reasonable and customary terms and provisions relating to fees, increased costs of the Credit Provider payable by the District, negative and affirmation covenants of the District and events of default.

In connection with any public sale of the Note Participations, the Preliminary Official Statement relating to such sale, substantially in the form on file with the clerk or secretary of the Legislative Body, is hereby approved. Any one of the Authorized Representatives of the District is hereby authorized and directed to provide the Municipal Advisor and the Underwriter with such information relating to the District as they shall reasonably request for inclusion in the Preliminary Official Statement. The Authorized Representative, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement “final” pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution; *provided*, that no representation is or will be made as to the information contained in the Preliminary Official Statement relating to the other Issuers or the Creditor Provider, if any.

Any one of the Authorized Representatives of the District is hereby authorized and directed, at or after the time of the sale of any Series of Note Participations, for and in the



name and on behalf of the District, to execute a final Official Statement (the “Final Official Statement”) in substantially the form of the Preliminary Official Statement, with such additions thereto or changes therein as they may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Municipal Advisor and Underwriter are hereby authorized to distribute to prospective bidders or purchasers of the Note Participations copies of the Preliminary Official Statement, and the initial purchaser of the Note Participations is directed to deliver copies of any Final Official Statement to the purchasers of the Note Participations.

The Trustee is authorized and directed to execute Note Participations on behalf of the District pursuant to the terms and conditions set forth in the Trust Agreement, in the aggregate principal amount specified in the Trust Agreement, and substantially in the form and otherwise containing the provisions set forth in the form of the Note Participations contained in the Trust Agreement. When so executed, the Note Participations shall be delivered by the Trustee to the purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

Subject to Section 8 hereof, the District hereby agrees that if the Note as evidenced and represented by the Series of Note Participations shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to the Series of Note Participations, and therefore, if applicable, all or a portion of the District’s Note, if any, has been reimbursed for any drawings, payments or claims made under or from the Credit Instrument with respect to the Note, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and, (ii) the holders of the Series of the Note Participations which evidence and represent the Note are paid the full principal amount represented by the unsecured portion of the Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the Series of Note Participations will be deemed to have received such principal amount upon deposit of such moneys with the Trustee.

The District agrees to pay or cause to be paid, in addition to the amounts payable under the Note, any fees or expenses of the Trustee and, to the extent permitted by law, if the District’s Note as evidenced and represented by the Series of Note Participations is secured in whole or in part by a Credit Instrument, any Reimbursement Obligations (to the extent not payable under the Note), (i) arising out of an “Event of Default” hereunder (or pursuant to Section 7 hereof) or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Reimbursement Obligations, the District shall owe only the percentage of such fees, expenses and Reimbursement Obligations equal to the ratio of the principal amount of its Note over the aggregate principal amounts of all notes, including the Note, of the Series of which the Note is a part, at the time of original issuance of such Series. Such additional amounts will be paid by the District within twenty-five (25) days of receipt by the District of a bill therefor from the Trustee.

For purposes hereof, and to the extent permitted by law, “Reimbursement Obligations” shall mean any obligations of the District to the Credit Provider under the Credit Instrument and/or the Credit Agreement, if any, all indemnification to the Credit Provider by the District, and all other amounts due to the Credit Provider by the District under the Credit Instrument and the Credit Agreement, including obligations evidenced by Defaulted Notes and overdue interest, to the extent permitted by law, in each case becoming due prior to, or as a result of or after, an Event of Default hereunder.

**Section 6. No Joint Obligation; Owners’ Rights.** Except as provided in Section 19(B) hereof, the Note shall be marketed and sold simultaneously with the notes of other Issuers and shall be aggregated and combined with notes of other Issuers participating in the Program into a Series of taxable or tax-exempt Note Participations evidencing and representing an interest in several, and not joint, obligations of each Issuer. Except as provided in Section 7(C) herein, the obligation of the District to Owners is a several and not a joint obligation and is strictly limited to the District’s repayment obligation under this Resolution and the Note, as evidenced and represented by such Series of Note Participations.

Owners of Note Participations, to the extent of their interest in the Note, shall be treated as Owners of the Note and shall be entitled to all the rights and security thereof; including the right to enforce the obligations and covenants contained in this Resolution and the Note. The District hereby recognizes the right of the Owners acting directly or through the Trustee to enforce the obligations and covenants contained in the Note, this Resolution and the Trust Agreement. The District shall be directly obligated to each Owner for the principal and interest payments on the Note evidenced and represented by the Note Participations without any right of counterclaim or offset arising out of any act or failure to act on the part of the Trustee.

**Section 7. Disposition of Proceeds of Note.**

(A) The moneys received from the sale of the Note allocable to the District’s share of the costs of issuance (which shall include any issuance fees in connection with a Credit Instrument applicable to the Note, if any) shall be deposited in the Costs of Issuance Fund, or applicable subaccount thereof, held and invested by the Trustee under the Trust Agreement and expended on costs of issuance as provided in the Trust Agreement.

(B) The moneys received from the sale of the Note (net of the District’s share of the costs of issuance) shall be deposited in the District’s Proceeds Subaccount within the Proceeds Fund hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Trust Agreement for the District and said moneys may be used and expended by the District for any purpose for which it is authorized to expend funds upon requisition from the Proceeds Subaccount as specified in the Trust Agreement. Amounts in the Proceeds Subaccount are hereby pledged to the payment of the Note.

The Trustee will not create subaccounts within the Proceeds Fund, but will keep records to account separately for proceeds of the Note Participations allocable to the District’s Note on deposit in the Proceeds Fund, which allocable proceeds shall constitute the District’s Proceeds Subaccount.

As an alternative to depositing proceeds of the Note in a Proceeds Subaccount, the District may cause such proceeds to be directly deposited in the general fund thereof, or such other fund as shall be held by the County on behalf or for the District, or in a Permitted Investment (as defined in the Trust Agreement).

(C) The District hereby authorizes a portion of the premium or proceeds received from the sale of the Note (net of the District's share of the costs of issuance) to be deposited, together with moneys received from the sale of Notes of other Issuers, into a reserve fund (the "Reserve Fund"), which is hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Trust Agreement for the benefit of Owners of the Note Participations.

**Section 8. Source of Payment.** The principal amount of the Note, together with the interest thereon, shall be payable from Unrestricted Revenues lawfully available for payment of the Notes.

To the extent the Note matures during the fiscal year following the Repayment Fiscal Year, the Note shall be payable only from Unrestricted Revenues which are received in or accrued to the Repayment Fiscal Year. Included in such revenues are State apportionments which otherwise would be received between July 1, 2020 through June 30, 2021, but which are not be received until after June 30, 2021 ("Deferred Revenues"). Any such Deferred Revenues are hereby determined to be accrued to the Repayment Fiscal Year and shall be lawfully available to pay the principal of and interest on the Note.

As security for the payment of the principal of and interest on the Note, the District hereby pledges the first Unrestricted Revenues (so pledged, the "Pledged Revenues") received in the Repayment Months (as such term is defined below) identified in the Pricing Confirmation, and in each such Repayment Month up to the amounts identified in the Pricing Confirmation. The principal of the Note and the interest thereon shall constitute a first lien and charge on the Pledged Revenues and, to the extent not so paid, shall be paid from any other moneys of the District lawfully available therefor (all as provided for in Sections 53856 and 53857 of the Act). The Noteholders, Owners and Credit Provider, if any, shall have a first lien and charge on such Pledged Revenues as herein provided.

In order to effect the pledge referenced in the preceding paragraph, the District hereby agrees and covenants to establish and maintain a special account within the District's general fund to be designated the "2020-21 Tax and Revenue Anticipation Note Payment Account" (the "Payment Account"), and further agrees and covenants to maintain the Payment Account until the payment of the principal of the Note and the interest thereon. Notwithstanding the foregoing, a subaccount of the Payment Account (the "Payment Subaccount") may be established for the District under the Trust Agreement and proceeds credited to such account shall be pledged to the payment of the Note. Transfers from the Payment Subaccount shall be made in accordance with the Trust Agreement. The District agrees to transfer to and deposit in the Payment Account the first Unrestricted Revenues received in the months specified in the Pricing Confirmation as repayment months (each individual month a "Repayment Month" and collectively "Repayment Months") (and any amounts received thereafter) until the amount on deposit in the Payment Account, together with the amount, if any, on deposit in the Payment

Subaccount, and taking into consideration anticipated investment earnings thereon to be received by the Maturity Date, is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentage of the principal and interest due on the Note specified in the Pricing Confirmation. In making such transfer and deposit, the District shall not be required to physically segregate the amounts to be transferred to and deposited in the Payment Account from the District's other general fund moneys, but, notwithstanding any commingling of funds for investment or other purposes, the amounts required to be transferred to and deposited in the Payment Account shall nevertheless be subject to the lien and charge created herein.

Any one of the Authorized Representatives of the District is hereby authorized to approve the determination of the Repayment Months and percentages of the principal and interest due on the Note required to be on deposit in the Payment Account and/or the Payment Subaccount in each Repayment Month, all as specified in the Pricing Confirmation, by executing and delivering the Pricing Confirmation, such execution and delivery to be conclusive evidence of approval by this Legislative Body and such Authorized Representative. In the event on the day in each such Repayment Month that a deposit to the Payment Account is required to be made, the District has not received sufficient Unrestricted Revenues to permit the deposit into the Payment Account of the full amount of Pledged Revenues to be deposited in the Payment Account from said Unrestricted Revenues in said month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available.

Any moneys placed in the Payment Account or the Payment Subaccount shall be for the benefit of (i) the holder of the Note and the Owner of the Note and (ii) (to the extent provided in the Trust Agreement) the Credit Provider, if any. The moneys in the Payment Account and the Payment Subaccount shall be applied only for the purposes for which such accounts are created until the principal of the Note and all interest thereon are paid or until provision has been made for the payment of the principal of the Note at maturity with interest to maturity (in accordance with the requirements for defeasance of the Note Participations as set forth in the Trust Agreement) and, if applicable, (to the extent provided in the Trust Agreement and, if applicable, the Credit Agreement) the payment of all Reimbursement Obligations owing to the Credit Provider.

The District hereby directs the Trustee to transfer on the Note Payment Deposit Date (as defined in the Trust Agreement), any moneys in the Payment Subaccount to the Note Participation Payment Fund (as defined in the Trust Agreement). In addition, on the Note Payment Deposit Date, the moneys in the Payment Account shall be transferred by the District to the Trustee, to the extent necessary (after crediting any transfer pursuant to the preceding sentence), to pay the principal of and/or interest on the Note, to make payments to a Swap Provider, if any, as defined in the Trust Agreement, pursuant to a Swap Agreement, if any, as defined in the Trust Agreement, or to reimburse the Credit Provider for payments made under or pursuant to the Credit Instrument. In the event that moneys in the Payment Account and/or the Payment Subaccount are insufficient to pay the principal of and interest on the Note in full when due, such moneys shall be applied in the following priority: first to pay interest on the Note; second to pay principal of the Note; third to reimburse the Credit Provider for payment, if any, of interest with respect to the Note; fourth to reimburse the Credit Provider for payment, if any, of

principal with respect to the Note; and fifth to pay any Reimbursement Obligations of the District owing to the Credit Provider. Any moneys remaining in or accruing to the Payment Account and/or the Payment Subaccount after the principal of the Note and the interest thereon and any Reimbursement Obligations, if applicable, have been paid, or provision for such payment has been made, shall be transferred to the general fund of the District, subject to any other disposition required by the Trust Agreement, or, if applicable, the Credit Agreement. Nothing herein shall be deemed to relieve the District from its obligation to pay its Note in full on the Maturity Date.

Moneys in the Proceeds Subaccount and in the Payment Subaccount shall be invested by the Trustee pursuant to the Trust Agreement as directed by the District in Permitted Investments as described in and under the terms of the Trust Agreement. Any such investment by the Trustee shall be for the account and risk of the District, and the District shall not be deemed to be relieved of any of its obligations with respect to the Note, or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount or the Payment Subaccount.

The District shall promptly file with the Trustee and the Credit Provider, if any, such financial reports at the times and in the forms required by the Trust Agreement. At the written request of the Credit Provider, if any, the District shall, within ten (10) Business Days (as defined in the Trust Agreement) following the receipt of such written request, file such report or reports to evidence the transfer to and deposit in the Payment Account required by this Section 8 and provide such additional financial information as may be required by the Credit Provider, if any.

In the event either (A) the Principal Amount of the Note, together with the aggregate amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during the calendar year in which the Note is issued, will, at the time of issuance of the Note (as indicated in the certificate of the District executed as of the date of issuance of the Note (the "District Certificate"), exceed fifteen million dollars (\$15,000,000), or (B) the Principal Amount of the Note, together with the aggregate amount of all tax-exempt obligations not used to finance school construction (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during the calendar year in which the Note is issued, will, at the time of issuance of the Note (as indicated in the District Certificate), exceed five million dollars (\$5,000,000), the following paragraph will apply, and in such case, the District shall be deemed a "Safe Harbor Issuer" with respect to the Note.

Amounts in the Proceeds Subaccount of the District and attributable to cash flow borrowing shall be withdrawn and expended by the District for any purpose for which the District is authorized to expend funds from the general fund of the District, but, with respect to general fund expenditures, only to the extent that on the date of any withdrawal no other funds are available for such purposes without legislation or judicial action or without a legislative, judicial or contractual requirement that such funds be reimbursed. If on no date that is within six months from the date of issuance of the Note, the balance in the related Proceeds Subaccount is low enough so that the amounts in the Proceeds Subaccount qualify for an exception from the

rebate requirement (the “Rebate Requirements”) of Section 148 of the Internal Revenue Code of 1986 (the “Code”), the District shall notify the Trustee in writing and, to the extent of its power and authority, comply with instructions from Stradling Yocca Carlson & Rauth, Special Counsel, supplied to it by the Trustee as the means of satisfying the Rebate Requirements.

**Section 9. Execution of Note; Registration and Transfer.** Any one of the treasurer-tax collector of the County or comparable officer (the “Treasurer”), or, in the absence of said officer, his or her duly appointed designee, the Chairperson of the County Board, or such other member of the County Board authorized to sign on behalf of such Chairperson pursuant to the procedures of the County, shall be authorized to execute the Note issued hereunder by manual or facsimile signature and the Clerk of the Board of Supervisors of the County or any Deputy Clerk shall be authorized to countersign the Note by manual or facsimile signature. In the event the County Board fails or refuses to authorize issuance of the Note as referenced in Section 2 hereof, any one of the Authorized Representatives of the District or any other officer designated by the Legislative Body shall be authorized to execute the Note by manual or facsimile signature and such other Authorized Representative or the Secretary to or Clerk of the Legislative Body of the District, or any duly appointed assistant thereto, shall be authorized to countersign the Note by manual or facsimile signature. Said officers of the District are hereby authorized to cause the blank spaces of the Note to be filled in as may be appropriate pursuant to the Pricing Confirmation. Said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to accept delivery of the Note pursuant to the terms and conditions of the Purchase Agreement and Trust Agreement. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. The Note need not bear the seal of the District, if any.

As long as the Note remains outstanding, the District shall maintain and keep at the Designated Office of the Trustee, books for the registration and transfer of the Note. The Note shall initially be registered in the name of the Trustee as trustee under the Trust Agreement. Upon surrender of the Note for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered Owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the County or the District, as applicable, shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note. For every transfer of the Note, the County, the District or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person making such transfer as a condition precedent to the exercise of the privilege of making such transfer.

Subject to Section 6 hereof, the County, the District and the Trustee and their respective successors may deem and treat the person in whose name the Note is registered as the absolute Owner thereof for all purposes, and the County, the District and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of such Note shall be made only to or upon the order of the registered Owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

The Note may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Note for cancellation, accompanied by delivery of a written instrument of transfer duly executed in form approved by the Trustee.

The Trustee will keep or cause to be kept, at the Designated Office thereof, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the County and the District during regular business hours. Upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Note as hereinbefore provided.

If any Note shall become mutilated, the County or the District, as applicable, at the expense of the registered Owner of such Note, shall execute, and the Trustee shall thereupon authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of the County or the District, as applicable. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County, the District and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the County or the District, as applicable, at the expense of the registered Owner, shall execute, and the Trustee shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured (as of the latest maturity date indicated on the face thereof) or shall be about to mature (as of the latest maturity date indicated on the face thereof), instead of issuing a substitute Note, the Trustee may pay the same without surrender thereof). The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the County or the District applicable, and the Trustee in such preparation. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the County (on behalf of the District) or on the part of the District, as applicable, whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

#### **Section 10. Representations and Covenants of the District.**

The District makes the following representations for the benefit of the holder of the note, the Owners of the Note Participations and the Credit Provider, if any.

(A) The District is duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt this Resolution and perform its obligations thereunder, (ii) enter into and perform its obligations under the Purchase Agreement, and (iii) issue the Note and perform its obligations thereunder.

(B) Upon the issuance of the Note, the District shall have taken all action required to be taken by it to authorize the issuance and delivery of the Note and the performance

of its obligations thereunder, and the District has full legal right, power and authority to cause the issuance and delivery of the Note.

(C) The issuance of the Note, the adoption of the Resolution and the execution and delivery of the Purchase Agreement, Trust Agreement and Credit Agreement, if any, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the District is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities laws of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the issuance and sale of the Note or the consummation by the District of the other transactions contemplated by this Resolution, except those the District shall obtain or perform prior to or upon the issuance of the Note.

(E) The District has (or will have prior to the issuance of the Note) duly, regularly and properly adopted a preliminary budget for the Repayment Fiscal Year setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The District hereby covenants that it shall (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the Trustee, the Credit Provider, if any, and the Underwriter, promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable laws pertaining to its budget.

(F) Reserved.

(G) The District (i) has not defaulted within the past twenty (20) years, and is not currently in default, on any debt obligation and (ii), to the best knowledge of the District, has never defaulted on any debt obligation.

(H) The District's most recent audited financial statements present fairly the financial condition of the District as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Municipal Advisor, Underwriter and the Credit Provider, if any, there has been no change in the financial condition of the District since the date of such audited financial statements that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Resolution and the Note. The District agrees to furnish to the Municipal Advisor, Underwriter, the Trustee and the Credit Provider, if any, promptly, from time to time, such information regarding the operations, financial condition and property of the District as such party may reasonably request.

(I) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the District, threatened against or affecting the District questioning the validity of any proceeding taken or to be taken by the District in connection with the Note, the Purchase Agreement, the Trust Agreement, the Credit Agreement, if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the District of



any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the District's financial condition or results of operations or on the ability of the District to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the District to perform its obligations under, the Note, the Purchase Agreement, the Trust Agreement, the Credit Agreement, if any, or this Resolution.

(J) Upon issuance of the Note and execution of the Purchase Agreement, this Resolution, the Purchase Agreement and the Note will constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against community college districts, as applicable, in the State of California.

(K) The District and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and the Note.

(L) The District shall not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues hereunder.

(M) So long as the Credit Provider, if any, is not in payment default under the Credit Instrument, the District hereby agrees to pay all Reimbursement Obligations attributable to the District in accordance with provisions of the Credit Agreement, if any, and/or the Trust Agreement, as applicable. Prior to the Maturity Date, moneys in the District's Payment Account and/or Payment Subaccount shall not be used to make such payments. The District shall pay such amounts promptly upon receipt of notice from the Credit Provider that such amounts are due to it.

(N) So long as any Note Participations issued in connection with the Notes are Outstanding, or any Reimbursement Obligation is outstanding, the District will not create or suffer to be created any pledge of or lien on the Note other than the pledge and lien of the Trust Agreement.

(O) It is hereby covenanted and warranted by the District that it will not request the County Treasurer to make temporary transfers of funds in the custody of the County Treasurer to meet any obligations of the District during Fiscal Year 2020-21 pursuant to Article XVI, Section 6 of the Constitution of the State of California.

**Section 11. Tax Covenants.** (A) The District will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the District will not make any use of the proceeds of the Note or any other funds of the District which would cause

the Note to be an “arbitrage bond” within the meaning of Section 148 of the Code, a “private activity bond” within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is “federally guaranteed” as provided in Section 149(b) of the Code. The District, with respect to the proceeds of the Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) In the event the District is deemed a Safe Harbor Issuer (as defined in Section 7), this paragraph (B) shall apply. The District covenants that it shall make all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Note due to the United States Treasury, shall segregate and set aside from lawfully available sources the amount such calculations may indicate may be required to be paid to the United States Treasury, and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with the instructions of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel referred to in Section 8 hereof to assure compliance with the Rebate Requirements. If the balance of the Proceeds Subaccount attributed to cash flow borrowing and treated for federal tax purposes as proceeds of the Note is not low enough to qualify amounts in the Proceeds Subaccount attributed to cash flow borrowing for an exception to the Rebate Requirements on at least one date within the six month period following the date of issuance of the Note (calculated in accordance with Section 8), the District will reasonably and prudently calculate the amount, if any, of investment profits which must be rebated to the United States and will immediately set aside, from lawfully available revenues, the amount of any such rebate in the Rebate Fund referred to in this Section 11(B). In addition, in such event, the District shall establish and maintain with the Trustee a fund separate from any other fund established and maintained hereunder and under the Trust Agreement designated as the “2020-21 Tax and Revenue Anticipation Note Rebate Fund” or such other name as the Trust Agreement may designate. There shall be deposited in such Rebate Fund such amounts as are required to be deposited therein in accordance with the written instructions from Bond Counsel pursuant to Section 8 hereof.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the District’s failure to observe, or refusal to comply with, the covenants contained in this Section 11, no one other than the holders or former holders of the Note or Note Participation Owners, the Credit Provider(s), if any, or the Trustee on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the District’s failure to observe, or refusal to comply with, such covenants.

(D) The covenants contained in this Section 11 shall survive the payment of the Note.

(E) The provisions of this Section 11 shall not apply to a Taxable Note.

## **Section 12. Events of Default and Remedies.**

If any of the following events occur, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) Failure by the District to make or cause to be made the transfers and deposits to the Payment Account, or any other payment required to be paid hereunder, including payment of principal and interest on the Note, on or before the date on which such transfer, deposit or other payment is due and payable;

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Trustee or the Credit Provider, if applicable, unless the Trustee and the Credit Provider shall agree in writing to an extension of such time prior to its expiration;

(c) Any warranty, representation or other statement by or on behalf of the District contained in this Resolution or the Purchase Agreement (including the Pricing Confirmation) or in any requisition or any financial report delivered by the District or in any instrument furnished in compliance with or in reference to this Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the District under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners’ interests;

(e) The District files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) The District admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the District or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners’ interests;

Whenever any Event of Default referred to in this Section 12 shall have happened and be continuing, the Trustee shall, in addition to any other remedies provided herein or by law

or under the Trust Agreement, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Without declaring the Note to be immediately due and payable, require the District to pay to the Trustee, as holder of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due hereunder, and upon notice to the District the same shall become immediately due and payable by the District without further notice or demand; and

(b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, if the District's Note is secured in whole or in part by a Credit Instrument or if the Credit Provider is subrogated to rights under the District's Note, as long as the Credit Provider has not failed to comply with its payment obligations under the Credit Instrument, the Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and the Credit Provider's prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder.

If the District has executed a Credit Instrument and if the Credit Provider is not reimbursed for any drawing, payment or claim, as applicable, used to pay principal of and interest on the Note due to a default in payment on the Note by the District, or if any principal of or interest on the Note remains unpaid after the Maturity Date, the Note shall be a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate, as defined in the Trust Agreement, until the District's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

**Section 13. Trustee.** The Trustee is hereby appointed as paying agent, registrar and authenticating agent for the Note. The District hereby directs and authorizes the payment by the Trustee of the interest on and principal of the Note when such become due and payable, from the Payment Account held by the Trustee in the name of the District in the manner set forth herein. The District hereby covenants to deposit funds in such account at the time and in the amount specified herein to provide sufficient moneys to pay the principal of and interest on the Note on the day on which it matures. Payment of the Note shall be in accordance with the terms of the Note and this Resolution.

The District hereby agrees to maintain as paying agent, registrar and authenticating agent of the Note, the Trustee under the Trust Agreement.

**Section 14. Approval of Actions.** The aforementioned Authorized Representatives of the District are hereby authorized and directed to execute the Note and cause the Trustee to authenticate and accept delivery of the Note, pursuant to the terms and conditions

of this Resolution and the Trust Agreement. All actions heretofore taken by the officers and agents of the District or this Legislative Body with respect to the sale and issuance of the Note and participation in the Program are hereby approved, confirmed and ratified and the Authorized Representatives and agents of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note in accordance with, and related transactions contemplated by, this Resolution. The Authorized Representatives of the District referred to above in Section 4 hereof are hereby designated as "Authorized Community College District Representatives" under the Trust Agreement.

In the event that the Note or a portion thereof is secured by a Credit Instrument, any one of the Authorized Representatives of the District is hereby authorized and directed to provide the Credit Provider, with any and all information relating to the District as such Credit Provider may reasonably request.

**Section 15. Proceedings Constitute Contract.** The provisions of the Note and of this Resolution shall constitute a contract between the District and the registered Owner of the Note and the Credit Provider, if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall not be subject to repeal. The Credit Provider, if any, is a third party beneficiary of the provisions of this Resolution and the Note.

**Section 16. Limited Liability.** Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof.

**Section 17. Amendments.** At any time or from time to time, the District may adopt one or more Supplemental Resolutions with the written consent of the Credit Provider, if any, but without the necessity for consent of the Owner of the Note for any one or more of the following purposes:

(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 monies, 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 or correct any defect or inconsistent provision in this Resolution; or

(E) to amend or supplement this Resolution in any other respect;

provided, however, that any such Supplemental Resolution does not adversely affect the interests of the Owner of the Note or of the Note Participations executed and delivered in connection with the Notes.

Except as described above, any modifications or amendment of this Resolution and of the rights and obligations of the District and of the Owner of the Note or of the Note Participations executed and delivered in connection with the Notes may be made by a Supplemental Resolution, with the written consent of the Credit Provider, if any, and with the written consent of the Owners of at least a majority in principal amount of the Note and of the Note Participations executed and delivered in connection with the Notes outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as the Note or any or of the Note Participations executed and delivered in connection with the Notes remain outstanding, the consent of the Owners of such Note or of the Note Participations executed and delivered in connection with the Notes shall not be required. No such modification or amendment shall permit a change in the maturity of the Note, a reduction of the principal amount thereof, an extension of the time of any payment thereon, a reduction of the rate of interest thereon, a change in the date or amounts of the pledge set forth in this Resolution or an amendment to this paragraph, without the consent of the Owners of such Note or the Owners of all of the Note Participations executed and delivered in connection with the Notes, or shall reduce the percentage of the Note or the Owners of all of the Note Participations executed and delivered in connection with the Notes, the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Notwithstanding any other provision herein, the provisions of this resolution as they relate to the terms of the Notes and the Note Participations may be amended by the Purchase Agreement.

**Section 18. Severability.** In the event any provisions of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 19. Request to Borrow; Transmittal of Resolution.** (A) The Note shall be issued in conjunction with the note or notes of one or more other community college districts, as described in Section 53853(b) of the Act. Following its adoption by the Legislative Body, signed copies of this resolution shall be transmitted by the Secretary to or Clerk of the Legislative Body to the Treasurer of the County and to the County Board. Transmittal of this resolution to the County Board shall constitute a request by the Legislative Body for borrowing and for the issuance of the Note by the County Board. This resolution is based on the assumption that the County Board will fail to authorize, by resolution, the issuance of the Note within 45 calendar days of its receipt hereof or that the County Board will notify the District that it will not authorize the issuance of the Note within such 45-day period. If within such 45-day period the County Board authorizes, by resolution, issuance of the Note, then, notwithstanding this resolution, the Notes shall be issued in the name of the District by the County Board pursuant to such resolution of the County Board.

(B) Adoption of this resolution is based on the assumption that the Note shall be issued as part of the Program, in conjunction with the note or notes of one or more community college districts, as described in Section 53853(b) of the Act. However, and notwithstanding any other provision herein, if District elects not to, or is otherwise unable to, issue its Note in conjunction with the note or notes of such other community college districts, transmittal of this Resolution shall constitute a request for borrowing and for the issuance, on a stand-alone basis, of the Note by the County Board. In such instance, the Notes shall be issued in the name of the District by the County Board pursuant to a resolution thereof.

**Section 20. Limited Liability and Indemnification.** (a) Notwithstanding anything to the contrary contained herein or in the Note or in any other document mentioned herein or related to the Note or to any Series of Note Participations to which the Note may be assigned, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth herein and (b) the District shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject because of action or inaction related to the adoption of a resolution by the County Board providing for the issuance and sale of the Notes, or related to the proceedings for sale, award, issuance and delivery of the Notes in accordance therewith and herewith. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

**Section 21. Appointment of Professionals.** The law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as Special Counsel and Disclosure Counsel for the Program. The District acknowledges that Special Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters, and that Special Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, financial and other consultants who may have a role or interest in the proposed financing or that may be involved with or adverse to District in this or some other matter. Given the special, limited role of Special Counsel described above the District acknowledges that no conflict of interest exists or would exist, waives any conflict of interest that might appear to exist, and consents to any and all such relationships.

Piper Sandler & Co. is hereby appointed as Underwriter for the Program. The Purchase Agreement may appoint such other co-managers as may be identified in the Purchase Contract. Keygent LLC is hereby appointed as Municipal Advisor for the Program.

**Section 22. Form 8038-G; Continuing Disclosure.** (A) Any Authorized Representative is hereby authorized to execute and deliver any Information Return for Tax-Exempt Governmental Obligations, Form 8038-G of the Internal Revenue Service ("Form 8038-G"), in connection with the issuance of the Note and the related Series of Note Participations. To the extent permitted by law, the Trustee, the Underwriter and Special Counsel are each hereby authorized to execute and deliver any Form 8038-G for and on behalf of the District in connection with the issuance of the Note and the related Series of Note Participations, as directed by an Authorized Representative of the District.

(B) The District covenants, for the sole benefit of the Owners of the Series of Note Participations which evidence and represent the Note (and, to the extent specified in this Section 22, the beneficial owners thereof), that the District shall provide, through the Trustee acting as dissemination agent (the “Dissemination Agent”) to the Municipal Securities Rulemaking Board, with respect to the District’s outstanding Note, notice of any of the following (each, a “Listed Event”) in a timely manner, not in excess of 10 business days after the occurrence thereof:

(1) principal and interest payment delinquencies on the Note and the related Series of Note Participations; (ii) tender offers, (iii) defeasances; (iv) rating changes; (v) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS 5701-TEB), (vi) optional, contingent or unscheduled bond calls; (vii) unscheduled draws on debt service reserves reflecting financing difficulties; (viii) unscheduled draws on the credit enhancement reflecting financial difficulties; (ix) substitution of credit or liquidity providers, or their failure to perform; (x) bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District, and (xi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(C) The District covenants, for the sole benefit of the Owners of the Series of Note Participations which evidence and represent the Note (and, to the extent specified in this Section 22, the beneficial owners thereof), that the District shall provide in a timely manner, through the Trustee acting as the Dissemination Agent to the Municipal Securities Rulemaking Board, with respect to the District’s outstanding Note, notice of any of the following Listed Events, if material:

(1) (i) non-payment related defaults; (ii) modifications to rights of Owners and beneficial owners of the Series of Note Participations which evidence and represent the Note; (iii) unless described under Section 22(B)(1)(v) hereof, events affecting the tax-exempt status of the Note and the related Series of Note Participations; (iv) release, substitution or sale of property securing repayment of the Note, (v) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (vi) appointment of a successor or additional Trustee or the change of name of such Trustee; or (vii) 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 the Owners.

Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 22(C)(1) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely upon the District’s determination.



If the District determines that knowledge of the occurrence of a Listed Event under Section 22(C)(1) hereof would be material under applicable federal securities laws, or upon the occurrence of any Listed Event under Section 22(B)(1) hereof, the District shall promptly provide the Dissemination Agent with a notice of such occurrence in a timely manner not in excess of 10 business days after the occurrence of the event, which the Dissemination Agent agrees to file with the Municipal Securities Rulemaking Board.

(D) In the event of a failure of the District to comply with any provision of this section, any Owner or beneficial owner of the related Series of Note Participations 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 section. A default under this section shall not be deemed an Event of Default under Section 12 hereof, and the sole remedy under this section in the event of any failure of the District to comply with this section shall be an action to compel performance.

(E) For the purposes of this section,

(1) a “beneficial owner” shall mean any person which has the power, directly or indirectly, to make investment decisions concerning ownership of any Note Participations of the Series which evidences and represents the Notes (including persons holding Note Participations through nominees, depositories or other intermediaries); and

(2) “Financial Obligation” means to be a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). Financial Obligations do not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

(F) The District’s obligations under this section shall terminate upon the legal defeasance, prior redemption or payment in full of its Note. If such termination occurs prior to the final maturity of the related Note Participations, the District shall give notice of such termination in the same manner as for a Listed Event under subsection (B)(1)(iii) of this section.

(G) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this section. In no event shall the Dissemination Agent be responsible for preparing any notice or report or for filing any notice or report which it has not received in a timely manner and in a format suitable for reporting. Nothing in this section shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this section or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this section. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this section,

the District shall have no obligation under this section to update such information or include it in any future notice of occurrence of a Listed Event.

(H) Notwithstanding any other provision of this Resolution, the District with the consent of the Dissemination Agent may amend this section, and any provision of this section may be waived, provided that the following conditions are satisfied:

(1) If the amendment or waiver relates to the provisions of subsections (B) or (C) of this section, it may only be made in connection with a change in circumstance that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Note and the related Note Participations, or the type of business conducted;

(2) The undertaking, as amended or taking into account such waiver, would in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Note and the related Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver either (i) is approved by the Owners or beneficial owners of the Note Participations of the Series which evidences and represents the Note in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners or beneficial owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the related Note Participations. In the event of any amendment or waiver of a provision of this section, notice of such change shall be given in the same manner as for a Listed Event under subsection (B) of this section, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver; provided, however, the District shall be responsible for preparing such narrative explanation.

(I) The Dissemination Agent shall have only such duties as are specifically set forth in this section. The Dissemination Agent shall not be liable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever hereunder, except only for its own willful misconduct or negligence. Absent such negligence or willful misconduct, the Dissemination Agent shall not be liable for an error of judgment. No provision hereof shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, if such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The District hereunder agrees to compensate the Dissemination Agent for its reasonable fees in connection with its services hereunder, but only from the District's share of the costs of issuance deposited in the Costs of Issuance Fund held and invested by the Trustee under the Trust Agreement.

(J) This section shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and the Owners and beneficial owners from time to time of the Note Participations, and shall create no rights in any other person or entity.

**Section 23. Resolution Parameters.**

(a) Name of District: RIVERSIDE COMMUNITY COLLEGE DISTRICT

(b) Maximum Amount of Borrowing: \$40,000,000

(c) Authorized Representatives:

TITLE

(1) Chancellor

(2) Vice Chancellor, Business & Financial Services

(3) President, Board of Trustees

[REMAINDER OF PAGE LEFT BLANK]

**Section 24. Effective Date.** This Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED by the District this 17th day of November, 2020, by the following vote:

AYES:

NOES:

ABSENT:

By: \_\_\_\_\_  
President, Board of Trustees

Attest:

\_\_\_\_\_  
Secretary, Board of Trustees

EXHIBIT A

FORM OF NOTE

RIVERSIDE COMMUNITY COLLEGE DISTRICT

2020-21 TAX AND REVENUE ANTICIPATION NOTE, SERIES \_\_\_<sup>\*/</sup>

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
<u>First Repayment Date</u>	<u>Second Repayment Date</u>	<u>Third Repayment Date</u>
___% (Total of principal and interest due on Note at maturity)	___% (Total of principal and interest due on Note at maturity) <sup>**/</sup>	___% (Total of principal and interest due on Note at maturity) <sup>**/</sup>

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the District designated above (the "District") acknowledges itself indebted to and promises to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon on each Interest Payment Date, as defined in the Trust Agreement, at the rate of interest specified above (the "Note Rate"). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal to be paid upon surrender hereof at the designated corporate trust office of U.S. Bank National Association, or its successor in trust (the "Trustee"). Interest is payable as specified in the Trust Agreement. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be

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<sup>\*/</sup> If more than one Series is issued under the Program in the Repayment Fiscal Year.

<sup>\*\*/</sup> Number of Repayment Dates and percentages to be determined in Pricing Confirmation (as defined in the Resolution).

payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the District fails to pay this Note when due or the Credit Provider (as defined in the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the Credit Instrument (as defined in the Resolution) to pay all or a portion of this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution).

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of certain resolutions of the Legislative Body of the District duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District for the general fund of the District, and which are available for payment thereof (collectively, the "Unrestricted Revenues"). As security for the payment of the principal of and interest on the Note, the District has pledged the first amounts of Unrestricted Revenues of the District received during the Repayment Months (as defined in the Resolution) identified in the Pricing Confirmation (as defined in the Resolution) (and any amounts received thereafter) until the amount on deposit in the Payment Account (as defined in the Resolution) in each such month, is equal to the corresponding percentages of principal of and interest due on the Note as set forth in the Pricing Confirmation (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor as set forth in the Resolution. The full faith and credit of the District is not pledged to the payment of the principal or interest on this Note.

The District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together

with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

IN WITNESS WHEREOF, the Legislative Body of the District has caused this Note to be executed by the manual or facsimile signature of a duly Authorized Representative of the District and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board of Trustees as of the date of authentication set forth below.

RIVERSIDE COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_ [no signature/form only] \_\_\_\_\_  
President, Board of Trustees

Countersigned

By: \_\_\_\_\_ [no signature/form only] \_\_\_\_\_  
[Secretary/Clerk], Board of the Trustees

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is the Note mentioned in the within-mentioned Resolution authenticated on the following date:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_ [no signature/form only] \_\_\_\_\_  
Authorized Officer



[STATEMENT OF INSURANCE]<sup>\*/</sup>

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<sup>\*/</sup> To be used only if Credit Instrument is a policy of municipal bond insurance.

§ \_\_\_\_\_  
**CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS  
SERIES A**

**NOTE PARTICIPATION PURCHASE AGREEMENT**

\_\_\_\_\_, 2021

California Community College Districts  
As listed on Exhibit A hereto

The undersigned, as underwriter (the “Underwriter”), offers to enter into the following agreement (this “Note Participation Purchase Agreement”) with the community college districts identified in Exhibit A hereto (severally and not jointly) (the “Districts”) and U.S. Bank National Association, as trustee pursuant to that certain Trust Agreement (the “Trust Agreement”), dated as of \_\_\_\_\_ 1, 2021, by and among the Trustee for the California Community College Districts Tax and Revenue Anticipation Note Program (the “Program”), and the Districts, which, upon acceptance of this offer by the Districts and the Trustee will be binding upon the Districts (severally and not jointly), the Trustee and the Underwriter. This offer is made subject to acceptance of this Note Participation Purchase Agreement by the Districts and the Trustee on or before 11:59 p.m., California time, on the date hereof, and, if this Note Participation Purchase Agreement is not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Districts and the Trustee.

Inasmuch as this purchase and sale represents a negotiated transaction, each District acknowledges and agrees that: (i) the transaction contemplated by this Note Participation Purchase Agreement is an arm’s length, commercial transaction between each District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Districts; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Districts with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to any of the other Districts on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own accounts, (iv) the only obligations the Underwriter has to the Districts with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) each District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**1. Purchase and Sale of Note Participations.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase California Community College Districts Tax and Revenue Anticipation Note Program Fiscal Year 2020-21 Note Participations, Series A (the “Note

Participations”) in the aggregate principal amount of \$ \_\_\_\_\_. The aggregate purchase price to be paid by the Underwriter for the Note Participations is hereby agreed to be \$ \_\_\_\_\_ (representing the principal amount of \$ \_\_\_\_\_ plus original issue premium of \$ \_\_\_\_\_, and less the Underwriter’s discount of \$ \_\_\_\_\_). The breakdown of the purchase price is shown in Exhibit B.

The Note Participations shall be dated the date of initial execution and delivery, shall mature on the dates, and shall evidence and represent principal of the Notes (as defined herein) attributable thereto and interest accrued thereon from the date of initial issuance of such Notes and execution and delivery thereof, which interest shall be payable on certain dates and at certain rates, all as shown on Exhibit B hereto.

The principal amount of each District’s Note, together with the interest thereon, will be payable from taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose), received in or accrued each District’s 2020-21 fiscal year, and which are generally available for the payment of current expenses and other obligations of such District (collectively, the “Unrestricted Revenues”).

As security for the payment of the principal of and interest on its Note, each District has pledged the first Unrestricted Revenues received by such District during the months of \_\_\_\_\_, 2021 and \_\_\_\_\_, 2021, up to an amount which is equal in such months to 50% of the principal and interest due on such Note, such months hereby constituting “Repayment Months” for purposes of its respective District Resolution (as defined herein).

**2. Use of Documents; Public Offering.** In connection with the offering and sale of the Note Participations, each of the several Districts hereby ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement dated as of \_\_\_\_\_, 2021 (collectively, including such supplement, the cover page and Appendices thereto, the “Preliminary Official Statement”) which, as of its date, the Districts have deemed final (and hereby confirm and ratify such determination) for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, (the “Rule”), except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, redemption provisions, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Note Participations which depend upon the foregoing as provided in and pursuant to the Rule.

The Districts agree to deliver to the Underwriter as many definitive copies of the Preliminary Official Statement, as amended to conform to the terms of this Note Participation Purchase Agreement and with such other changes and amendments as are mutually agreed upon by the Underwriter and the Districts (which, inclusive of the cover page and Appendices thereto, shall be referred to herein as the “Official Statement”), as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule. The Districts agree to deliver the final Official Statement within seven business days after the execution of this Note Participation Purchase Agreement.

The Note Participations shall be as described in authorizing resolutions adopted by the Districts relating to such District’s participation in the Program and authorizing the issuance of

the respective District's Note (collectively, the "District Resolutions") and shall be delivered and secured under the provisions of the Trust Agreement. The principal and interest evidenced by the Note Participations shall be payable as provided in the Trust Agreement and as described in the Official Statement. All capitalized items not defined herein shall have the meanings set forth in the Trust Agreement. The Note Participations evidence and represent the tax and revenue anticipation notes (the "Notes") issued by the Districts, as listed in Appendix A hereto. The Districts shall irrevocably deposit with and pledge and transfer to the Trustee their Notes, who shall be the registered owner of each Note for the benefit of the Owners of the Note Participations and such deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of such Notes for the purpose and on the terms set forth in the Trust Agreement. The Note of each District shall be registered in the name of the Trustee and held by the Trustee for the benefit of the owners of the Note Participations to secure the payment of principal and interest represented by Note Participations. The issuance of the Notes, and the approval of the execution and delivery of the Trust Agreement and the Note Participations, have been duly and validly authorized or acknowledged by the Districts pursuant to the respective District Resolutions.

The Districts hereby authorize the Underwriter to use and distribute the Trust Agreement, the District Resolutions, the Preliminary Official Statement and the Official Statement and the information contained in each such document in connection with the offering and the sale of the Note Participations.

The Underwriter agrees to make a bona fide public offering of all the Note Participations at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Note Participations.

**3. Closing.** At 9:00 a.m., California time, on \_\_\_\_\_, 2021, or at such earlier or later time or date as shall be agreed by the Districts and the Underwriter (such time and date being herein referred to as the "Closing Date"), the Trustee on behalf of each District will deliver to the Underwriter, for delivery through the facilities of The Depository Trust Company ("DTC"), in New York, New York (or such other location as may be designated by the Underwriter), the Note Participations in the form of one or more (as may be required by DTC) fully registered Note Participations (which may be typewritten) duly executed by the manual signature of a representative of the Trustee, and will deliver or cause to be delivered its Note, duly executed and authenticated, together with the other documents hereinafter mentioned, to the Trustee no later than 9:00 a.m., California time, on the Closing Date, or at such other time or date as may be mutually agreeable to the Districts and the Underwriter, at the San Francisco office of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Special Counsel"), or such other place as the Districts and the Underwriter shall mutually agree. The net proceeds of sale of the related Note Participations set forth in the Pricing Confirmation shall be deposited in the amount indicated in the Pricing Confirmation under the heading "Deposit to Note Proceeds Account" which shall be held by the Trustee for the District and the remainder shall be deposited in the Costs of Issuance Fund held thereunder.

It shall be a condition to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Note Participations, that the entire aggregate principal amount of the Note Participations authorized to be executed and delivered by the Trust Agreement shall be sold and delivered at the Closing. The Underwriter will accept such delivery and pay the purchase price of the Note Participations as set forth in Section 1 herein by wire transfer in immediately available funds. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note Participation nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Note Participations on the Closing Date in accordance with the terms of this Note Participation Purchase Agreement. The Note Participations shall be made available to the Underwriter, not later than one business day before the Closing Date for purposes of inspection and packaging. Upon initial issuance, the ownership of such Note Participations shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

**4. Representations, Warranties and Agreements of the Districts.** Each District represents, warrants and agrees as follows:

(a) the District is, and will be at the Closing Date, a duly organized and validly existing community college district pursuant to the laws of the State of California (the “State”) with full power and authority to observe and perform the covenants and agreements set forth in the Trust Agreement, and this Note Participation Purchase Agreement, and to deliver its Note;

(b) by official action of the District, prior to or concurrently with the acceptance hereof, the District (i) has duly authorized the distribution of the Preliminary Official Statement, approved and authorized the distribution of the Official Statement, and (ii) adopted its District Resolution, and authorized and approved the execution and delivery of the Trust Agreement, and this Note Participation Purchase Agreement, and the performance of its obligations contained in its Note, the Trust Agreement, and this Note Participation Purchase Agreement, and (iii) the District Resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(c) the adoption of the District Resolution and the execution and delivery of this Note Participation Purchase Agreement, the Trust Agreement and its Note, and compliance with the provisions on the District’s part contained therein do not and will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, statute, indenture, mortgage, deed of trust, bond, note, resolution, agreement or other instrument to which the District is a party or by which the District or, to its knowledge, any of its properties are bound, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District which materially adversely affects the security for its Note under the terms of any such law, administrative regulation, judgment, decree, statute, indenture, mortgage, deed of trust bond, note, resolution, agreement or other instrument, except as provided in the Trust Agreement;

(d) all consents, approvals and authorizations of governmental or regulatory authorities for the valid execution and delivery of its Note, the Trust Agreement and this Note

Participation Purchase Agreement, and the performance of the District's obligations contained herein and therein, have been obtained and are in full force and effect;

(e) other than as set forth in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, governmental agency, public board or body, which has been formally served on the District or, to the best knowledge of the District, pending or threatened against the District seeking to restrain or enjoin the issuance, sale, execution or delivery of the Note Participations or the pledge or application of the Notes pursuant to the Trust Agreement, to an extent which would have a materially adverse effect on the security for the Note Participations or in any way contesting or affecting the validity of any proceedings of the District taken concerning the issuance or sale of the Note Participations, the District Resolution, the Trust Agreement and this Note Participation Purchase Agreement or the federal tax exempt status of interest on the Note Participations, issuing or contesting in any way the completeness or accuracy of the Preliminary Official Statement, as supplemented, or the Official Statement, as may be amended or supplemented, or the existence or powers of the District relating to the issuance of the Note Participations, the adoption of the District Resolution or the execution and delivery of this Note Participation Purchase Agreement;

(f) all representations and warranties set forth in the District Resolution are true and correct on the date hereof and are made for the benefit of the Underwriter as if set forth herein;

(g) if requested, a copy of the District Resolution has been delivered to the Underwriter, and the District Resolution will not be amended or repealed without the consent of the Underwriter, which consent will not be unreasonably withheld;

(h) the District is authorized to execute the Trust Agreement and to deliver the Note to the Trustee;

(i) the District shall provide the required Payment Account Deposit Certifications (upon a request therefor) in accordance with the Trust Agreement;

(j) the District has not issued any obligation or obligations, other than the Note, to finance the working capital deficit for which the Note is being issued;

(k) the Preliminary Official Statement as of its date (other than statements or information therein specifically relating to one of the other community college districts participating in the Program) did not, and the Official Statement as of its date and as of the Closing (other than statements or information therein specifically relating to one of the other community college districts participating in the Program) will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading in any material respect; it being further understood that no such representation or warranty shall apply to statements or information in the Official Statement concerning DTC or its book-entry only system contained in the Official Statement;

(l) if between the date of this Note Participation Purchase Agreement and twenty-five (25) days after the End of the Underwriting Period an event occurs or facts or

conditions become known, of which the District has knowledge, which in the opinion of the Underwriter, might or would cause the information in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and if in the opinion of the Underwriter such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Districts will amend or supplement the Official Statement in a form and in a manner approved by the Underwriter. 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 required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(1) For the purposes hereof, the “End of the Underwriting Period” is used as defined in Rule 15c2-12 and shall occur on the later of (x) the date of Closing or (y) when the Underwriter no longer retains an unsold balance of the Note Participations; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the Districts and the Underwriter, each District may assume that the End of the Underwriting Period is the Closing Date.

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

(n) the terms and provisions of this Note Participation Purchase Agreement and the Trust Agreement comply in all material respects with the requirements of the District Resolution, and this Note Participation Purchase Agreement and the Trust Agreement, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the valid and binding obligations of the District, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors’ rights generally, to equitable principles when equitable remedies are sought, and to the limitations on legal remedies against public agencies in the State;

(o) the District is not in violation or breach of or default under any applicable law or administrative rule or regulation of the United States or any state thereof having jurisdiction over the District or its properties, or of any department, division, agency or instrumentality of any state thereof, or any applicable court judgment or administrative decree or order, or any lease, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise (to its knowledge) subject or bound, or to which any of its property is otherwise subject, which in any way materially affects the issuance of the Notes or the validity thereof, this Note Participation Purchase Agreement, the District Resolution or the Trust Agreement, or materially adversely affects the ability of the District to perform any of its obligations under any thereof;

(p) any certificate signed by an authorized officer of the District and delivered to the Underwriter or the Trustee shall be deemed a representation and warranty by the District in connection with this Note Participation Purchase Agreement to the Underwriter as to the statements made therein for the purposes for which such statements are made;

(q) the District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, as the Underwriter may reasonably request in order to qualify the Note Participations for offer and sale under the Blue Sky or securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to consent to service of process in any such jurisdiction or to qualify as a foreign corporation in any such jurisdiction;

(r) upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the District shall deposit with the Trustee the Note, as described herein and in the District Resolution. The Note shall be issued in substantially the form set forth in the District Resolution, without coupons in the full principal amount set forth in the Pricing Confirmation attached as Exhibit C hereto (the "Pricing Confirmation") (the District acknowledges that the Underwriter has not participated in any of the matters pertaining to investment of the Note proceeds described in the Pricing Confirmation and that the Underwriter has no responsibility for such investments or any bidding procedures with respect thereto);

(s) each District Resolution creates a valid pledge of, lien on, and security interest in, the related Note and the other funds and assets purported to be pledged under such District Resolution, prior in right to any other pledge, lien or security interest in the Notes or such other funds and assets;

(t) each District agrees, pursuant to the Trust Agreement as described in the Preliminary Official Statement and the Official Statement, to provide or cause to be provided to the Repository (as such term is defined in the Trust Agreement) in a timely manner notice of certain material events respecting the Notes and the related Note Participations. These agreements have been made in order to assist the Underwriter in complying with the Rule. Except as otherwise described in the Official Statement, each District has not in the previous five years failed to comply in any material respect, and is for such years, as of the date hereof, in compliance in all material respects with its disclosure obligations under any prior undertaking related to the Rule to provide annual reports or notices of material events.

**5. Representations, Warranties and Agreements of the Underwriter.** The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Note Purchase Agreement and to take any action hereunder required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to each of the Districts, and is not prohibited thereby from acting as the Underwriter hereto with respect to securities of the Districts.



(c) The Underwriter has, and has had, no financial advisory relationship as that term is defined in California Government Code Section 53590(c) or MSRB Rule G-23 with any of the Districts with respect to the Note Participations, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

**6. Conditions to Closing.** The Underwriter has entered into this Note Participation Purchase Agreement in reliance upon the representations, warranties and covenants of each of the Districts contained in the respective District Resolutions and to be contained in the documents and instruments to be delivered at the Closing (hereinafter referred to collectively as the “Delivery Certificates”) and upon the performance by each of the Districts of their respective obligations hereunder and under the District Resolutions and the Trust Agreement (collectively, the “Documents”), both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligation under this Note Participation Purchase Agreement to purchase, to accept delivery of and to pay for the Note Participations shall be subject to the performance by the each of the Districts of their respective obligations to be performed hereunder and under the Documents to which they are a party at or prior to the Closing and shall also be subject to the following conditions, including the delivery by each of the Districts of such documents as are contemplated hereby in form and substance satisfactory to the Underwriter and Special Counsel and to the following additional conditions:

(a) The representations and warranties of each of the Districts contained herein and in their respective Delivery Certificate shall be true, complete and correct in all material respects as of the date thereof, and the representations and warranties of each of the Districts contained in its District Resolution shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing. Each District shall inform the Underwriter prior to the Closing if it has actual knowledge that any of the representations and warranties contained herein or in any District’s Delivery Certificate, or District Resolution has become false or misleading prior to the Closing.

(b) At the time of the Closing, all official action of each District relating to its Resolution shall be in full force and effect and shall not have been revoked, amended, modified or supplemented.

(c) The Underwriter shall have the right to cancel its obligation under this Note Participation Purchase Agreement to purchase, to accept delivery of and to pay for the Note Participations by notifying the Trustee and the Districts in writing of its election to do so if, between the execution hereof and the Closing, the market price or marketability of the Note Participations, or the Underwriter’s ability to enforce contracts for the sale thereof, shall have been materially adversely affected, in the evidenced judgment of the Underwriter, by the occurrence of any of the following:

(1) by an amendment or proposed amendment to the Constitution of the United States or the State or by any federal or State legislation or the promulgation or proposed promulgation of any rule or regulation thereunder or by any decision of any federal, State, or local court or by any ruling or regulation (final, temporary or proposed)

by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, affecting:

(i) the federal income tax status of any of the Districts, its property or income or its obligations (including the Notes and the Note Participations being issued on a tax-exempt basis); or

(ii) the federal income tax status of the interest on the Notes or the Note Participations being issued on a tax-exempt basis or the validity of the Notes or the Note Participations or any of the Documents;

(2) there shall have occurred any outbreak or escalation of hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in or material escalation of major military hostilities by the United States or the occurrence or escalation of any other national or international emergency, calamity or crisis, including those relating to the effective operation of the government or the financial community in the United States; or

(3) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States or authorities of the States of New York or California; or

(4) there shall have occurred any adverse change or any development involving a prospective change in the affairs, financial condition or otherwise, of any of the Districts, which, in the reasonable opinion of the Underwriter, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Note Participations on the terms and in the manner contemplated in the Official Statement; or

(5) there shall have occurred a default under any federal bankruptcy laws by or against any state of the United States or any local agency located in the State or any local agency located in the United States having a population of over 500,000, the effect of which, in the reasonable opinion of the Underwriter, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Note Participations on the terms and in the manner contemplated in the Official Statement; or

(6) legislation shall be enacted, or a decision of a court of competent jurisdiction shall be rendered or any action shall be taken by or on behalf of, the Securities and Exchange Commission, the California Department of Corporations or any other federal or state governmental agency having jurisdiction in the subject matter which, in the opinion of counsel to the Underwriter, has the effect of requiring registration or qualification of the issuance, offering or sale of the Note Participations, or of obligations of the general character of the Note Participations as contemplated hereby, under the Securities Act of 1933, as amended, or the Trust Agreement under the Trust Indenture Act of 1939, as amended; or

(7) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Note Participations or obligations of the general character of the Note Participations, any material restrictions

not now in force or being enforced, or increase materially those now in force, with respect to extension of credit by, or the charges to the net capital requirements of, the Underwriter; or

(8) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any rating assigned to any of the Districts' outstanding indebtedness; or

(9) any event shall have occurred or shall exist which either (i) makes untrue or incorrect in any material respect any statement or information contained in or appended to the Official Statement, or (ii) is not reflected in the Official Statement and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect.

(d) Any of the Districts shall fail to deliver its Note to the Trustee or the Trustee shall fail to cause the delivery of the Note Participations to the Underwriter as provided herein.

(e) At or prior to the Closing, the Underwriter shall have received the following documents:

(1) The Official Statement.

(2) An executed counterpart of the Trust Agreement.

(3) A certified copy of each District Resolution.

(4) The unqualified approving opinion, dated Closing Date and addressed to the Districts, of Special Counsel in the form attached to the Official Statement as Appendix G, together with a letter to the Underwriter stating that the Underwriter is entitled to rely on such approving opinion.

(5) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Special Counsel in form and substance satisfactory to the Underwriter, to the effect that:

(i) the statements contained in the Official Statement dated \_\_\_\_\_, 2021 (the "Official Statement") under the captions "INTRODUCTORY STATEMENT," "DESCRIPTION OF THE NOTE PARTICIPATIONS," "TAX MATTERS," and "APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT" insofar as such statements purport to summarize certain provisions of the Note Participations, the Trust Agreement and the form and content of Special Counsel's opinion relating to the treatment of interest received with respect to the Note Participations under federal and state law, fairly and accurately summarize the information presented therein (excluding therefrom (i) financial statements and statistical data, or forecasts, numbers, charts, estimates, projections,

assumptions or expressions of opinion, (ii) information relating to DTC and its book entry system, (iii) the information contained in Appendices \_\_, \_\_, \_\_, \_\_, \_\_ and \_\_, (iv) any CUSIP numbers or information relating thereto, (v) any District's compliance with its obligations to file annual reports or provide notice of the events described in the Rule, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Note Participations, including but not limited to information under the caption "UNDERWRITING"; and (vii) any information with respect to the ratings on the Notes or Note Participations and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS," as to which no opinion need be expressed); and

(ii) the Note Participations are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(6) The opinion, dated the Closing Date and addressed to the Underwriter of counsel to the Underwriter, in form and substance satisfactory to the Underwriter, covering such matters relating to the transactions contemplated hereby as the Underwriter may reasonably request.

(7) A certificate of an authorized officer of the Trustee, dated the Closing Date in form and substance satisfactory to the Underwriter, to the effect that:

(i) the Trustee is a duly organized and validly existing national banking association under the laws of the United States of America, having full right, power and authority to enter into, accept and administer the trust created under the Trust Agreement and to execute and deliver the Note Participations in accordance therewith;

(ii) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and (assuming the due authorization, execution and delivery thereof by the Districts) constitutes the valid and binding obligation of the Trustee, enforceable in accordance with its terms, except to the extent that enforceability may be limited by principles of equity or by bankruptcy, moratorium, reorganization or other laws applicable to creditors' rights generally; and

(iii) the execution and delivery by the Trustee of the Trust Agreement and the Note Participations, and the performance by the Trustee of the terms thereof, do not violate any provision of the Trustee's Articles of Association or Bylaws or, to the best of such officer's knowledge after due inquiry, any existing law, regulation or ruling; nor, to the best of such officer's knowledge after like inquiry, are the Trust Agreement or the Note Participations in violation of, nor do they cause a default under, any agreement or instrument to which the Trustee is a party.

(8) One or more certificates, dated the Closing Date and signed by an authorized officer of each District, to the effect that, to their best knowledge, belief and information:

(i) the representations and warranties of the District contained in this Note Participation Purchase Agreement are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) none of the proceedings or authority for the execution and delivery of the Trust Agreement or the Note by the District has been repealed, modified, amended, revoked or rescinded; and

(iii) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

(9) At the Closing, a certificate of each of the Districts executed by an authorized officer of the District, in form and substance acceptable to the Underwriter and Special Counsel, dated as of the Closing Date, setting forth facts, estimates and circumstances concerning the use or application of the proceeds of the Notes, and stating in effect that on the basis of such facts, estimates and circumstances in existence on the date of the Closing, it is not expected that the proceeds of such Notes will be used in a manner that would cause such Notes to be “arbitrage bonds” within the meaning of Section 148(a) of the Internal Revenue Code of 1986 (the “Code”) and the regulations promulgated thereunder or under the statutory predecessor of the Code.

(10) At or prior to the Closing, evidence shall be delivered that the Note Participations have been rated “\_\_\_,” by Standard & Poor’s, which rating has not been placed under review for downgrade, “credit alert” or other similar notice with negative implication between the date of this Note Participation Agreement and Closing, and that such rating is in full force and effect as of the Closing Date.

(11) Evidence that the federal tax information Form 8038-G has been prepared for each District, the Note Participations of which are being issued on a tax-exempt basis;

(12) Copies of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to Section 8855(j) of the California Government Code;

(13) An opinion, satisfactory in form and substance to the Underwriter, of counsel to the Trustee, dated the Closing Date and addressed to the Underwriter, the Trustee, and the Districts, to the effect that:

(i) The Trustee is a duly organized and validly existing national banking association in good standing under the laws of the United States

of America and has full power and authority to undertake the trust of the Trust Agreement;

(ii) The Trustee has duly authorized, executed and delivered the Trust Agreement, and by all proper corporate action has authorized acceptance of the duties of the Trustee under of the Trust Agreement and has authorized, in its capacity as the Trustee, the acceptance of the deposit of the Notes and the execution and delivery of the Note Participations;

(iii) Assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the other parties to the Trust Agreement, such agreements are valid, legal and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally; and

(iv) The Note Participations have been validly authorized, executed and delivered by the Trustee pursuant to direction from the Districts.

(14) Such legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request to evidence (i) compliance by each of the Districts with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of each of the Districts herein contained or as contained in each Delivery Certificate, (iii) the due performance or satisfaction by each of the Districts at or prior to such time of all agreements then required to be performed and all conditions then required to be satisfied by each of the Districts, and (iv) that the information concerning the Districts in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

If the Districts shall be unable to satisfy the conditions to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Note Participations contained in this Note Participation Purchase Agreement, or if the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Note Participations shall be terminated for any reason permitted by this Note Participation Purchase Agreement, this Note Participation Purchase Agreement shall terminate and neither the Underwriter, the Trustee nor the Districts shall be under further obligation hereunder, and except that the respective obligations of the Trustee, the Districts and the Underwriter set forth in paragraph 10 hereof shall continue in full force and effect.

**7. Conditions to Obligations of the Districts.** The performance by each District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by such District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than those to be provided by each such District.

**8. Expenses.** (a) Upon the delivery of the Note Participations to and payment thereof from the Underwriter, the Districts shall pay solely from the proceeds of the Note Participations, all expenses incident to the issuance of the Notes and the Note Participations, including, but not limited to, (i) the fees for ratings, including all expenses related to obtaining such ratings; (ii) the cost of the printing and distribution of the Preliminary Official Statement, Official Statement and any amendment or supplement thereto; (iii) the fees and disbursements of the Trustee, (iv) the fees and expenses of Special Counsel, and (iv) the fees and expenses of the Foundation for California Community Colleges, as sponsor of the Program. The District shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Purchase Contract and the issuance of the Notes and the Note Participations, including, but not limited to, a portion of the fees and disbursements of counsel retained by the Underwriter, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) Except as provided above, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Note Participations, and (ii) all other expenses incurred by them in connection with the public offering of the Note Participations, including a portion of the fees and disbursements of counsel retained by the Underwriter.

(c) The District acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Note Participations.

**9. Notices.** Any notice or other communication to be given to any of the participating Districts under this Note Participation Purchase Agreement may be given by delivering the same in writing to Keygent LLC, as financial advisor to the Districts, 999 North Pacific Coast Highway, Suite 570, El Segundo, California 90245, Attention: Public Finance Department; U.S. Bank National Association, \_\_\_\_\_; Attention \_\_\_\_\_; and any notice or other communication to be given to the Underwriter under this Note Participation Purchase Agreement may be given by delivering the same in writing to Piper Sandler & Co., 50 California Street, Suite 3100, San Francisco, California 94111, Attention: Ivory Li, Managing Director.

**10. Parties in Interest; Survival of Representations and Warranties.** This Note Participation Purchase Agreement is made solely for the benefit of the Trustee, the Districts and the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of each District contained in this Note Participation Purchase Agreement and each District Resolution shall remain operative and in full force and effect regardless of (i) any investigations made by or on behalf of the Underwriter, (ii) delivery of any payment for the Note Participations pursuant to this Note Participation Purchase Agreement and (iii) any termination of this Note Participation Purchase Agreement.

**11.** The Underwriter agrees to make a bona fide public offering of all the Note Participations at the initial public offering prices or yields to be set forth on the inside cover of the Official Statement and Exhibit D hereto.

(a) The Underwriter agrees to assist the Districts in establishing the issue price of the Note Participations and shall execute and deliver to the Districts at Closing (as defined herein) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Districts and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Note Participations.

(b) Except as otherwise set forth in Exhibit D attached hereto, the Districts will treat the first price at which 10% of each maturity of the Note Participations (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Districts the price or prices at which the Underwriter has sold to the public each maturity of Note Participations. If at that time the 10% test has not been satisfied as to any maturity of the Note Participations, the Underwriter agrees to promptly report to the Districts the prices at which Note Participations of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Note Participations of that maturity or until all Note Participations of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Note Participations to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit D attached hereto, except as otherwise set forth therein. Exhibit D also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Note Participations for which the 10% test has not been satisfied and for which the Districts and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Districts to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Note Participations, the Underwriter will neither offer nor sell unsold Note Participations of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Note Participations to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Districts when the Underwriter has sold 10% of that maturity of the Note Participations to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date.



The Districts acknowledge that, in making the representation set forth in this subsection, the Underwriter will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Note Participations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Note Participations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

(d) The Underwriter confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Note Participations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Note Participations of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Note Participations of that maturity or all Note Participations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Note Participations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Note Participations to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Note Participations of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Note Participations of that maturity or all Note Participations of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Note Participations to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

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

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

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

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

**12. Effectiveness.** This Note Participation Purchase Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the Trustee, which acceptance hereof shall be indicated on the signature page hereof, and by a duly authorized signatory of each District to its Pricing Confirmation attached hereto, and shall be valid and enforceable as of the time of such acceptance. This Note Participation Purchase Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

**13. Governing Law.** This Note Participation Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California.

Very truly yours,

**PIPER SANDLER & CO.**

By: \_\_\_\_\_  
Managing Director

Accepted this \_\_\_th day of \_\_\_\_\_, 2021  
\_\_\_\_\_:\_\_\_\_\_ California Time

**COMMUNITY COLLEGE DISTRICTS  
LISTED ON EXHIBIT A**

Authorized Representatives of each Community College District shall execute this Note Participation Purchase Agreement by signing Pricing Confirmation in Exhibit C hereto

**U.S. Bank National Association, as trustee**

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**COMMUNITY COLLEGE DISTRICTS ISSUING NOTES  
ATTRIBUTABLE TO THE NOTE PARTICIPATIONS**

**EXHIBIT B**

\$ \_\_\_\_\_

**CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS, SERIES A**

**COMPOSITE  
SCHEDULE OF TERMS AND PRICES**

<u>Series</u>	<u>Par Value</u>	<u>Original Issue Premium</u>	<u>Underwriter's Discount</u>	<u>Purchase Price</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Yield</u>
---------------	------------------	-----------------------------------	-----------------------------------	-----------------------	-------------------	----------------------	---------------	--------------

**EXHIBIT C**

**FORM OF PRICING CONFIRMATION SUPPLEMENT**

\_\_\_\_\_ Community College District

**Pricing Information**

Principal Amount of Note:	\$ _____
Interest Rate on Note:	_____ %
Reoffering Yield:	_____ %
Total Proceeds:	\$ _____
Less: Underwriter's Discount	(\$ _____)
Purchase Price:	\$ _____
Costs of Issuance	\$ _____
Deposit to Note Proceeds Account	\$ _____

**Important Dates**

Purchase Date:	
Closing Date:	
Note Payment Deposit Date:	
Maturity Date:	
Repayment Month:	_____, 2021
Amount	\$ _____
Percentage	50%
Repayment Month:	_____, 2021
Amount	\$ _____
Percentage	50%

IN WITNESS WHEREOF, the Note Participation Purchase Agreement is agreed to, and the Pricing Confirmation appearing as Exhibit C is accepted, all on the Purchase Date set forth above.

ACCEPTED at \_\_\_\_\_ p.m. California Time, this \_\_\_\_ day of \_\_\_\_\_, 2021.

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Print Name of Person Signing

IN WITNESS WHEREOF, the Note Participation Purchase Agreement is agreed to, and the Pricing Confirmation appearing as Exhibit C is accepted, all on the Purchase Date set forth above.

ACCEPTED at \_\_\_\_\_ p.m. California Time, this \_\_\_\_ day of \_\_\_\_\_, 2021.

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Print Name of Person Signing



IN WITNESS WHEREOF, the Note Participation Purchase Agreement is agreed to, and the Pricing Confirmation appearing as Exhibit C is accepted, all on the Purchase Date set forth above.

ACCEPTED at \_\_\_\_\_ p.m. California Time, this \_\_\_\_ day of \_\_\_\_\_, 2021.

By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Print Name of Person Signing

## EXHIBIT D

### FORM OF ISSUE PRICE CERTIFICATE

\$ \_\_\_\_\_  
**CALIFORNIA COMMUNITY COLLEGE DISTRICTS NOTES PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS, SERIES A**

The undersigned, Piper Sandler & Co. (the “**Underwriter**”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned note participations (the “**Note Participations**”).

1. **Note Participation Purchase Agreement.** On \_\_\_\_\_, 2020 (the “**Sale Date**”), the Underwriter and the Issuers executed a Note Participation Purchase Agreement (the “**Purchase Agreement**”) in connection with the sale of the Note Participations. The Underwriter has not modified the Purchase Agreement since its execution on the Sale Date.

2. **Price.** As of the date of this Certificate, for each of Maturity of the Note Participations, the first price or prices at which at least 10% of such Maturity of the Note Participations was sold to the Public (the “**10% Test**”) are the respective prices listed in **Schedule I** attached hereto.

3. **Arbitrage Yield.** We have calculated the arbitrage yield with respect to the Note Participations to be \_\_\_\_\_% in accordance with the following instructions provided by Special Counsel. Special Counsel has advised that yield on the Note Participations is the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal and interest on the Note Participations, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date; provided that, the Issuer is assumed to exercise or not exercise an option or combination of options (including an optional redemption provision) in a manner that minimizes yield on the debt instrument and a holder is assumed to exercise or not exercise an option or combination of options in a manner that maximizes yield on a debt instrument. Special Counsel has advised that the issue price is determined based on the prices of each maturity of the Note Participations listed in Schedule I as described in paragraph 2 above, assuming that the issue price for each maturity of the Note Participations identified as “**Undersold Note Participations**” is the issue price for each such maturity as set forth in Schedule I. To the extent that we provided the Issuers and Special Counsel with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Note Participations, these computations are based on our understanding of directions that we have received from Special Counsel regarding Special Counsel’s interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Special Counsel.

4. **Defined Terms.**

(a) “**Issuers**” means, collectively, \_\_\_\_\_.

(b) **“Maturity”** means Note Participations with the same credit and payment terms. Note Participations with different maturity dates, or Note Participations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) **“Public”** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuers with respect to certain of the representations set forth in the General Certificates of the Issuers dated \_\_\_\_\_, 2020 and with respect to compliance with the federal income tax rules affecting the Note Participations, and by Special Counsel, in connection with rendering its opinion that the interest on the Note Participations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Note Participations.

**PIPER SANDLER & CO.,**

By: \_\_\_\_\_  
Authorized Officer

Dated: \_\_\_\_\_, 2020

**SCHEDULE I**  
**SALE PRICES OF THE NOTE PARTICIPATIONS**

*(Attached)*

**NEW ISSUE—BOOK-ENTRY ONLY**

**RATING:**  
**NOTE PARTICIPATIONS AND NOTES: Standard & Poor's: "\_\_\_\_"**  
**(See "RATING" herein)**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Special Counsel to the Districts, based upon an analysis of existing laws, statutes, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest on the Notes represented by the Note Participations is exempt from State of California personal income tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations. See "TAX MATTERS."*

\$ \_\_\_\_\_ \*

**CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
 TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
 FISCAL YEAR 2020-21 NOTE PARTICIPATIONS, SERIES A**

**Dated: Date of Delivery**

**Due: As set forth on inside cover page**

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED AS A SUMMARY OF THE TRANSACTION. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE BUT NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS ASSIGNED IN THE OFFICIAL STATEMENT.**

The above-captioned note participations (collectively, the "Note Participations") are being executed and delivered pursuant to the terms of a Trust Agreement, dated as of \_\_\_\_\_ 1, 2021, by and among certain California community college districts (collectively, the "Districts"), and U.S. Bank National Association, as trustee (the "Trustee"). The Note Participations evidence and represent fractional and undivided interests in certain tax and revenue anticipation notes attributable thereto (individually, a "Note" and collectively, the "Notes") and debt service payments thereon to be made by the Districts issuing such Notes, in the same aggregate principal amount as the Note Participations. In accordance with State of California law and the respective authorizing resolution of the participating Districts (each a "Note Resolution"), the Note of each District is payable from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys of such District (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose), received in or accrued to each District's 2020-21 fiscal year, and which are generally available for the payment of current expenses and other obligations of such District (collectively, the "Unrestricted Revenues").

The Note Participations will be prepared in fully registered book-entry form and, when executed and delivered, will be registered in the name of Cede & Co., as owner of the Note Participations and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Note Participations. Purchasers of the Note Participations (the "Beneficial Owners") will not receive certificates representing their interests in the Note Participations purchased. Principal and interest evidenced by the Note Participations will be payable by wire transfer to DTC, which in turn is required to remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Note Participations, as more fully described herein.

**The Note Participations are not subject to prepayment prior to maturity.**

The Note Participations are being sold to provide operating cash for the Districts' respective working capital expenditures and the investment and reinvestment of funds for the Districts, prior to the receipt or accrual of anticipated tax payments and other revenues attributable to Fiscal Year 2020-21. Each Note is secured by a pledge of certain Unrestricted Revenues identified herein (the "Pledged Revenues"), and each Note shall constitute a first lien and charge thereon and shall be payable from the first moneys received by such District from such Pledged Revenues. To the extent not so paid, each Note shall be paid from any other moneys of such District lawfully available therefor. Each Note Resolution requires the applicable District to set aside and deposit in a special fund to be established by such District certain amounts from the first Unrestricted Revenues received by such District in the Repayment Months described herein, so that the amount on deposit in such fund on such dates as described herein, taking into consideration anticipated investment earnings thereon, is equal to all of the principal of and interest due on such Note, all as more fully described herein. The obligation of each District is a several and not a joint obligation and is strictly limited to such District's repayment obligation under its Note Resolution and Note.

**THE NOTE PARTICIPATIONS EVIDENCE AND REPRESENT LIMITED OBLIGATIONS OF THE DISTRICTS, PAYABLE SOLELY FROM CERTAIN FUNDS IDENTIFIED HEREIN. THE OBLIGATION OF EACH DISTRICT TO PAY PRINCIPAL AND INTEREST ON ITS NOTE, AS EVIDENCED BY THE NOTE PARTICIPATIONS, DOES NOT CONSTITUTE A DEBT OF THE RESPECTIVE DISTRICTS, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

*The Note Participations are offered when, as and if executed and delivered and accepted by the Underwriter, subject to the approval of validity by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Special Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by \_\_\_\_\_. The Note Participations in definitive form are expected to be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2021.*

**PIPER SANDLER & CO.**

Dated: \_\_\_\_\_, 2020

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS\***

**CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM**

\$ \_\_\_\_\_ \*

**FISCAL YEAR 2020-21 NOTE PARTICIPATIONS**

**SERIES A**

**Interest Rate:** \_\_\_\_%; **Yield:** \_\_\_\_%; **CUSIP No.:** \_\_\_\_\_ – \_\_\_\_ †

**Due:** \_\_\_\_\_ \*

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\* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated on behalf of the American Bankers Association by S&P Capital IQ, a Division of McGraw Hill Financial, Inc. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. None of the Districts, the Authority or the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the the Districts or the Underwriter. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of any District since the date hereof.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Note Participations in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement, other than that provided by the Districts, has been obtained from sources believed by the Districts to be reliable.

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

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

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Note Participations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Note Participations to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page hereof, and said offering prices may be changed from time to time by the Underwriter.

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. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “intend,” “budget,” “project,” “forecast” or other similar words.

Each of the Districts maintain websites and certain social media accounts. However, the information presented there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Note Participations.



**PARTICIPATING DISTRICTS**

[TBD]

**SPECIAL SERVICES**

**Program Sponsor**

Foundation for California Community Colleges  
*Sacramento, California*

**Special Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
*San Francisco, California*

**Municipal Advisor**

Keygent LLC  
*El Segundo, California*

**Trustee**

U.S. Bank National Association  
*Los Angeles, California*

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**CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS, SERIES A**

**INTRODUCTORY STATEMENT**

*This introduction is not a summary of this Official Statement. It is only a brief description of and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents described herein. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions.*

This Official Statement, including the cover page, inside cover page and appendices hereto (the “Official Statement”), sets forth certain information concerning the California Community College Districts Tax and Revenue Anticipation Note Program Fiscal Year 2020-21 Note Participations, Series A (the “Note Participations”). The Foundation for California Community Colleges (the “Foundation”) serves as sponsor of the Program (defined below) and as representative of the participating community college districts for certain purposes related to the Program.

As part of the California Community College Districts Tax and Revenue Anticipation Note Program (the “Program”), the participating community college districts (collectively, the “Districts”) in the State of California (the “State”) are issuing tax and revenue anticipation notes (the “Notes”) and executing and delivering the Note Participations pursuant to a Trust Agreement, dated as of \_\_\_\_\_ 1, 2021 (the “Trust Agreement”), by and among the Districts and U.S. Bank National Association, as trustee (the “Trustee”). Each District participating in the Program is the issuer of its Note which, when combined with the Notes of certain other Districts participating in the Program, shall be evidenced by the Note Participations. The Note Participations evidence and represent fractional and undivided interests in the Note of each District. Each District participating in the Program is severally, not jointly, liable on the Note Participations in the proportion that the face amount of such District’s Note bears to the total aggregate face amount the Note Participations.

The Note Participations will be executed and delivered in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Notes are being issued to provide operating cash for the several Districts’ current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues. The Notes will be delivered to and deposited with the Trustee for the benefit of the registered Owners (as defined herein) of the Note Participations, and the payments on such Notes will be used for the payment of the principal of and interest evidenced thereby. The Notes shall not be used for any other purpose while the Note Participations remain outstanding. For more specific information on the Districts and their Notes, see Appendices A, B, C, D, E, and J hereto.

The Note Participations enjoy the benefits of a security interest in the money held in certain funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting

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\* Preliminary, subject to change.

the disbursement thereof as set forth therein. **NEITHER THE OBLIGATION OF EACH DISTRICT TO PAY PRINCIPAL OF AND INTEREST ON ITS RELATED NOTE, NOR THE NOTE PARTICIPATIONS EVIDENCING SUCH DISTRICT'S OBLIGATION, CONSTITUTES A DEBT OF SUCH DISTRICT, ANY OTHER DISTRICT, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

Copies of the Trust Agreement and the standard form of the Note Resolution summarized herein are available upon request during the initial offering period from U.S. Bank National Association,  
\_\_\_\_\_.

All capitalized words, unless otherwise defined herein, shall have the meanings set forth in the Trust Agreement. See APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT.”

### **THE FOUNDATION AND THE PROGRAM**

The Foundation serves as sponsor of the Program and functions as representative of the Districts for certain purposes related to the Program. The Foundation is a \_\_\_\_\_.

The holders of obligations of the Districts have no claim on the security of the Note Participations, and the Owners of the Note Participations will have no claim on the Districts.

### **DESCRIPTION OF THE NOTE PARTICIPATIONS**

#### **Purpose of Issue**

The Note of each District is issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”) and pursuant to a resolution of issuance adopted by the legislative body of each such District (each a “Note Resolution”). The issuance of each District’s Note will provide moneys to meet such District’s anticipated cash flow needs for its 2020-21 fiscal year created by timing differences between its anticipated expenditures for Fiscal Year 2020-21 and its estimated receipt or accrual of certain revenues for Fiscal Year 2020-21.

#### **Denominations; Payment of Principal and Interest**

The Note Participations will be prepared in fully registered book-entry form and, when executed and delivered, will be registered in the name of Cede & Co., as registered owner of the Note Participations (the “Owner”) and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Note Participations. Individual purchases may be made in book-entry form only in denominations of \$5,000 principal amount or any integral multiples thereof (“Authorized Denominations”). Purchasers of the Note Participations (the “Beneficial Owners”) will not receive certificates representing their interests in the Note Participations purchased.

**So long as Cede & Co. is the registered Owner of the Note Participations, as nominee of DTC, references herein to the “Owners” or “Holders” of the Note Participations (other than under the heading “TAX MATTERS” and in APPENDIX G) shall mean Cede & Co., as nominee of DTC, and shall not mean the Beneficial Owners of interests in the Note Participations.**

The Note Participations will be dated the date of initial execution and delivery thereof and will evidence and represent principal of the Notes and interest accrued thereon from the date of initial issuance

thereof, at the rate per annum set forth on the inside cover page hereof. The Note Participations, and corresponding Notes, mature on \_\_\_\_\_, 2021 (the, “Maturity Date”). Interest and principal evidenced by the Note Participations is payable as provided herein.

So long as Cede & Co. is the registered Owner of the Note Participations, the principal and interest evidenced by the Note Participations will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is expected, in turn, to remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX H – “THE BOOK-ENTRY ONLY SYSTEM.” Interest payable with respect to the Note Participations will be calculated on the basis of a 360-day year consisting of twelve, 30-day months.

**Registration and Transfer of Note Participations**

So long as the Note Participations are subject to the DTC book-entry system, they will be registered, and may be transferred, as described in APPENDIX H – “THE BOOK-ENTRY ONLY SYSTEM.”

**Prepayment**

The Note Participations are not subject to prepayment prior to the Maturity Date.

**ESTIMATED SOURCES AND USES OF PROCEEDS**

The following table lists the estimated sources and uses of proceeds in connection with the Note Participations.

	<u><b>Total</b></u>
<u><b>Sources</b></u>	
Principal Amount	
Original Issue Premium	
TOTAL SOURCES	
<u><b>Uses</b></u>	
Net Proceeds	
Costs of Issuance <sup>(1)</sup>	
TOTAL USES	

<sup>(1)</sup> Includes all initial costs of issuance, including but not limited to the Underwriter’s discount, legal fees, the costs and fees of the Trustee, rating fees, demographics, and printing costs.

**SECURITY AND SOURCE OF PAYMENT**

**Notes**

The Note Participations evidence and represent fractional and undivided interests in the Notes, and in debt service payments on such Notes to be made by the related Districts. The Notes are general obligations of the respective Districts and, to the extent not paid from moneys pledged pursuant to the payment thereof, as further described herein, will be paid from other moneys of the Districts legally available therefor. However, except for the Pledged Revenues described herein, the Districts are not prohibited from pledging, encumbering and utilizing their moneys for other purposes and there can be no assurance that such moneys will be available for the payment of the Note Participations and the Notes

evidenced thereby. **No District has any obligation to pay the principal of or interest on the Note of any other District.**

See APPENDIX A hereto for a listing of each District, the estimated principal amount of each Note, the percentage of each Note with respect to the aggregate principal amount of the Note Participations, and the projected Note payment coverage for each such District.

Pursuant to Section 53586 of the Act, the principal amount of each District's Note, together with the interest thereon, will be payable from taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose), received in or accrued to each District's 2020-21 fiscal year, and which are generally available for the payment of current expenses and other obligations of such District (collectively, the "Unrestricted Revenues"). As security for the payment of the principal of and interest on its Note, each District has pledged the first Unrestricted Revenues received by such District during the months of \_\_\_\_\_, 2021 and \_\_\_\_\_, 2021 (each such month being referred to herein as a "Repayment Month" for purposes of such District's Note Resolution), up to an amount which is equal to in each such month to 50% of the principal and interest due on such Note (collectively, the "Pledged Revenues").

The principal of a District's Note, and the interest thereon, constitute a first lien and charge on such Pledged Revenues and are payable from the first moneys received by such District from such Pledged Revenues and, to the extent not so paid, will be paid from any other taxes, income, revenue, cash receipts and other moneys of such District lawfully available therefor.

In order to effect the pledge of Pledged Revenues, each District has agreed under its Note Resolution to establish and maintain a special account within its general fund (its "Payment Account") and has further agreed and covenanted to maintain such Payment Account until the payment in full of the principal of such District's Note and the interest thereon. A District may establish its Payment Account with the Trustee. Each District has agreed under its Note Resolution to cause Unrestricted Revenues to be set aside into its Payment Account in each Repayment Month, in the amounts set forth in APPENDIX D hereto, until the amount on deposit in its Payment Account, together with the amount, if any, on deposit in any subaccount thereof maintained by the Trustee pursuant to the Trust Agreement (a "Payment Subaccount"), and taking into consideration anticipated investment earnings thereon to be received by the maturity date thereof, is equal to the principal and interest due on such Note. See "APPENDIX D – "REPAYMENT MONTHS, PERCENTAGES AND AMOUNTS."

Pursuant to the Trust Agreement, on the 15<sup>th</sup> day of each Repayment Month, the Trustee will request a certificate from each District evidencing the transfer to and deposit in such District's Payment Account of the amounts required to be transferred to and deposited therein during the Repayment Month, and each such District is required within seven (7) Business Days after the date of such written request to file such certificate. See also "APPENDIX E – DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT – Note Payments – Confirmation of Deposits to Payment Account." If a District fails to make or cause to be made such transfer to and deposit in its Payment Account, such failure will constitute an Event of Default, as defined herein, and the Trustee will be empowered to, without declaring such District's Note to be immediately due and payable, require such District to pay to the Trustee an amount equal to principal and interest due on such Note at maturity. See "SECURITY AND SOURCES OF PAYMENT – Events of Default and Remedies." Notwithstanding the foregoing, any District for which the Trustee is holding or investing moneys or securities on behalf of said District in a Payment Subaccount, in an amount equal to the transfer and deposit required to be made during each Repayment Month, need not present the certificate described above; likewise, the Trustee need not send a request for such certificate to said District.

Any moneys placed in a District's Payment Account will be for the benefit of the Owners of the Note Participations. The moneys in such Payment Account will be applied only for the purposes for which such Payment Account is created until the principal of such District's Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on such Note.

On or before the date specified in the Trust Agreement, the moneys in such District's Payment Account and Payment Subaccount, if any, will be transferred to the appropriate Note Participation Payment Fund described herein to pay the interest on and principal of such District's Note when due.

### **Cash Flows**

Actual and projected cash flows for the 2019-20 fiscal year, as well as projected cash flows for Fiscal Year 2020-21 for each District are included in APPENDIX C – "CASH FLOWS AND ALTERNATIVE CASH RESOURCES." For Fiscal Year 2020-21, each District has projected a maximum cumulative cash flow deficit to occur due to the daily timing of expenditures occurring prior to the receipt of revenues for the month.

The estimates and timing of receipts and disbursements in such cash flow analyses are based on certain assumptions and should not be construed as statements of fact. The cash flow projections represent the current best estimates of the Districts based on information available as of the date of the projections, including the most recent revisions to the State's funding of community college districts. However, due to the uncertainties inherent in the State's distribution of education funding to community colleges, these projections are subject to change and may vary considerably from actual cash flows experienced by the Districts during Fiscal Year 2020-21. Moreover, payment of State assistance in the amounts anticipated depends on the State adhering to the then-current State budget, including the appropriations therein provided for local assistance. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance."

### **Deposit of Notes; Application of Note Participation Payment Fund**

Under the Trust Agreement, the Notes, as evidenced and represented by the Note Participations, are irrevocably deposited with and pledged and transferred to the Trustee for the benefit of the Owners, and the payments on such Notes will be used for the punctual payment of the interest and principal evidenced and represented by the Note Participations, and shall not be used for any other purpose while the Note Participations remain Outstanding. Such deposit, pledge and transfer constitutes a first and exclusive lien on the principal and interest payments of and all other rights under such Notes for the foregoing purpose in accordance with the terms of the Trust Agreement.

All principal and interest payments on a District's Note will be paid directly by such District to the Trustee. All principal and interest payments on a District's Note received by the Trustee will be deposited by the Trustee, as and when received, in the fund designated as the "Note Participation Payment Fund." The Note Participation Payment Fund will be held in trust by the Trustee for the benefit and security of the Owners of the Note Participations to the extent provided in the Trust Agreement.

Pursuant to the Trust Agreement, the Trustee is required to deposit the moneys contained in the Note Participation Payment Fund at the respective times and in the respective funds as hereinafter summarized, each of which funds the Trustee agrees to maintain so long as the Note Participations are Outstanding:

(a) ***Interest Fund.*** The Trustee shall deposit in the fund designated for payment of interest with respect to the Note Participations (the "Interest Fund") that amount of money representing the interest due and payable on the Notes. Monies in such Interest Fund shall be used and withdrawn by the



Trustee solely for the purpose of paying interest evidenced and represented by the Note Participations on the applicable Maturity Date.

(b) **Principal Fund.** The Trustee shall deposit in the fund designated for payment of principal with respect to the Note Participations (the “Principal Fund”) that amount of money representing the principal becoming due and payable on the Notes. All moneys in such Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Note Participations on the applicable Maturity Date.

See also APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT – Note Payments – Deposit of Money in Note Participation Payment Fund.”

### **Defaulted Notes**

If a District fails to pay any of the principal of or interest on its Note on the due date thereof, such Note will become a Defaulted Note. See APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT – Default and Limitations of Liability.”

### **Investment of Note Proceeds**

Proceeds of the Notes, less amounts used to pay costs of issuance, are authorized to be invested in certain Permitted Investments (as such term is defined in the Trust Agreement). APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT – Definitions – Permitted Investments.” Such Permitted Investments include investment agreements to be held by the Trustee, the Treasury Pool (defined herein) of the respective county in which such District is located, or the Local Agency Investment Fund administered by the State Treasurer. A description of each District’s current intention with respect to the investment of its Note proceeds is provided in APPENDIX E – “INVESTMENT OF NOTE PROCEEDS.”

### **Covenants of the Districts**

In the Note Resolutions, each District has represented or covenanted, among other things, for the benefit of the Owners, the following:

(a) The District is duly organized and existing under and by virtue of the laws of the State with all necessary power and authority to adopt its Note Resolution and perform its obligations thereunder, to enter into and perform its obligations under the Purchase Agreement (defined herein) for the Note Participations, and to issue its Note and perform its obligations thereunder.

(b) The issuance of the Note, the adoption of its Note Resolution and the execution and delivery of the Purchase Agreement and the Trust Agreement, and compliance with the provisions thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the District is subject or by which it is bound.

(c) The District has duly, regularly and properly adopted its tentative or final budget for the Fiscal Year 2020-21 setting forth expected revenues and expenditures, including any deferred State apportionments, and has complied with all statutory and regulatory requirements with respect to the adoption of such budget.

(d) The District will not incur any indebtedness secured by a pledge of its Pledged Revenues unless such pledge is subordinate in all respects to the pledge of Pledged Revenues as described herein.

(e) So long as the Note Participations are Outstanding, the District will not create or suffer to be created any pledge of or lien on its Note other than the pledge and lien of the Trust Agreement.

(f) Each District, while its Note is outstanding, will not request the county treasurer (or similar officer) in custody of such District's funds (generally, a "Treasurer") to make temporary transfers of funds in the custody of such Treasurer to meet any obligations of such District during Fiscal Year 2020-21 pursuant to Article XVI, Section 6 of the Constitution of the State of California.

### **Events of Default and Remedies**

***Events of Default.*** Pursuant to each District's Note Resolution each of the following events is defined as an Event of Default:

(a) Failure by the District to make the transfers and deposits to the Payment Account described herein, or any other payment required to be paid pursuant to its Note Resolution, including payment of principal and interest on the Note, on or before the date on which such payment is due and payable;

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under its Note Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Trustee;

(c) Any warranty, representation or other statement by or on behalf of the District contained in its Note Resolution or the Purchase Agreement, or in any requisition or any financial report delivered by the District or in any instrument furnished in compliance with or in reference to its Note Resolution or the Purchase Agreement or in connection with the Note, is false or misleading in any material respect;

(d) A petition is filed against the District under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, and is not dismissed within 30 days after such filing;

(e) The District files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, or the District consents to the filing of any such petition against it under such law; or

(f) The District admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the District or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days.

**Remedies.** Whenever any Event of Default shall be continuing, the Trustee shall, in addition to any other remedies provided by law or under the Trust Agreement, has the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Without declaring the Note to be immediately due and payable, require the District to pay to the Trustee, as holder of the Note, an amount equal to the principal of the Note and interest thereon to maturity, plus all other amounts due under the Note Resolution; or

(b) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due under its Note Resolution or to enforce any other of its rights thereunder.

See also “See APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT – Default and Limitations of Liability.”

### **INVESTMENT OF DISTRICT FUNDS**

Most funds of the Districts are deposited into the appropriate county treasury to the credit of the proper fund of each District. Certain moneys not required for the immediate necessities of a District may be invested in investments specified in Sections 16430 or 53601 of the Government Code. Accordingly, all funds of each District not subject to the exception, including cash receipts and other moneys intended as receipts for a District’s general fund for Fiscal Year 2020-21, including such District’s Pledged Revenues and Unrestricted Revenues, are typically deposited with the Treasury Pool (as defined herein) for their county, to remain on deposit therein and generally available for the payment of current expenses and other obligations of the Districts.

The Districts are located in various counties within the State of California, the Treasurer for each of which maintains a pooled fund for the investment of surplus, discretionary and other moneys of, among others, special districts located in such county (each, a “Treasury Pool”). Each District is eligible for investment in its Treasury Pool, and all Districts maintain balances with their respective county Treasurers, including their general funds. For information on the respective county Treasury Pools, see APPENDIX I – “COUNTY TREASURY POOLS.”

Each Treasury Pool in the State is subject to statutory restrictions and additional policy restrictions as may be determined by the respective county board of supervisors. Treasury Pools consist of the deposits of the applicable county, cities, special districts and other independent public agencies, with a certain class of “involuntary” depositors, such as school districts and community college districts. Discretionary Treasury Pool participants make up varying percentages of each Treasury Pool, but always comprise a minority of those participants. Decisions as to the investment of a Treasury Pool are made by a county investment officer, often the Treasurer, who establishes policies for such investments, taking into account the restrictions set forth in Section 53601 *et seq.* of the Government Code of the State, the applicable county board’s policies, his or her own judgment, and certain other criteria such as safety of principal, liquidity and return on investment. Monthly or quarterly reports of investments in the Treasury Pool are made available to the respective boards of supervisors, and investments are subject to internal controls and audits.

Each county maintains a county treasury oversight committee, pursuant to Section 27131 of the Government Code, which meets periodically to review and monitor the investments and investment policies of the Treasurer for compliance.

None of the Districts controls the investments made by its county Treasurer in its Treasury Pool, and each Treasury Pool will fluctuate by the amount invested and compositions of the investments during

each fiscal year. Accordingly, the Districts cannot make representations regarding the security afforded by investments in their respective Treasury Pools. See also “RISK FACTORS – Bankruptcy,” for information regarding risks associated with the investment of District funds in a County Pool, and APPENDIX I – “COUNTY TREASURY POOLS” for current information on the respective county Treasury Pools.

## **RISK FACTORS**

*In evaluating a purchase of interest in the Note Participations, potential investors should consider the following factors, together with all other information in this Official Statement. The following, however, does not purport to be an exhaustive listing of risks and other considerations that may be relevant to an investment in the Note Participations. Moreover, the following is not presented in an order reflective of their importance or significance to potential investors.*

### **Considerations Regarding COVID-19**

An outbreak of disease or similar public health threat, such as the novel strain of coronavirus (“COVID-19”) outbreak, or fear of such an event, could have an adverse impact on the Districts’ financial condition and operating results. The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

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”).

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 District has received approximately \$3.6 million pursuant to the CARES Act, 50% of which is allocated for student grants and 50% for the District, as well as a grant of approximately \$240,000 as a result of the District’s designation as a Hispanic-Serving Institution. The District was also allocated \$798,869 from the State Chancellor’s Office COVID-19 Response Block Grant, \$358,637 of which was received by the District in August of 2020 from the federal Coronavirus Relief Fund, and \$440,232 of which constitutes one-time Proposition 98 funds, which has yet to be received. However, no assurances can be given that the District will ultimately receive the moneys it expects to receive from the federal government or the State, or any additional future State or federal funds related to COVID-19, or the timing of receipt of such funds.

On August 28, 2020, the Governor released a revised system of guidelines for reopening - Blueprint for a Safer Economy ("Blueprint"). Blueprint assigns each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must remain in a tier for at least three weeks before advancing to the next one. To move forward, a county must meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fall into different tiers, the county remains in the stricter tier. Community college districts can reopen for limited in-person instruction once their county has been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopen, community college districts must follow the interim guidance for institutions of higher education (the "Guidelines"), released by the Governor on August 7, 2020. Implementation of the Guidelines as part of a phased reopening will depend on local conditions, including the level of COVID-19 infections and hospitalization rates for a minimum of 14 days, testing resources of the District and County, and preparedness of the County's healthcare system. If there are positive cases of COVID-19 within a District, a campus could be partially or fully closed for in-person instruction. While indoor lectures and student gatherings are prohibited at community college districts in counties that are in the purple (widespread) tier, some non-lecture based courses may be permitted on campuses. For classes that are held in person, the guidelines encourage use of outdoor and other non-classroom spaces for instruction. The County is currently assigned to the purple tier.

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 of the Chancellor to hold community college districts financially harmless in the wake of campus closures.

As a result of the COVID-19 outbreak, beginning in March, 2020, the District has been closed for face-to-face classes and student services, shifting to remote delivery of instruction and services, through at least the spring term of the 2020-21 academic year. The District will continue to evaluate the State's guidance for institutions of higher education and will consult with local health officials and the State's guidance for institutions of higher education in implementing the District's plan for the 2020-21 academic year.

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 "PARTICIPATING DISTRICTS' INFORMATION – Retirement Programs" 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 local county health department in which each of the Districts is located, the Governor's office (<http://www.gov.ca.gov>), the California Department of Public Health (<http://covid19.ca.gov/>), , and the Chancellor's Office (<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus>). *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 FTES within the District and, notwithstanding the Stay Home Order and the Blueprint, materially adversely impact the financial condition or operations of the Districts, including the ability to make set asides of Pledged Revenues as described herein, or to otherwise make payments of principal and interest on each of their respective Notes.

### **Limited Obligations of the Districts**

The Note Participations is the limited obligation of each District, severally and not jointly payable solely from payments of principal and interest with respect to the Notes. The obligation of each District to pay principal of and interest on the Notes evidenced by the Note Participations does not constitute a debt of the related Districts or the Foundation or of any member thereof within the meaning of any constitutional or statutory debt limitation or restriction.

### **Limited Source of Repayment for Notes and Defaulted Notes**

The primary source of repayment of the Note Participations is payments on the Notes. In order for Owners to be paid in full in a timely manner, 100% of the payments with respect to the Notes must be paid as and when due. A District is liable on its Note (even in the event that such Note becomes a Defaulted Note) only to the extent of its Unrestricted Revenues. If such District's Unrestricted Revenues are not sufficient to pay a District's Note or Defaulted Note, as the case may be, such District would not be permitted to pay such Note or Defaulted Note from any other sources, including subsequent fiscal years' revenues.

### **Bankruptcy**

As described herein, each District has agreed under its Note Resolution to cause to be deposited directly into its Payment Account the Pledged Revenues during the Repayment Months. Such Pledged Revenues, while in the Payment Account, may be invested with the applicable Treasury Pool. See "INVESTMENT OF DISTRICT FUNDS." Should any of the Districts file for bankruptcy while Pledged Revenues are so invested, a court might hold that the Owners of the Note Participations payable from such Pledged Revenues do not have a valid prior lien on such Pledged Revenues. In that case, unless the Owners could "trace" Pledged Revenues deposited into a Treasury Pool, the Owners would be unsecured

(rather than secured) creditors of such District. The Districts can make no assurance that the Pledged Revenues can be so traced. As such, the filing of bankruptcy by one or more of the Districts could delay or impair the payment of all or a portion of the Note Participations. Further, the opinion of Special Counsel as to the enforceability of the Notes is expressly qualified by a declaration of bankruptcy.

### **No Joint Obligation**

The obligation of a District to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to such District's repayment obligation under its Note Resolution and its Note.

## **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 the 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, 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.

**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 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 are 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 hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2020-21, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2021-22 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.)

**Base Allocation.** The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “—Enrollment Based Funding”), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation was expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19, 65% in fiscal year 2019-20 and 60% in fiscal years 2020-21 and onward.

The SCFF provides minimum funding levels for credit FTES for the first three fiscal years, as follows: (i) \$3,727 for fiscal year 2018-19, (ii) \$3,387 for fiscal year 2019-20, adjusted for COLAs and other base adjustments, and (iii) \$3,046 for fiscal year 2020-21, adjusted for COLAs and other base adjustments in both the then-current and prior fiscal year. 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.

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.



See APPENDIX J – “SELECTED FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE PARTICIPATING DISTRICTS – Full Time Equivalent Students” for more information regarding the Districts’ respective FTES.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under Education Code 76300. The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice 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 Student Success Allocation is expected to account for 10% of statewide funding for community college districts in fiscal year 2018-19, 15% in fiscal year 2019-20 and 20% in fiscal years 2020-21 and onward. 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.

For fiscal year 2018-19, the SCFF provides a rate for all students of \$440 per point, and an additional \$111 per point for Pell Grant and California College Promise Grant students. For fiscal year 2019-20, these rates increase to \$660 per point and \$167 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2020-21, the rates increase to \$880 per point and \$222 per point, respectively, subject to COLAs and other base adjustments.

***Budget Procedures.*** On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor’s Office of the California Community Colleges, submits to the Department of Finance (“DOF”) proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals (“BCPs”), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the Legislature. The Governor’s Budget is then analyzed and discussed in committees, and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget.

To foster accountability, the statewide Board of Governors of the California Community Colleges and the Chancellor’s Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California’s community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district’s financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of the district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources, and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

### **Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111**

**General.** In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual school district and community college funding (collectively, "K-14 funding"). The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier education funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

**Calculating Minimum Funding Guarantee.** There are currently three tests which determine the minimum level of K-14 funding (each, "Test 1," "Test 2" or "Test 3"). Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year

funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

See also “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 98” and “—Proposition 111.”

### **State Assistance**

*California community college districts’ 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 Districts believe to be reliable; however, neither the Districts nor the Underwriter take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

**2020-21 State Budget.** On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the “2020-21 Budget”). The following information is drawn from the DOF’s summary of the 2020-21 Budget.

As with the Governor’s May revision (the “May Revision”) to the proposed State budget, the 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State’s economy. The ensuing recession has caused significant job losses and precipitous drops in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State’s three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State’s traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the BSA, \$450 million from the Safety Net Reserve and all funds in the PSSSA.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the

State receives less than this amount, reductions and deferrals would be partially restored. The triggers includes \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.

- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, including \$8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary increase in the federal government’s share of Medicaid costs, a portion of the State’s Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.
- *Increased Revenues* – The 2020-21 Budget 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.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

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. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the 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 2020-21 fiscal year 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.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 is \$70.1 billion, approximately \$10 billion below the revised prior-year funding level.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Apportionment Deferrals* – The 2020-21 Budget provides for \$330.1 million in SCFF apportionment deferrals for fiscal year 2019-20. The deferrals increase to \$662.1 million in fiscal year 2020-21. The 2020-21 Budget also provides a hardship exemption from the deferrals for districts that would be unable to meet their financial obligations.
- *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.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirects \$2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applies them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also “PARTICIPATING DISTRICTS’ INFORMATION – Retirement Programs” herein.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counts towards the Proposition 98 funding guarantee.

Other significant features of community college funding in the 2020-21 Budget include the following:

- *Student Centered Funding Formula* – The 2020-21 Budget suspends the COLA for community college apportionments under the SCFF, and does not provide any funding for enrollment growth. The 2020-21 Budget extends the hold-harmless provisions of the SCFF for an additional two years, and authorizes the use of past-year data sources that have not been impacted by the COVID-19 pandemic for purposes of calculating SCFF apportionments in 2020-21.
- *COVID-19 Response Block Grant* – A one-time increase of approximately \$120 million (comprised of \$54 million in CARES Act funds and \$66 million in Proposition 98 funding) for a block grant to support student learning and mitigate learning loss related to the COVID-19 pandemic.
- *Immigrant Resources* – An increase of \$5.8 million in Proposition 98 funding for resource liaisons and student support services for immigrant students, including undocumented students. The 2020-21 Budget also provides \$10 million in ongoing Proposition 98 funding for legal services to immigrant students, faculty and staff.
- *Proposition 51* – a total allocation of \$223.1 million in Proposition 51 bond funds for community college facility projects.

For additional information regarding the 2020-21 Budget, see the DOF website at [www.dof.ca.gov](http://www.dof.ca.gov). However, the information presented on such website is not incorporated herein by reference.

***Future Actions and Events.*** The Districts cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The Districts also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic

conditions and other factors over which the Districts will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The novel COVID-19 outbreak has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels for fiscal year 2019-20 and beyond. In addition, the outbreak could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "RISK FACTORS – Considerations Regarding COVID-19" herein. The Districts also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 outbreak described above. The Districts also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 outbreak described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Districts.

### **PARTICIPATING DISTRICTS' INFORMATION**

The information regarding the Districts has been taken or constructed from the official records of each such District. Such information has been reviewed by an authorized representative of each District acting in his or her official capacity. Such representative has determined that as of the date hereof the information contained herein is, to the best of his or her knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

#### **General Information Regarding Districts**

Except as otherwise disclosed herein, each of the Districts has made the following representations with respect to its financial and operational facts:

- During the past 10 years, the District has not failed to deposit moneys in their repayment funds established for the payment of principal of and interest on tax and revenue anticipation notes issued by or on behalf of the District;
- During the past 10 years, the District has not defaulted on a lease or debt obligation;
- There is no action, suit, proceeding or investigation pending or threatened which, if determined adversely to the District, could materially adversely impact the District's ability to repay its District Note;
- No other conditions or events, including but not limited to labor disputes or hazardous materials, exist or have occurred which may materially adversely affect the finances of the District; and
- The District knows of no other information which should be disclosed in connection with the issuance of the Notes, in order to make the information in this Official Statement, in the light of the circumstances, in which it is presented not misleading.

#### **Accreditation**

**General.** The ACCJC is authorized by the federal Department of Education as one of the seven regional associations that accredit public and private schools, colleges and universities in the United

States. The ACCJC is the recognized accrediting association for the western region, which includes the States of California and Hawaii, as well as the territories of Guam, American Samoa and Northern Marianas Islands. The ACCJC reviews community colleges on rolling, six year cycles.

Accreditation by the ACCJC is voluntary and designed to evaluate and enforce standards of educational quality and institutional effectiveness. Accreditation is also a form of peer review. ACCJC standards and criteria are developed and implemented by representatives from the member institutions. Although the ACCJC is not a governmental agency, and has no direct authority over the operations of the Districts, it is responsible for determining whether a college receives or retains accreditation. For public colleges, the loss of accreditation would result in the loss of federal funding and most state funding, including student financial aid.

To obtain accreditation, institutions must first satisfy minimum ACCJC eligibility requirements (the “Eligibility Requirements”), of which there are 21 covering a wide range of areas. Accredited institutions must continually meet these Eligibility Requirements. As part of the institutional self-study prepared during each accreditation cycle, compliance with certain of the Eligibility Requirements must be specifically demonstrated, while the balance may be addressed as part of the institution’s response to related Accreditation Standards (defined herein).

As part of each accrediting cycle, the ACCJC requires member institutions to demonstrate compliance with its accreditation standards (the “Accreditation Standards”). There are four main standards: (i) Mission, Academic Quality and Institutional Effectiveness, and Integrity, (ii) Student Learning Programs and Support Services, (iii) Institutional Resources, and (iv) Leadership and Governance. Each Accreditation Standard is subdivided in several components, for a total of 127 separate standards.

If the ACCJC determines that a community college is out of compliance with Accreditation Standards or Eligibility Requirements, it may issue several levels of sanctions, including a warning, indicating the ACCJC’s concern regarding identified deficiencies. If a college significantly deviates from Accreditation Standards or Eligibility Requirements, it may also be placed on “probation” status. Finally, if a college continues to be significantly out of compliance with Accreditation Standards or Eligibility Requirements, or fails to properly respond to ACCJC recommendations with respect to identified deficiencies, the ACCJC may place the affected college on a “show cause” status, requiring the affected institution to show cause why its accreditation should not be withdrawn at the end of the stated period. For a community college district issued such show cause status, ACCJC policies require the development of a closure plan for the affected college, to become operative in the event such district is unable to remedy the identified deficiencies. The requirement to develop a closure plan ensures that all those affected by the potential loss of accreditation are informed as early as possible, and that the affected district has a contingency plan for the completion of programs by students, the securing of confidential student and employee records, and the disposition of assets of the affected college. The ACCJC’s policy, however, does not address State or federal laws that could bear on the ability of a community college district to close a college. Therefore, the development of a closure plan, as required by the ACCJC, should not be seen as an affirmative election to close an affected college.

The ACCJC has also adopted a policy creating “restoration” status, pursuant to which an institution that has been notified of the pending termination of its accreditation may submit a request to the ACCJC for restoration of its accredited status, which request must be accompanied by an eligibility report demonstrating compliance with ACCJC Eligibility Requirements. The request, if granted, is followed by a comprehensive evaluation to determine eligibility and an institutional self-evaluation. If the Eligibility Requirements are met, and the institution demonstrates an ability to meet all ACCJC Accreditation Standards within a two year period, the restoration status will be granted. During the

restoration period, the accredited status of the institution continues. If either (i) restoration status is not granted or (ii) Accreditation Standards or Eligibility Requirements are not met at the conclusion the two year period, the termination decision is reactivated, with an immediate effective date. In either such instance, the right to request further review or appeal is not available.

[TO BE CONFIRMED] Each of the colleges operated by the Districts is currently fully accredited by the ACCJC, and is not currently facing any ACCJC sanctions.

## **Risk Management**

Each of the Districts is exposed to various risks associated with loss related to torts, damage and destruction of assets, errors and omissions, employee injuries, cyber intrusions and natural disasters. Each District addresses these risks through some combination of commercial insurance, self-insurance, and participation in certain public entity risk pools, which collectively provide coverage that is adequate, customary and comparable with such insurance maintained by similarly situated community college districts.

## **Retirement Programs**

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the Districts regarding their annual contributions thereto, as shown in APPENDIX J, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by any of the Districts.*

**STRS.** All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). 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 and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:



**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

*Source: AB 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

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

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

*Source: AB 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 (“SB 90”) into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher’s Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State’s 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 16.02% in fiscal year 2021-22. See “—State Assistance” herein.

For more information regarding each District’s recent STRS contributions, see, see APPENDIX J – “SELECTED FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE PARTICIPATING DISTRICTS – CalSTRS and CalPERS” herein.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2020-21. The State’s contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the “SBPA”), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the Public Employees’ Retirement System (“PERS”). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund (“PERF”). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The actuarial determined employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects the redirection of funds by the State’s 2020-21 Budget, that were previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). The State’s 2020-21 State Budget projects an employer contribution rate of 22.84% in fiscal year 2021-22. See “—State Assistance” herein. 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 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2020-21. See “—California Public Employees’ Pension Reform Act of 2013” herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees’ Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 was 19.721%. See “—State Assistance” herein

For more information regarding each District’s recent PERS contributions, see, see APPENDIX J – “SELECTED FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE PARTICIPATING DISTRICTS – CalSTRS and CalPERS” herein.

***State Pension Trusts.*** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com); (ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

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 following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2018-19**

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)<sup>(2)</sup></u>	<u>Unfunded Liability (MVA)<sup>(2)</sup></u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

  

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2018-19 <sup>(5)</sup>	99,528	68,177	31,351	-- <sup>(4)</sup>	-- <sup>(4)</sup>

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) On April 21, 2020, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2020-21 and released certain actuarial information to be incorporated into the June 30, 2019 actuarial valuation to be released in the latter half of 2020.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30,

2017 actuarial evaluation (the “2017 STRS Actuarial Valuation”), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS 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 Analysis, 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 Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS 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, for which 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. See “RISK FACTORS – Considerations Regarding COVID-19” herein.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. 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 a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018

actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went 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 (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include 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 with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released 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.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled 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. Similarly, 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 increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS 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 (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("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.

### **Post-Employment Benefits**

Each of the Districts provide certain post-employment medical, dental and/or vision insurance benefits (also known as “OPEBs”) to eligible retirees thereof and, in certain instances, their spouses, in accordance with their respective labor contracts. All of these agreements place limits on the costs to the Districts to provide these benefits and term for which benefits are provided to retirees.

***GASB Statement Nos. 74 and 75.*** On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, “GASB 74” and “GASB 75”) with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized the financial statements for each of the Districts for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the Districts first recognized GASB No. 75 in their financial statements for fiscal year 2017-18.



For more information regarding each District's accrued liability with respect to OPEBs, see APPENDIX J – "SELECTED FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE PARTICIPATING DISTRICTS – Post-Employment Benefits."

### **Financial Information**

District audited and budgeted financial information for each District are included in APPENDIX B – "DISTRICT FINANCIAL INFORMATION." Certain other general and financial information regarding the Districts is included in APPENDIX J.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAXES AND APPROPRIATIONS**

### **Article XIII A of the California Constitution**

On June 6, 1978, the California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to 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 State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. 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. Determined in this manner, the "full cash value" is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value.

Article XIII A requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast of the proposition, but only if certain accountability measurers are included in the proposition. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

***Property Tax Ballot Measures.*** On May 29, 2020, a proposed voter initiated ballot initiative became eligible and subsequently qualified 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 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 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.

On July 1, 2020, a legislatively referred constitutional amendment was filed with the Secretary of State and subsequently qualified for the November 2020 Statewide ballot (“Proposition 19”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19 would amend Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The District cannot predict whether either Proposition 15 or Proposition 19 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 either Proposition 15 or Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

### **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, the Districts 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various

jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a District continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

### **Unitary Property**

Some amount of property tax revenue of each participating District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (the “SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the Districts) according to statutory formulae generally based on the distribution of taxes in the prior year. To the extent a District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s financing formula for community college districts. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues.”

### **Article XIII B of the California Constitution**

Article XIII B of the State Constitution (“Article XIII B”), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines

(a) “change in the cost of living” with respect to school districts and community college districts (collectively, “K-14 school districts”) to mean the percentage change in California per capita income from the preceding year, and

(b) “change in population” with respect to K-14 school districts to mean the percentage change in the average daily attendance (or FTES) of such district from the preceding fiscal year.

For fiscal years beginning on or after December 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “—Propositions 98 and 111” below.

### **Article XIII C and Article XIII D of the California Constitution**

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

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits such agencies from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The Districts do not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. They do, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the Counties pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the Districts, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the Districts thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the Districts.

### **Proposition 98**

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and

Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount, instead of being returned to taxpayers, are transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts, and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State’s budgets in a different way than is proposed in the Governor’s Budget.

### **Proposition 111**

On June 5, 1990, the voters of California approved the “Traffic Congestion Relief and Spending Limitation Act of 1990 (“Proposition 111”), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the “change in the cost of living” is now measured by the change in California per capita personal income. The definition of “change in population” specifies that a portion of the State’s spending limit is to be adjusted to reflect changes in student attendance.
- b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the districts’ minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the K-14 school districts’ base expenditures for calculating their entitlement

for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

- c. Exclusions from Spending Limit. Two new exclusions were added to the calculation of appropriations which are subject to the Article XIII B spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the Legislature, and (ii) any increases in gasoline taxes above the current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (Test 1) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (Test 2). Under Proposition 111, schools and community colleges will receive the greater of (1) Test 1, (2) Test 2, or (3) a Test 3, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, schools and community colleges will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools and community colleges (also referred to as a "maintenance factor" which will be paid in future years when State general fund revenue growth exceeds personal income growth.

## **Proposition 1A and Proposition 22**

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the LAO on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

### **Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

### ***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 either 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 a 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 a 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 55**

The California Children’s Education and Health Care Protection Act of 2016 (also known as “Proposition 55”) is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

### **Proposition 2**

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in Fiscal Year 2020-21 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the



10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, 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. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (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 PSSSA 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 PSSSA 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 PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA 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.

### **Future Initiatives**

Article XIII A, Article XIIB, Article XIIC and Article XIID of the California Constitution and Propositions 98, 46, 39, 22, 26 and 30 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 revenues of the Districts or the Districts’ ability to expend revenues. The nature and impact of these measures cannot be anticipated by the Districts.

## TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Special Counsel, interest on the Notes represented by the Note Participations is exempt from State of California personal income tax.

Special Counsel's opinion as to the exclusion from gross income of interest on the Notes represented by the Note Participations is based upon certain representations of fact and certifications made by the Districts and others and is subject to the condition that the Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes to assure that interest on the Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Notes represented by the Note Participations to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note Participations. The Districts have covenanted to comply with all such requirements.

Although Special Counsel has rendered an opinion that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes provided that the Districts continue to comply with certain requirements of the Code, the ownership of the Note Participations and the accrual or receipt of interest with respect to the Note Participations may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Notes represented by the Note Participations, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Note Participations.

SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE NOTE PARTICIPATIONS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OR THE MARKET VALUE OF THE NOTE PARTICIPATIONS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE NOTE PARTICIPATIONS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE NOTE PARTICIPATIONS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE NOTE PARTICIPATIONS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE NOTE PARTICIPATIONS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE NOTE PARTICIPATIONS.

The amount by which a Owner's original basis for determining gain or loss on the sale or exchange of a Note Participation (generally the purchase price) exceeds the amount payable on maturity constitutes amortizable premium which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Owner's basis in the Note Participation (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a

result of the amortization of bond premium may result in an Owner realizing a taxable gain when the Note Participation is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Note Participation to the Owner. Purchasers should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Note Participations will be selected for audit by the IRS. It is also possible that the market value of the Note Participations might be affected as a result of such an audit (or by an audit of similar obligations).

Special Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Special Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Notes represented by the Note Participations for federal income tax purposes with respect to any Note Participation if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

A copy of the proposed form of opinion of Special Counsel is attached hereto as APPENDIX G. Special Counsel expresses no opinion therein on the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Note Participations.

## **LITIGATION**

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution or delivery of the Note Participations, the Trust Agreement or the Notes or in any way contesting or affecting the validity of the foregoing or, any action of the Districts taken with respect to any of the foregoing.

There is no litigation pending or, to the knowledge of the respective Districts, threatened, questioning the existence of the Districts, or the title of the officers of the respective Districts to their respective offices, or the power and authority of the Districts to issue and deliver the Notes or the Trustee to execute and deliver the related Note Participations.

## **RATING**

Standard & Poor’s Rating Service, a Standard & Poor’s Financial Services, LLC business (“S&P”) has assigned a rating of “\_\_\_” to the Note Participations and the Notes. The Districts supplied certain information to S&P to be considered in evaluating the Note Participations. The ratings reflect only the view of S&P, and any explanation of the significance of such rating on the Note Participations should be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency issuing such ratings if, in its judgment, circumstances so warrant. The Districts undertake no responsibility to oppose any downward revision or withdrawal of the ratings. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Note Participations.

## **UNDERWRITING**

Piper Sandler & Co. (the “Underwriter”) has contracted to purchase the Note Participations pursuant to a note participation purchase agreement (the “Purchase Agreement”) by and among the

Underwriter and the Districts. The Underwriter has contracted to purchase the Note Participations at a purchase price of \$ \_\_\_\_\_ (representing the principal amount of \$ \_\_\_\_\_ plus net original issue premium of \$ \_\_\_\_\_, and less the Underwriter's discount of \$ \_\_\_\_\_). The obligation of the Underwriter to make such purchases is subject to certain terms and conditions set forth in such Purchase Agreements.

The Underwriter may offer and sell Note Participations to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

## CONTINUING DISCLOSURE

### Material Events Undertaking

Pursuant to the Trust Agreement, each of the Districts have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board (the "Repository"), in a timely manner, but in no event more than 10 days after the occurrence thereof, notice of the following "Listed Events" with respect to such District's Note and the Note Participations: (1) principal and interest payment delinquencies; (2) defeasances; (3) tender offers, (4) rating changes; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB), (6) unscheduled draws on debt service reserves reflecting financing difficulties; (7) unscheduled draws on the credit enhancement reflecting financial difficulties; (8) substitution of credit or liquidity providers, or their failure to perform; (9) bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule, as defined herein) of the District; or (10) 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.

The Districts have also agreed to give, or cause to be given, to the Repository, in a timely manner, but in no event more than 10 days after the occurrence thereof, notice of the following Listed Events, if deemed material pursuant to the terms of the Trust Agreement: (1) non-payment related defaults; (2) modifications to rights of Owners and beneficial owners of the Note Participations; (3) optional, contingent or unscheduled bond calls; (4) unless described by clause (5) of the preceding paragraph, material notices or determinations with respect to the tax status of the Note and the Note Participations, or other material events affecting the tax-exempt status of the Note and the Note Participations; (5) the consummation of a merger, consolidation, or acquisition involving a District or the sale of all or substantially all of the assets of such District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (6) appointment of a successor or additional Trustee or the change of name of such Trustee; (7) release, substitution or sale of property securing repayment of the Notes, if any; or (8) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect holders of the Note Participations.

For purposes of the foregoing, a "Financial Obligation" is defined to be (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the SEC Rule 15c2-12(b)(5) (the "Rule")

These covenants have been made in order to assist the Underwriter in complying with Rule. The undertakings regarding material event disclosure set forth in the Trust Agreement may be amended, and any provision thereof may be waived, by written agreement of the parties thereto, without the consent of the Owners of the Note Participations (except to the extent required under clause (3)(ii) below), if all of

the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Participants or the type of business conducted thereby; (2) the undertakings therein as so amended or waived would, in the opinion of nationally recognized Special Counsel expert in federal securities laws addressed to the Districts and the Trustee, have complied with the requirements of the Rule at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of the Owners, or (ii) does not, in the opinion of the nationally recognized Special Counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, materially impair the interests of the owners of Note Participations; and (4) the Participants shall have delivered copies of such opinions and amendment to each Repository.

The Districts' obligations under the Trust Agreement shall terminate upon the defeasance or payment in full of all of the Notes and the Note Participations. The undertakings in the Trust Agreement relating to continuing disclosure shall inure solely to the benefit of the Districts, the Trustee, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

See also APPENDIX F – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT.”

#### **Prior Continuing Disclosure Obligations**

[TO COME].

#### **CERTAIN LEGAL MATTERS**

At the time of the delivery of the Note Participations, Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, Special Counsel, will deliver its final approving opinions in the forms set forth in APPENDIX G. Stradling Yocca Carlson & Rauth is also acting as Disclosure Counsel with respect to the execution and delivery of the Note Participations. A copy of such approving opinions will be available for delivery with each certificate representing a beneficial interest in the Note Participations. Certain legal matters will be passed upon for the Underwriter by \_\_\_\_\_.



## **APPENDIX A**

### **NOTE AMOUNT BY DISTRICT AND COVERAGE ANALYSIS**

This Appendix contains tables listing the participating Districts, the principal amount of the Note being issued by each such District, the principal amount of the Note of such District as a percentage of the principal amount of the Note Participations, and projected note payment coverage for each District.

**APPENDIX B**  
**DISTRICT FINANCIAL INFORMATION**



## **APPENDIX C**

### **CASH FLOWS AND ALTERNATIVE CASH RESOURCES**

This Appendix contains current and projected cash flows and a description of alternative cash resources for each District. The projected cash flow amounts are projections only; there can be no assurance that such projections will be realized. Further, investors should note that amounts shown as alternative cash resources for a District will not necessarily be available for the payment of the Note of such District.

**APPENDIX D**

**REPAYMENT MONTHS, PERCENTAGES AND AMOUNTS**

## **APPENDIX E**

### **INVESTMENT OF NOTE PROCEEDS**

This Appendix contains a description of each District's current intention with respect to the investment of its Note proceeds. There can be no assurance that the actual manner in which a District invests its Note proceeds will not differ from the manner in which such District currently anticipates it will invest such proceeds.

## **APPENDIX F**

### **DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT**

The following is a brief summary of certain provisions of the legal documents related to the Note Participations which are not described in the Official Statement to which this Appendix is attached. This summary is not intended to be definitive and is qualified in its entirety by reference to the fully executed Trust Agreement and Note Resolutions for the complete terms thereof. Copies of the Trust Agreement and Note Resolutions are available upon request from the respective Local Agencies.

**APPENDIX G**

**PROPOSED FORM OF SPECIAL COUNSEL OPINION**

Participants identified  
in the Trust Agreement \_\_\_\_\_, 2020

§ \_\_\_\_\_  
*CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS  
SERIES A*

Ladies and Gentlemen:

We have acted as special counsel to various Districts (the “Participants”), in connection with the execution and delivery of (i) \$ \_\_\_\_\_ aggregate principal amount of the California Community College Districts Tax and Revenue Anticipation Note Program Fiscal Year 2020-21 Note Participations, Series A (the “Note Participations”), evidencing and representing fractional and undivided interests in the tax and revenue anticipation notes (the “Notes”) issued by the Participants identified in the Trust Agreement (as hereinafter defined) and identified in the Official Statement, dated \_\_\_\_\_, 2020 (the “Official Statement”), relating to the Note Participations, and the debt service payments on the Notes to be made by the Participants. The Note Participations are executed and delivered pursuant a trust agreement, dated as of \_\_\_\_\_ 1, 2021, by and among U.S. Bank National Association (the “Trustee”) and the Participants (the “Trust Agreement”). Each Note is issued pursuant to and by authority of a resolution of each respective Participant, each passed and adopted (collectively, the “Resolutions”) under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and designated the respective Participant’s “2020-2021 Tax and Revenue Anticipation Note.”

In connection with the execution and delivery of the Note Participations, we have reviewed the Trust Agreement, the Resolutions, the Notes, opinions of counsel to the Participants regarding issuance of the Notes by the Participants and the adoption, legality, validity and enforceability of the Resolutions, the Notes and other matters, the opinion of counsel to the Trustee, certificates of the Participants regarding tax and other matters (the “Certificates”), certificates of the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Certificates and other relevant documents may be changed and certain actions (including, without limitation, prepayment of the Note Participations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to the effect on any Note or the tax-exempt status of the interest thereon, as evidenced and represented by the Note Participations, if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

It is possible that subsequent to the issuance of the Note Participations there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that

affect the federal, state, or local tax treatment of the Note Participations or the market value of the Note Participations. No assurance can be given that subsequent to the issuance of the Note Participations such changes or interpretations will not occur.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Note Participations has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Participants. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Trust Agreement and the Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced and represented by the Note Participations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Notes, the Trust Agreement and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities such as the Participants in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the official statement or other offering materials relating to the Notes or the Note Participations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. Each Note constitutes the valid and binding obligation of the respective issuing Participant. The principal of and interest on each Note are secured by and payable from the Pledged Revenues (as that term is defined in the respective Resolution) of the issuing Participant and, to the extent not so paid, are payable from any other moneys of such Participant lawfully available therefore.

2. The Resolutions have been duly adopted by the Participants and each constitutes a valid and binding obligation of the respective Participant.

3. The Trust Agreement, assuming due authorization, execution and delivery by the Participants and the Trustee, constitutes the valid and binding obligations of, the respective Participants which are a party thereto.

4. The Note Participations, upon execution and delivery thereof by the Trustee, are entitled to the benefits of the Trust Agreement.

5. Interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest is not a specific preference item for purposes of calculating the federal alternative minimum tax imposed on individuals. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of such interest represented by, the Note Participations.

Respectfully submitted,

STRADLING YOCCA CARLSON & RAUTH

## APPENDIX H

### THE BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC and neither the Districts, nor the Underwriter take any responsibility for the completeness or accuracy thereof. The Districts, the Underwriter cannot and do 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 Note Participations, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note Participations, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note Participations, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Note Participations. The Note Participations will be prepared in the form of 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 security certificate will be executed and delivered for each maturity of the Note Participations, 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). However, the information contained on such website is not incorporated herein by any reference.

Purchases of the Note Participations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note Participations on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Note Participations 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 the Note Participations, except in the event that use of the book-entry system for the Note Participations is discontinued.

To facilitate subsequent transfers, all Note Participations 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 the Note Participations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note Participations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note Participations 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 the Note Participations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Note Participations, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Note Participations may wish to ascertain that the nominee holding the Note Participations 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note Participations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest evidenced by the Note Participations 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 Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest evidenced by the Note Participations to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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.

THE DISTRICTS OR THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC

PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTE PARTICIPATIONS FOR PREPAYMENT.

None of the Districts or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest evidenced and represented by the Note Participations paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Note Participations at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Note Participation certificates are required to be printed and delivered.

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

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Districts and the Districts believe to be reliable, but the Districts take no responsibility for the accuracy thereof.

## APPENDIX I

### COUNTY TREASURY POOLS

*The following information concerning the County pooled investment fund for each of the participating Districts (each, a "Treasury Pool") represents the most recent, publicly-available information provided by the respective Treasurer-Tax Collector, or comparable County officer (each, a "Treasurer"), of each respective County, and has not been verified by any of the Districts or the Underwriter. No representations 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. Moreover, no District controls the investments made by its respective County Treasurer in its Treasury Pool, and each Treasury Pool will fluctuate by the amount invested and compositions of the investments during each fiscal year. Accordingly, the Districts cannot make representations regarding the security afforded by investments in their respective Treasury Pools.*

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**APPENDIX J**

**SELECTED FINANCIAL AND DEMOGRAPHIC INFORMATION  
REGARDING THE PARTICIPATING DISTRICTS**

**Full Time Equivalent Students**

The following table shows FTES figures for fiscal years 2018-19 through 2020-21 for each of the participating Districts.

**FULL TIME (FUNDED) EQUIVALENT STUDENTS<sup>(1)</sup>  
Fiscal Years 2018-19 through 2020-21**

<b><u>District</u></b>	<b><u>Fiscal Year 2018-19</u></b>	<b><u>Fiscal Year 2019-20</u></b>	<b><u>Fiscal Year 2020-21<sup>(2)</sup></u></b>
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<sup>(1)</sup> One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in each District may not equal the number of students enrolled in such District. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.

<sup>(2)</sup> Projected.

*Source: The participating Districts*

**Labor Relations**

Employees of the Districts, except supervisors, management and some part-time employees, are represented by the bargaining units noted below.

**BARGAINING UNITS  
Participating Districts**

<b><u>District</u></b>	<b><u>Represented Employees</u></b>	<b><u>Expiration Date of Current Agreement</u></b>
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<sup>(1)</sup> Members of these bargaining units will work under the terms of their expiring labor agreements while new agreements are negotiated.

*Source: The participating Districts.*

**CalSTRS and CalPERS**

The following table shows the Districts' contributions to CalSTRS and CalPERS for fiscal year 2019-20 and 2020-21.

**CALSTRS AND CALPERS CONTRIBUTIONS**  
**Fiscal Year 2019-20 and 2020-21**

<b><u>District</u></b>	<b><u>CalSTRS</u></b>		<b><u>CalPERS</u></b>	
	<b><u>Fiscal Year</u></b> <b><u>2019-20</u></b>	<b><u>Fiscal Year</u></b> <b><u>2020-21</u></b>	<b><u>Fiscal Year</u></b> <b><u>2019-20</u></b>	<b><u>Fiscal Year</u></b> <b><u>2020-21</u></b>

*Source: The participating Districts*

**Assessed Valuation**

The following table summarizes the assessed valuations of the participating Districts for fiscal years 2019-20 and 2020-21.

**ASSESSED VALUATIONS<sup>(1)</sup>**  
**Fiscal Years 2019-20 and 2020-21**

<b><u>District</u></b>	<b><u>Fiscal Year</u></b> <b><u>2019-20</u></b>	<b><u>Fiscal Year</u></b> <b><u>2020-21</u></b>	<b><u>%</u></b> <b><u>Change</u></b>
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<sup>(1)</sup> Includes local secured, utility and unsecured assessed valuations.  
*Source: California Municipal Statistics.*

**Post-Employment Benefits**

The following table shows information with respect each District's post-employment benefit liabilities.

**POST-EMPLOYMENT BENEFIT LIABILITIES**  
**Fiscal Year 2020-21<sup>(1)</sup>**

<u>District</u>	<u>Most Recent Valuation Date</u>	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>2019-20 Contribution</u>
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<sup>(1)</sup> Reflects segregated assets, if any, actuarial accrued liability (gross of any segregated assets), and annual required contribution, all as of the most recent valuation date.

Source: The participating Districts.

**Debt Profile**

The following table summarizes outstanding long-term debt of each of the Districts, as of the fiscal year ending June 30, 2019.

**OUTSTANDING LONG-TERM DEBT  
As of June 30, 2020**

<u>District</u>	<u>General Obligation Bonds</u> <sup>(1)</sup>	<u>Lease Obligations</u> <sup>(2)</sup>	<u>Other Liabilities</u> <sup>(3)</sup>	<u>Net OPEB Obligation/ (Asset)</u> <sup>(4)</sup>
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<sup>(1)</sup> Includes, as applicable, bond anticipation notes and capital appreciation bonds, including compounded interest and amortized premium with respect thereto.

<sup>(2)</sup> Includes, as applicable, general fund obligations such as certificates of participation, lease revenue bonds, equipment loans, capital leases and other loans.

<sup>(3)</sup> Includes, as applicable, compensated absences, early retirement incentives, supplemental retirement plans, and vested leaves of absence (also known as “load banking”).

<sup>(4)</sup> [TO COME].

*Source: Participating Districts’ audited financial statements for fiscal year 2019-20.*

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TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION, as Trustee,

and

CERTAIN CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
NAMED HEREIN

with respect to

CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS  
SERIES A

Dated as of \_\_\_\_\_ 1, 2021

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## TRUST AGREEMENT

This Trust Agreement (the “Trust Agreement”), dated as of \_\_\_\_\_ 1, 2021, by and among U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (as defined herein), and the community college districts named in Schedule I hereto, or their successor or assigns (each, a “Community College District” or collectively the “Community College Districts”), as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith;

### W I T N E S S E T H:

WHEREAS, the Community College Districts have determined to simultaneously issue Tax and Revenue Anticipation Notes (individually, a “Note,” and collectively, the “Notes”) all having the same maturity date and in the respective principal amounts set forth in Schedule I hereto, and to deposit the Notes with the Trustee and participate in the California Community College Districts Tax and Revenue Anticipation Note Program (the “Program”); and

WHEREAS, each Community College District is a participant in the Program; and

WHEREAS, each Community College District participating in the Program desires to have its Note marketed together with certain Notes issued by other Community College Districts as a series of Note Participations (defined herein) participating in the Program in order to achieve a lower net interest cost and lower costs associated with issuing its Note; and

WHEREAS, each Community College District has designated the Trustee to act as its trustee with respect to the funds received by the Community College District from the sale of its Note and with respect to the moneys paid by the Community College District in satisfaction of its Note; and

WHEREAS, each Community College District participating in the Program has executed a Pricing Confirmation (defined herein), confirming the sale to the Purchaser (defined herein) of its Note and the Note Participations which evidence and represent proportionate and undivided interests in its Note and the Notes issued simultaneously by the other Community College Districts; and

WHEREAS, each Community College District participating in the Program has authorized and directed the Trustee to execute and deliver on its behalf pursuant to the terms of the Trust Agreement, the Note Participations; and

WHEREAS, the Trustee, pursuant hereto accepts the deposits of the Notes by the Community College Districts; and

WHEREAS, in consideration of such deposits and the execution and entering into of the Trust Agreement, the Trustee has agreed to execute and deliver the Note Participations, as more fully described herein, in an aggregate principal amount equal to the aggregate principal amount of the Notes, each evidencing and representing a proportionate, undivided interest in such Notes; and

WHEREAS, the issuance of the Notes and the approval of the execution and delivery of the Trust Agreement and the Note Participations have been in all respects duly and validly authorized by the governing boards of the Community College Districts pursuant to the Note Resolutions (defined herein); and

WHEREAS, the Note Participations and the form of assignment to be endorsed thereon are to be substantially in the form set forth in Exhibit A, with necessary or appropriate variations, omissions and insertions, as permitted or required hereby, and the text of such Note Participation shown as appearing on the back of such Note Participation may be inserted on the front thereof in place of the paragraph referring to such text; and

WHEREAS, the Trustee has accepted the trust created by this Trust Agreement and in evidence thereof has joined in the execution hereof; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Trust Agreement, and delivery of the Note Participations do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Note Participations and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Authorized Denomination” means \$5,000 or any multiple thereof.

“Authorized Community College District Representative” means the person or persons designated as such in the Community College District Note Resolution or any other person at the time designated to act on behalf of such Community College District by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such Community College District by an Authorized Community College District Representative.

“Business Day” means any day except Saturday, Sunday or any day on which banks located in the city in which the Designated Office of the Trustee is located are required or authorized to remain closed.

“Certificate” or “Request” with respect to a Community College District means an instrument in writing signed by an Authorized Community College District Representative on behalf of such Community College District, or an instrument in writing signed by an Authorized Community College District Representative.

“Code” means the Internal Revenue Code of 1986 and the regulations issued or applicable thereunder.

“Community College District” or “Community College Districts” has the meaning assigned in the recitals hereto.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to a Community College District and related to the authorization, execution and delivery of the Notes and the related sale of the Note Participations, including, but not limited to, costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Note Participations and any other costs, charges or fees in connection with the original execution and delivery of the Note Participations and the issuance of the Notes.

“Costs of Issuance Fund” means the fund by that name established in Section 3.02 for the payment of Costs of Issuance associated with the Note Participations.

“Defaulted Note” means a Note any of the principal of or interest on which is not paid when due.

“Default Rate” means the rate of interest per annum payable with respect to the outstanding portion of each Defaulted Note, which rate shall equal the Note Rate.

“Designated Office of the Trustee” means the corporate trust office of the Trustee, which, for the Trustee initially appointed hereunder, is located in Los Angeles, California, *provided* that a different office may be designated by the Trustee in writing to the.

“Interest Fund” means the fund by that name established in Section 3.02 for the payment of interest with respect to the Note Participations.

“Interest Payment Date” means the Maturity Date.

“Maturity Date” means \_\_\_\_\_, 2021.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under any by virtue of the laws of the State of Delaware, and its successors and assigns.

“Municipal Advisor” means Keygent LLC, or any other successor thereto.

“Note Participation Payment Fund” means the fund by that name established in Section 3.02, into which the Trustee, pursuant to Section 5.01, shall deposit all principal and interest payments received by the Community College Districts.

“Note Participations” means the \$ \_\_\_\_\_ California Community College Districts Tax and Revenue Anticipation Note Program Fiscal Year 2020-21 Note Participations, Series A, as authorized hereby and at any time Outstanding hereunder that are executed and delivered by the Trustee under and pursuant to Article II.

“Note Payment Deposit Date” means \_\_\_\_\_, 2021.

“Note Rate” means the stated rate of interest payable on the Notes.

“Note Resolutions” means the respective resolutions adopted by the boards of trustees of the Community College Districts authorizing the issuance of the Notes and approving the execution and delivery of this Trust Agreement and the Note Participations.

“Notes” has the meaning assigned in the recitals hereto.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Community College Districts.

“Outstanding,” when used as of any particular time with reference to Note Participations, means (subject to the provisions of Section 9.02) all Note Participations except —

(1) Note Participations cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Note Participations paid or deemed to have been paid within the meaning of Section 10.01; and

(3) Note Participations in lieu of or in exchange or substitution for which other Note Participations shall have been executed and delivered by the Trustee hereunder.

“Owner” means the registered owner of any Outstanding Note Participation.

“Payment Account Deposit Certification” means a certification of the Community College District in the form set forth in Exhibit C hereto that the deposit required to be made to the Payment Account pursuant to the Note Resolution has been made.

“Payment Accounts” means the payment accounts created by the Community College Districts pursuant to the Note Resolutions.

“Payment Subaccount” means any subaccounts held on behalf of the Community College Districts by the Trustee in any of the Note Participation Payment Fund.

“Permitted Investments” means any of the following to the extent then permitted by law:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by

the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Obligations of instrumentalities or agencies of the United States of America. These are specifically limited to:
  - Federal Home Loan Mortgage Corporation (FHLMC) Participation Certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) Debt Obligations
  - Federal Home Loan Banks (FHL Banks) Consolidated debt obligations
  - Federal National Mortgage Association (FNMA) (i) Debt Obligations and (ii) Mortgage backed securities (excluding stripped mortgage securities-which are purchased at prices exceeding their principal amounts).

Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.

3. Federal Housing Administration debentures.
4. Commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated "A+" by S&P and "Prime-1" by Moody's.
5. Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits: (a) must be continuously and fully insured by BIF or SAIF, or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated "A+" by S&P and "Prime-1" by Moody's.
6. Money market mutual funds or portfolios investing in short-term US Treasury securities rated "AAAm" or "AAAm-G" by S&P and "Aaa" by Moody's, including those which the Trustee and its affiliates or subsidiaries provide advisory or management services.
7. Investment agreements which are with investment institutions, or with a financial entity whose obligations are guaranteed or insured by a financial entity, having long-

term obligations which are rated “AA” or higher by S&P and “Aa” or higher by Moody’s as to long term instruments and which are approved by S&P and Moody’s; provided that if such rating falls below “AA-” or “Aa3,” by S&P or Moody’s, respectively, the investment agreement shall require the Trustee to replace such financial institution or shall provide for the investment agreement to be collateralized at levels and under such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach).

8. The Local Agency Investment Fund administered by the State of California.
9. Shares of beneficial interests in investments purchased by the Investment Trust of California, doing business as *CalTRUST*, a joint powers authority created pursuant to Section 6509.7 of the California Government Code.
10. For each Community College District, the county-administered investment pool in which such Community College District invests its general fund monies.

“Pricing Confirmation” means that certain Pricing Confirmation of each Community College District attached to the Purchase Agreement, as agreed and accepted by the Community College Districts.

“Principal Fund” means the fund by that name established in Section 3.02 for the payment of principal with respect to the Note Participations.

“Principal Payment Date” means the date on which principal evidenced and represented by the Note Participations becomes due and payable, being the Maturity Date.

“Proceeds Fund” means the fund by that name established in Section 3.02 for the payment of principal with respect to the Note Participations.

“Program” has the meaning assigned in the recitals hereto.

“Purchase Agreement” means that certain note participation purchase agreement by and between each of the respective Community College Districts and the Purchaser relating to the Notes and the Note Participations.

“Purchaser” means the original purchaser of the Note Participations evidencing and representing interests in the Notes.

“Rating Agency” means each national rating agency then maintaining a rating on the Note Participations.

“Repayment Month” means those months identified as pledge months in the Purchase Agreements executed by each Community College District.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business.

“Trust Agreement” has the meaning assigned in the recitals hereto.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as Trustee as provided in Section 8.02.

“Unrestricted Revenues” means taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other monies of each Community College District (including monies deposited in inactive or term deposits, but excepting certain monies encumbered for a special purpose), received in or accrued to each Community College District’s 2020-21 Fiscal Year, and lawfully available for the payment of such Community College District’s Note.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Note Participations by the Owners, the Trust Agreement shall be deemed to be and shall constitute a contract among the Trustee, the Community College Districts and the Owners to secure the full and final payment of the interest and principal evidenced and represented by the Note Participations, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to benefit, protection or security of any Note Participations over any other Note Participations by reason of the number or date thereof or the time of execution or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### CONDITIONS AND TERMS OF NOTE PARTICIPATIONS

SECTION 2.01. Preparation of Note Participations. The Trustee is hereby authorized and directed to authenticate the Note Participations in the aggregate principal amount of \$ \_\_\_\_\_. The Note Participations evidence and represent proportionate and undivided interest in the aggregate principal amount of the Notes. The Note Participations shall be initially delivered in the form of one series of Note Participations and shall be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (“DTC”). The Community College Districts hereby authorize the Trustee to execute a letter of representations to be delivered to DTC in connection with the delivery of the Note Participations (the “Representation Letter”).

Each Community College District participating in the Program is the Community College District of its Note which, when combined with the Notes of the other Community College Districts, shall be evidenced by the Note Participations, such that the Note Participations shall represent a proportionate and undivided interest in Notes. Each Community College District participating in the Program is severally, and not jointly, liable on the Note Participations, in the proportion that the face amount of such Community College District’s Note bears to the total aggregate face amount of the Notes. Each Community College District has, pursuant to its Note Resolution, authorized and directed the Trustee on behalf of that Community College District to prepare and execute the Note Participations and to deliver the Note Participations to the Purchaser upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement.

SECTION 2.02. Denominations, Medium, Method and Place of Payment and Dating of Note Participations. The Note Participations shall be prepared in the form of fully registered Note Participations in Authorized Denominations. The interest and principal evidenced and represented by the Note Participations shall be payable in lawful money of the United States of America. The interest evidenced and represented by the Note Participations shall be payable on each Interest Payment Date, and the principal evidenced and represented by the Note Participations shall be payable on the Principal Payment Date upon surrender thereof by the respective Owners thereof at the Designated Office of the Trustee. The Trustee may treat the Owner of any Note Participation as the absolute owner of such Note Participation for all purposes, whether or not such Note Participation shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced and represented by such Note Participation shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by such Note Participation to the extent of the sum or sums so paid. All Note Participations paid pursuant to the provisions of this section shall be cancelled and destroyed by the Trustee and shall not be redelivered and a certificate of destruction shall be delivered to the Purchaser.

The Note Participations shall be dated the date of initial execution and delivery thereof and shall evidence and represent principal of the Notes, and interest accrued thereon from such date.

The "Record Date" for purposes of determining ownership of Note Participations on the Registration Books maintained by the Trustee shall be the Business Day immediately preceding each Interest Payment Date on the Note Participations.

SECTION 2.03. Terms of the Note Participations. The Note Participations shall have the Principal Payment Date of \_\_\_\_\_, 2021 and shall evidence and represent proportionate, undivided interests in the aggregate principal of the Notes in the amount of \$\_\_\_\_\_ with interest thereon at the rate of \_\_\_\_\_% per annum and a yield to maturity of \_\_\_\_\_%.

The interest evidenced and represented by the Note Participations shall become due and payable on the Interest Payment Date, and shall be in an amount equal to the interest payments becoming due and payable on the Notes on the Interest Payment Date. The interest payable on the Notes and evidenced and represented by the Note Participations shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal evidenced and represented by the Note Participations shall become due and payable on the Principal Payment Date, without option of prepayment and shall be in an amount equal to the principal becoming due and payable on the Notes on the Principal Payment Date.

SECTION 2.04. Form of Note Participations. The Note Participations and the form of assignment to appear thereon shall be in substantially the forms in Exhibit A hereto, respectively, with appropriate or necessary insertions, omissions and variations as permitted or required thereby or hereby. The Note Participations may be prepared in typewritten, lithographed or printed form.

SECTION 2.05. Execution of Note Participations. The Note Participations shall be executed by the manual signature of an authorized officer of the Trustee.



SECTION 2.06. Transfer and Exchange of Note Participations. All Note Participations are transferable or exchangeable by the Owner thereof, in person or by his attorney duly authorized in writing, at the Designated Office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Note Participations accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Note Participation shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Note Participation or Note Participations of the same series in Authorized Denominations representing the same aggregate principal amount, except that the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Note Participations surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.07. Note Participation Registration Books. The Trustee will keep at its Designated Office sufficient books for the registration of the ownership, transfer or exchange of the Note Participations, which books shall be available for inspection by the Community College Districts or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions during regular business hours; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Note Participations in such books as hereinabove provided. The ownership of any Note Participations may be proved by the books required to be kept by the Trustee pursuant to the provisions of this section.

SECTION 2.08. Temporary Note Participations. The Note Participations may be initially delivered in temporary form exchangeable for definitive Note Participations when ready for delivery, which temporary Note Participations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Note Participation shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Note Participations. If the Trustee executes and delivers temporary Note Participations, it will prepare and execute definitive Note Participations without delay, and in that case, upon demand of the Owner of any temporary Note Participations, such definitive Note Participations shall be exchanged without cost to such Owner for temporary Note Participations at the Designated Office of the Trustee upon surrender of such temporary Note Participations, and until so exchanged such temporary Note Participations shall be entitled to the same benefit, protection and security hereunder as the definitive Note Participations executed and delivered hereunder. All temporary Note Participations surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 2.09. Note Participations Mutilated, Destroyed, Lost or Stolen. If any Note Participation shall become mutilated, the Trustee shall execute and deliver a new Note Participation of like tenor and series in exchange and substitution for the Note Participation so mutilated, but only upon surrender to the Trustee of the Note Participation so mutilated, and every mutilated Note Participation so surrendered to the Trustee shall be cancelled by it. If any Note Participation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee shall execute and deliver a new Note Participation of like tenor, series and Principal Payment Date in lieu of and in substitution for the destroyed, lost or stolen Note Participation. The Trustee may require payment of a sum not exceeding the actual cost of preparing

each new Note Participation executed and delivered by it under this section and of the expenses which may be incurred by it under this section. Any replacement Note Participation executed and delivered under the provisions of this section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Note Participation shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Note Participations executed and delivered hereunder; and the Trustee shall not be required to treat both the original Note Participation and any replacement Note Participation as being Outstanding for the purpose of determining the principal amount of Note Participations which may be executed and delivered hereunder or for the purpose of determining any percentage of Note Participations Outstanding hereunder, but both the original and the replacement Note Participation shall be treated as one and the same. Notwithstanding any other provisions of this section, rather than executing and delivering a new Note Participation for a mutilated, destroyed, lost or stolen Note Participation the Principal Payment Date of which has occurred or is about to occur, the Trustee may make payment of the principal evidenced and represented by such mutilated, destroyed, lost or stolen Note Participation directly to the Owner thereof under such regulations as the Trustee may prescribe.

SECTION 2.10. Special Covenants as to Book-Entry Only System.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, the Note Participations initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC may request. Payment of the principal and interest represented by each Note Participation registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Trustee.

(b) The Note Participations executed and delivered hereunder shall be in the form of a single fully registered certificate for each maturity. Upon initial execution of the Note Participations, the ownership of all such Note Participations shall be registered in the registration records maintained by the Trustee pursuant to Section 2.07 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Trustee, the Community College Districts and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Note Participations registered in its name for the purposes of payment of the principal and interest represented by such Note Participations, selecting the Note Participations or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under the Trust Agreement, registering the transfer of Note Participations, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Trustee nor the Community College Districts shall be affected by any notice to the contrary. Neither the Trustee nor the Community College Districts shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Note Participations under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Note Participations, (iii) any notice which is permitted or required to be given to the Owners under the Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial prepayment of the Note Participations, or (v) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal of and interest represented by the Note Participations only at the times, to the accounts, at the addresses and

otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Note Participations will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that 20% of the Community College Districts determine that it is in the best interests of the Community College Districts or the beneficial owners of the Note Participations that they be able to obtain certificates, the Trustee shall, upon the written instruction of 20% of the Community College Districts, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of certificates. In such event, the Note Participations will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Note Participations at any time by giving written notice of such discontinuance to the Community College Districts and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Note Participations will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the Community College Districts or the Trustee to do so, the Trustee and the Community College Districts will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Note Participations then Outstanding. In such event, the Note Participations will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Note Participations Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by the Note Participation and all notices with respect to each such Note Participations shall be made and given to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event of any transfer or exchange of Note Participations under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Trustee from the Owner thereof of the Note Participations to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.06. In the event Note Participations are executed and delivered to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Note Participations, another securities depository as Owners of all the Note Participations, or the nominee of such successor securities depository, the provisions of Sections 2.02, 2.03 and 2.06 shall also apply to, among other things, the registration, exchange and transfer of the Note Participations and the method of payment of principal, premium, if any, and interest represented by the Note Participations.

ARTICLE III

PROCEEDS OF NOTE PARTICIPATIONS

SECTION 3.01. Delivery of Note Participations. The Trustee is hereby authorized to execute and deliver the Note Participations to the Purchaser upon receipt of a written request of the Community College Districts, the Notes, and the net proceeds of sale of the Note Participations.

SECTION 3.02. Establishment of Funds and Deposit of Proceeds of Note Participations. The Trustee hereby agrees to establish and maintain hereunder, in trust, the Costs of Issuance Fund, the Proceeds Fund, the Note Participation Payment Fund and the Payment Subaccounts therein, the Interest Fund, and the Principal Fund. The proceeds received from the sale of the Note Participations are to be deposited in the following funds in the following amounts:

Costs of Issuance Fund

Proceeds Fund

SECTION 3.03. Use of Money in the Costs of Issuance Fund and the Proceeds Fund; Additional Deposits to Proceeds Fund.

(a) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance in connection with the Note Participations, upon receipt of (i) Requests of each Authorized Community College District Representative, which Requests shall be sequentially numbered (if more than one is submitted), stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund and (ii) an original invoice or invoices or evidence of payment of an invoice when such requisition is in reimbursement thereof. On \_\_\_\_\_, 2021, or on such earlier date upon Request of an Authorized Community College District Representative, amounts, if any, remaining in the Costs of Issuance Fund (and not required to pay identified Costs of Issuance, including any additional fees or expenses of the Trustee) shall be transferred to the Proceeds Fund and credited to and returned by the Trustee by check to such Community College District in proportion to the amounts initially deposited in the Costs of Issuance Fund attributable to each such Community College District, and the Trustee shall close the Costs of Issuance Fund.

(b) All monies in the Proceeds Fund shall be held by the Trustee in trust and applied as provided herein and, pending such application, are hereby pledged to the payment of the Note Participations and shall be subject to a lien and charge in favor and for the further security of the Owners thereof. Funds in the Proceeds Fund shall be credited to each of the Community College Districts initially in amounts set forth in Schedule II, which is attached hereto and made a part hereof. Moneys in the Proceeds Fund shall be disbursed to each Community College District in the amounts set forth in Schedule II relating to such Community College District, as soon as practical, pursuant to a written requisition of a Community College District in substantially the form set forth in Exhibit B attached hereto, submitted in advance of the requested payment date (by facsimile, hand delivery or mail), and once disbursed, shall be held and invested by the Community College District as permitted by law and used and expended for any purpose for which the Community College District is authorized to use and expend moneys. In lieu of submitting a request as described above, a Community College District may cause the net proceeds of from the sale of its Note to be disbursed

directly to such Community College District upon the delivery of its Note. Such a deposit shall not affect the pledge and lien described in this Section 3.03(b).

(c) The Trustee shall not be required to create subaccounts within the Proceeds Fund, but shall keep records to account separately for funds therein attributable to each Community College District. Said record of separate accounting by the Trustee for each Community College District shall be deemed a "Proceeds Subaccount" for the purposes of each Community College District's Note Resolution. To the extent that the Trustee so holds moneys and/or securities in the Proceeds Fund on behalf of a Community College District on the first Business Day of a Repayment Month, such moneys and securities (up to the amount required to be set aside by the Community College District in its Payment Account in such Repayment Month) shall no longer be subject to disbursement and shall be deemed to be held by the Trustee on behalf of the Community College District in the Community College District's Payment Subaccount. In the event that amounts held by the Trustee in the Community College District's Payment Subaccount on the 1<sup>st</sup> business day of a Repayment Month are less than the amount required to be in the Payment Subaccount for such Repayment Month, the Trustee shall immediately notify the Community College District of such deficiency.

#### ARTICLE IV

##### TRUSTEE'S DUTIES REGARDING NOTES

SECTION 4.01. Return of Paid Notes. Each Note, when paid in full, shall be cancelled by the Trustee and returned to the Community College District that issued such Note.

#### ARTICLE V

##### NOTE PAYMENTS

SECTION 5.01. Deposit of Notes. The Notes, as evidenced and represented by the the Note Participations, are hereby irrevocably deposited with and pledged and transferred to the Trustee, who is the registered owner of each Note for the benefit of the Owners of the Note Participations, and the payments on such Notes shall be used for the punctual payment of the interest and principal evidenced and represented by such Note Participations, and such Notes shall not be used for any other purpose while any of such Note Participations remain Outstanding. This deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of the Notes for the foregoing purpose in accordance with the terms hereof. Each Community College District approves and the Trustee hereby accepts the deposit of the Notes.

All principal and interest payments on the Notes shall be paid directly by each Community College District to the Trustee. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms hereof and shall be deposited by it, as and when received, in the appropriate payment subaccount within the Note Participation Payment Fund, which fund the Trustee hereby agrees to maintain so long as any of the Note Participations are Outstanding, and all money in such funds shall be held in trust by the Trustee for the benefit and security of the Owners of such Note Participations to the extent provided herein. If the Trustee receives Note repayments from a Community College District which, together with other amounts on deposit in the Note Participation Payment Fund allocable to such Community College District, are in excess of the amounts required to pay the principal of and interest due on such Community College

District's Note, such excess amounts shall remain in such Note Participation Payment Fund and subject to any rebate requirement as specified in Section 5.08 hereof, and shall be transferred to such Community College District following payment of the principal of and interest on the Note Participations.

Moneys received by the Trustee attributable to a Community College District shall not be used in any manner (directly or indirectly) to make up any deficiency in any other Community College District's Note repayments.

Attached as Exhibit D hereto is a form of Deposit Notice to be used by a Community College District to transfer payments of principal and interest on its Note to the Trustee

SECTION 5.02. Deposit of Money in the Note Participation Payment Fund. The Trustee shall deposit the money contained in the Note Participation Payment Fund at the following respective times in the following respective funds in the manner hereinafter provided, each of which funds the Trustee hereby agrees to maintain so long as the Note Participations are Outstanding, and the money in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized (subject to Section 5.03):

(a) Interest Fund. The Trustee, on each Interest Payment Date, shall deposit in the Interest Fund that amount of money representing the interest becoming due and payable on the Notes. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Note Participations on the Interest Payment Date.

(b) Principal Fund. The Trustee, on the Principal Payment Date, shall deposit in the Principal Fund that amount of money representing the principal becoming due and payable on the Notes. All moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Note Participations on the Principal Payment Date.

SECTION 5.03. Reserved.

SECTION 5.04. Reserved.

SECTION 5.05. Investments. Any money held by the Trustee at any time in any Fund created hereunder shall, to the fullest extent practicable, be invested as directed in writing by an Authorized Community College District Representative in Permitted Investments which will, as nearly as practicable, mature or otherwise be liquidated on or before the dates on which such money is anticipated to be needed for disbursement hereunder. In the absence of any written direction from the California Community College Districts, the Trustee shall invest any money held in any Fund created hereunder in Permitted Investments identified in paragraph 6 of the definition thereof which will mature or otherwise be liquidated on or before the dates on which such money is anticipated to be needed for disbursement hereunder. The amounts held in the Proceeds Fund will be accounted for separately for the respective Community College Districts. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may at its sole discretion, for the purpose of any such investment, commingle any of the money held by it hereunder. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this Section. The Trustee may present for redemption or

sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund, account or subaccount from which such investment was made.

SECTION 5.06. Confirmation of Deposits to Payment Accounts.

(a) (a) The Trustee shall, on the 15th day of each month identified as a Repayment Month in the Pricing Confirmation for each Community College District, except if such Repayment Month is June, in which case on June 1, send a request for a Payment Account Deposit Certification, substantially in the form of Exhibit C attached hereto, requesting that such Community College District confirm and certify that it has made the required deposit (in the amount and on the date specified in the Pricing Confirmation for each Community College District attached to the Purchase Agreement) into its Payment Account created pursuant to its Note Resolution. Such Payment Account Deposit Certification shall be signed by an Authorized Community College District Representative and delivered to the Trustee within seven Business Days after the date of such request. In the event that the Trustee has not received the Payment Account Deposit Certification from a Community College District within seven Business Days following the date such Payment Account Deposit Certification was due from a Community College District, the Trustee shall be entitled to conclude that the deposit into such Community College District's Payment Account has not been made and shall immediately notify each rating agency then rating the Note Participations, the Owners, and the Purchaser, and which event constitutes an "Event of Default" under such Community College District's Note Resolution. Upon the occurrence of such an event, the Trustee shall exercise the rights and remedies set forth in Article VII hereof. Notwithstanding anything to the contrary in this Section, any Community College District for which the Trustee is holding or investing moneys or securities on behalf of said Community College District sufficient to make the deposits required by this Section (which moneys or securities are intended to be that Community College District's Payment Account deposit during such Repayment Month, either pursuant to Section 3.03(c) hereof or through some other arrangement between the Trustee and the Community College District) need not present a Payment Account Deposit Certification; likewise, the Trustee need not send a request for a Payment Account Deposit Certification to said Community College District.

(b) On the Note Payment Deposit Date, the Trustee shall transfer all amounts held by it on behalf of each Community College District to the Note Participation Payment Fund, as described herein.

ARTICLE VI

COVENANTS

SECTION 6.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Note Participations in any manner other than in accordance with the provisions hereof; and the Community College Districts will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by them.

SECTION 6.02. Amendment of Notes. The Community College Districts and the Trustee will not amend or permit the amendment of the Notes without (a)(1) a determination that such amendment does not materially adversely affect the interests of the Owners of the Note Participations or (2) the written consents of the Owners of a majority in aggregate principal amount of the Note Participations then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest on such Notes to be included in gross income for federal income tax purposes; *provided* that no such amendment shall reduce the rate of interest or amount of principal, extend the time of payment thereof with respect to any Note, or permit any lien or other encumbrance that is not subordinate to the interests of the Trustee, on behalf of the Owners.

SECTION 6.03. Observance of Laws and Regulations. The Community College Districts will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such observance or performance is material to the transactions contemplated hereby.

SECTION 6.04. Tax Covenants. (a) The Community College Districts will not take any action or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Notes, as evidenced and represented by the Note Participations, under Section 103 of the Code. The Community College Districts will not directly or indirectly use or permit the use of any proceeds of the Note Participations or the obligations which they evidence and represent or any other funds held hereunder or take or omit to take any action that would cause the Note Participations or the obligation which they represent to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations which are “federally guaranteed” within the meaning of Section 149(b) of the Code.

(b) The Community College Districts will not directly or indirectly use or permit the use of any proceeds of the Note Participations or the obligations which they represent or any other funds held hereunder or take or omit to take any action that would cause the Note Participations or the obligations which they evidence and represent to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Community College Districts have covenanted to comply with all requirements of Section 148 of the Code to the extent applicable to the Notes. In the event that at any time any Community College District is of the opinion (which opinion may be based on an Opinion of Counsel), that for purposes of this Section 6.04(b) it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement with respect to such Community College District, such Community College District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

SECTION 6.05. Liens. So long as the Note Participations are Outstanding, the Community College Districts will not create or suffer to be created any pledge of or lien on such Notes other than the pledge and lien hereof.

SECTION 6.06. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with industry standards in which complete and correct entries shall be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee hereunder. Such



records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by any Community College District at any reasonable time during regular business hours on reasonable notice.

SECTION 6.07. Recordation and Filing. The Community College Districts will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Notes under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the rights of the Trustee hereunder, and the Community College Districts will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Notes as provided herein.

SECTION 6.08. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Community College Districts will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

SECTION 6.09. Reserved.

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Action on Default. If

- (a) any default in the payment of principal of or interest on a Note shall occur or be continuing; or
- (b) any other "Event of Default" defined in a Note Resolution shall occur and be continuing; or
- (c) or if any default shall be made by any Community College District in the performance or observance of any other of the covenants, agreements or conditions on its part herein contained and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to such Community College District by either (i) the Trustee or (ii) the Owners of not less than a majority in aggregate principal amount of the Note Participations at the time Outstanding;

then such default shall constitute an “Event of Default” hereunder, and in each and every such case during the continuance of such Event of Default, either the Trustee or such Owners shall be entitled, upon notice in writing to such Community College District, but subject to the provisions of Section 7.05, to exercise the remedies provided to the owner of such Note then in default or under the Note Resolution pursuant to which it was issued which are necessary or desirable to collect the principal of such Note and the interest thereon to maturity.

The Owners of the Note Participations, for purposes of the Trust Agreement and the Note Resolution of the applicable Community College District, to the extent of their interest, shall be treated as owners of the Notes and shall be entitled to all rights and security of the owners of such Notes pursuant to each such Note, the Note Resolution and the Trust Agreement, and shall be treated for all purposes as owners of such Notes. Each Community College District recognizes the rights of the Owners of the Note Participations, acting directly or through the Trustee, to enforce the obligations and covenants contained in such Note, its Note Resolution and the Trust Agreement; *provided* that in no event shall a Community College District be liable for any obligations, covenants or damages except those which arise out of its Note and its Note Resolution, and, in particular, no Community College District shall be liable for any obligations, liabilities, acts or omissions of any other Community College District.

SECTION 7.02. Other Remedies of the Trustee. The Trustee shall have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights hereunder against any Community College District or any supervisor, council member, board member, trustee, member, officer or employee thereof, and to compel such Community College District or any such supervisor, council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Note and Note Resolution, required to be observed or performed by it or him or her;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit in equity upon the happening of any default hereunder to require any Community College District and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

SECTION 7.03. Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, or the Community College Districts, then the Trustee and the

Community College Districts shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.04. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be deposited into a segregated payment account of the Note Participation Payment Fund relating to the defaulting Community College District's Note and be applied by the Trustee after payment of all amounts due and payable under Section 7.04 or 8.03 hereof in the following order upon presentation of all Note Participations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid; *provided* that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and, solely to the extent necessary, rebate or set aside for rebate from the specified funds held hereunder, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Note Participations then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by the Note Participations which shall have become due, in the order of their due dates, with interest on the overdue principal and interest represented by such Note Participations at a rate equal to the Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to such Note Participations on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

SECTION 7.05. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

SECTION 7.06. Exercise of Remedies; Relative Rights of the Note Participation Owners. Upon the exercise by an Owner, or the Trustee of its right of action to institute suit directly against a Community College District to enforce payment of the obligation evidenced and represented by such Owner's Note Participation, any moneys recovered by such action shall be deposited with the Trustee and applied as provided in Section 7.04 and in this Section 7.06.

SECTION 7.07. Limited Liability of the Community College Districts. Except as expressly provided in the Notes and Note Resolutions, the Community College Districts shall not have any obligation or liability to the the Trustee, or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Note Participations or the receipt, deposit or disbursement of the principal of and interest on the Notes by the Trustee, or

with respect to the performance by the Trustee of any obligation contained herein required to be performed by it; provided that nothing in this section 7.07 shall restrict or terminate the obligations of any Community College District with respect to amounts due and payable thereby to the Owners pursuant to the Note Participations.

Notwithstanding anything to the contrary herein or in any Note or document referred to herein, no Community College District shall incur any obligation under Article VII, Section 3.03(b) or Section 5.01 or otherwise hereunder, except to the extent payable from Unrestricted Revenues, nor shall any Community College District incur any obligation on account of any default, action or omission of any other Community College District.

SECTION 7.08. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Notes by the Community College Districts, or with respect to the observance or performance by the Community College Districts of the other agreements, conditions, covenants and terms contained in the Notes and the Note Resolutions, other than with respect to such amounts that are delivered or otherwise paid to the Trustee to be applied to an Outstanding Note Participations.

## ARTICLE VIII

### THE TRUSTEE

SECTION 8.01. Employment and Duties of the Trustee. The Community College Districts hereby appoint and employ the Trustee to receive, deposit and disburse the payments on the Notes as provided herein, to prepare, execute, deliver, transfer, exchange and cancel the Note Participations as provided herein, to pay the interest and principal evidenced and represented by the Note Participations to the Owners thereof as provided herein and to perform the other obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Trust Agreement, the Trustee undertakes to perform such obligations (and only such obligations) as are specifically set forth herein, and no implied covenants or obligations shall be read herein against the Trustee.

SECTION 8.02. Removal and Resignation of the Trustee. The Community College Districts may at any time remove the Trustee initially a party hereto and any successor thereto by giving written notice of such removal by mail to the Trustee, all of the Community College Districts, all Owners of Note Participations and such Trustee may at any time resign by giving written notice by mail of such resignation to the the Community College Districts and all Owners of Note Participations. Upon giving any such notice of removal or upon receiving any such notice of removal or resignation, the Community College Districts shall promptly appoint a successor Trustee by an instrument in writing; *provided*, that in the event the Community College Districts do not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a bank or trust company doing business and having a principal corporate trust office either in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus (or the parent holding company of which has a combined capital and surplus) of at least \$75,000,000 and subject to supervision or examination by state or national authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the

requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the written acceptance of the appointment by the successor Trustee.

SECTION 8.03. Compensation of the Trustee. The Community College Districts, solely from amounts held in the Costs of Issuance Fund or paid by the Community College Districts specifically for such purpose, shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services and reimburse the Trustee for all its advances and expenditures hereunder, including, but not limited to, advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations hereunder; *provided*, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against the Community College Districts to recover such compensation or reimbursement.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Community College Districts, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the payments on the Notes, or of the assignment made to it of all rights to receive the payments on the Notes and shall not be deemed to have knowledge of any Event of Default unless and until it shall have actual knowledge thereof or have received written notice thereof at its principal corporate trust office in Costa Mesa, California. The Trustee shall not be accountable for the use or application by the Community College Districts, or any other party, of any funds which the Trustee properly releases to the Community College Districts or which the Community College Districts may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Trust Agreement, any Note Participation, any Note, any Note Resolution, or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in the Trust Agreement), or with respect to any obligation of the Community College Districts.

Whenever in the observance or performance of its rights and obligations hereunder or under the Note Participations the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Community College Districts, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith

thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Note Participations and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Community College Districts, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Community College Districts as freely as if it were not the Trustee hereunder.

The Trustee shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and before taking any remedial action hereunder the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it from all liability thereunder.

The Community College Districts will indemnify the Trustee for any liability incurred by the Trustee as a result of the Trustee executing the Representation Letter on behalf of the Community College Districts.

The Community College Districts agree to indemnify and hold the Trustee, its officers, directors, employees and agents harmless from and against any loss, liability, cost, expense or claim whatsoever which it may incur without negligence or willful misconduct on the Trustee's part, arising out of the acceptance of the duties of the Trustee hereunder and the administration thereof or in the exercise or performance of its powers and duties hereunder, including without limitation those of its attorneys, including the costs and expenses of defending against any claim of liability. Such indemnity should survive the termination and discharge of this Trust Agreement.

The Trustee shall have no responsibility with respect to any information statement, recital or the content of any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Notes and Note Participations.

The Trustee shall not be liable with respect to any action taken or not taken by it at the direction of the Owners of a majority in aggregate principal amount of the Note Participations outstanding relating to the exercise of any right or remedy available to the Trustee or the exercise of any trust or power conferred upon the Trustee hereunder.

The Trustee has executed the Note Participations solely in its capacity as Trustee under this Trust Agreement and is not liable thereon in its individual or personal capacity and all payments to be made thereon by the Trustee shall be made solely from funds held by the Trustee under this Trust Agreement.

SECTION 8.05. Notices to Rating Agencies. The Trustee shall notify each Rating Agency, in writing, upon occurrence of any of the following events: any amendment, supplement or other change to this Trust Agreement from the form originally executed and entered into and any amendment, supplement or other change to any Note or Note Resolution (that the Trustee is aware of); *provided, however,* that the Trustee shall incur no liability for failure to so notify.

## ARTICLE IX

### AMENDMENT OF OR SUPPLEMENT TO THE TRUST AGREEMENT

SECTION 9.01. Amendment or Supplement of Trust Agreement. This Trust Agreement and the rights and obligations of the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Note Participations then Outstanding, exclusive of Note Participations disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest evidenced and represented by any Note Participation or extend the Interest Payment Date or reduce the amount of principal evidenced and represented by any Note Participation or extend the Principal Payment Date thereof without the prior written consent of the Owner of the Note Participation so affected, (2) reduce the percentage of Owners whose consent is required by the terms of this Trust Agreement for the execution of certain amendments hereof or supplements hereto, (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (4) permit any lien or other encumbrance that is not subordinate to the interest of the Trustee, on behalf of the Owners.

Upon the request of the Trustee, any modification, amendment or supplement hereto, the Notes or the Note Participations shall be accompanied by the delivery of an Opinion of Counsel covering such matters as the Trustee may reasonably request.

This Trust Agreement and the rights and obligations of the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding without the written consents of any Owners, in order to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest on the Notes for federal income tax purposes, or, but only to the extent that such amendment shall not materially adversely affect the interests of the Owners, for any other purpose including, without limitation, one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Community College Districts other agreements, conditions, covenants and terms thereafter to be observed or performed by the Community College Districts, or to surrender any right reserved herein to or conferred herein on the Community College Districts;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which any Community College District may deem desirable or necessary; or

(c) to modify, amend or supplement this Trust Agreement or any supplement hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Note Participations for sale under the securities laws of the United States of America or of any of the states of the United States of America and, if twenty percent of the Community College Districts or Bond Counsel so determine, to add to this Trust Agreement or any supplement hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

SECTION 9.02. Disqualified Note Participations. Note Participations held for the account of the Community College Districts (but excluding Note Participations held in any pension or retirement fund of the Community College Districts) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Note Participations provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Note Participations as to which such consent is given are disqualified as provided in this Section.

SECTION 9.03. Procedure for Amendment with Written Consent of the Owners. The Trust Agreement may be amended by supplemental agreement as provided in this Section 9.03 in the event the consent of the Owners is required pursuant to Section 9.01 hereof. A description of the proposed amendment, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee to each Owner of a Note Participation at his address as set forth in the Note Participation registration books maintained pursuant to Section 2.07 hereof, but failure to receive copies of such description and request so mailed shall not affect the validity of the supplemental agreement when assented to as in this Section provided. Nothing herein shall be deemed to require the mailing of the supplemental agreement itself to the Owners.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Note Participations then Outstanding (exclusive of Note Participations disqualified as provided in Section 9.02 hereof) and notices shall have been mailed as hereinafter in this Section provided, and an Opinion of Counsel shall have been delivered (if applicable). Each such consent shall be effective only if accompanied by proof of ownership of the Note Participations for which such consent is given, which proof shall be acceptable to the Trustee. Any such consent shall be binding upon the Owner of the Note Participation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the Trustee has received the required percentage of consents of the Owners of the Note Participations and acknowledged the same to the Community College Districts.

After the Owners of the required percentage of Note Participations shall have filed their consents to such supplemental agreement, the Trustee shall acknowledge to the Community College Districts the effectiveness of the agreement and shall mail a notice to the Community College Districts and the Owners of the Note Participations in the manner hereinbefore provided in this Section for the mailing of such description, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Note Participations and is effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers



required by this Section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved.

SECTION 9.04. Endorsement or Replacement of Note Participations after Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Note Participations may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Note Participation and presentation of the Note Participation for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Note Participation. If the Trustee shall so determine, new Note Participations so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Note Participations such new Note Participations shall be exchanged without cost to each Owner for Note Participations then Outstanding at the office of the Trustee upon surrender of such Outstanding Note Participations. All Note Participations surrendered to the Trustee pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

SECTION 9.05. Amendment or Supplement by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment or supplement as to the particular Note Participations owned thereby; *provided*, that due notation thereof is made on such Note Participations.

## ARTICLE X

### DEFEASANCE

SECTION 10.01. Discharge of Note Participations and Trust Agreement.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of the Outstanding Note Participations the interest and principal evidenced and represented thereby at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Notes and the attendant Note Payments and any interest in the funds held hereunder as provided herein, and all agreements and covenants of the Community College Districts to such Owners hereunder and under such Community College District's Note Resolution shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Note Participations shall on their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee moneys which are sufficient to pay the interest and principal evidenced and represented by such Note Participations payable on and prior to their Principal Payment Date.

(c) Any Outstanding Note Participations shall prior to their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are purchased with moneys and are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or

held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the interest evidenced and represented by such Note Participations on and prior to their Principal Payment Date and the principal evidenced and represented by such Note Participations.

(d) After the payment of the interest and principal evidenced and represented by all Outstanding Note Participations as provided in this section at the Request of an Authorized Community College District Representative (if provided), the Trustee shall execute and deliver to the Community College Districts all such instruments as they may deem necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee, after payment of all fees and expenses of the Trustee, shall pay over or deliver to the Community College Districts all money or deposits or investments held by it pursuant hereto which are not required for the payment of the interest and principal evidenced and represented by such Note Participations.

SECTION 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal evidenced and represented by any Note Participations which remains unclaimed for two (2) years after the date when the payments evidenced and represented by such Note Participations have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Note Participations have become payable, shall be repaid by the Trustee to the Community College Districts as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Community College Districts for the payment of the interest and principal evidenced and represented by such Note Participations; *provided*, that before being required to make any such payment to the Community College Districts, the Trustee may, as a charge on such funds, give notice by mail to all Owners of Note Participations that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Community College Districts.

## ARTICLE XI

### CONTINUING DISCLOSURE AGREEMENT

SECTION 11.01. Continuing Disclosure Agreement. Article XI of this Trust Agreement constitutes a continuing disclosure agreement (the “Disclosure Agreement”), which is entered into by the Community College Districts and the Trustee for the benefit of the Owners and beneficial owners of the Note Participations and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 11.02. Definitions. In addition to the definitions set forth in Article I, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Disclosure Representative” shall mean the Authorized Community College District Representative of each of the Community College Districts or his or her designee, or such other

officer or employee as any Community College District shall designate in writing to the Dissemination Agent and the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community College Districts and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means to be a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). Financial Obligations do not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rule Making Board consistent with the Rule

“Listed Events” shall mean any of the events listed in Section 11.03 hereof.

“Participating Underwriter” shall mean any of the original underwriter of the Note Participations required to comply with the Rule in connection with offering of the Note Participations.

“Repository” shall mean, the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated from time to time by the Securities and Exchange Commission as such for purposes of the Rule.

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

#### SECTION 11.03. Reporting of Significant Events.

(a) Pursuant to this Section each Community College District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to its Note or the Note Participations, in a timely manner not in excess of 10 Business Days after the occurrence of the event, pursuant to subsection (g) hereto:

- (i) principal and interest payment delinquencies.
- (ii) tender offers.
- (iii) defeasances.
- (iv) rating changes.
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties.
- (vii) unscheduled draws on credit enhancement reflecting financial difficulties.

(viii) substitution of the credit or liquidity providers or their failure to perform.

(ix) bankruptcy, insolvency, receivership or similar event of the Community College District. For the purposes of the event identified in this Section 11.03(a)(ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Community College District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Community College District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Community College District.

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 11.03(b), each Community College District shall give, or cause to be given, notice of the occurrence of any of the following events, in a timely manner not in excess of 10 Business Days following the occurrence thereof, with respect to its Note or the Note Participations, if material:

(i) non-payment related defaults.

(ii) modifications to rights of Noteholders.

(iii) optional, contingent or unscheduled bond calls.

(iv) unless described under Section 11.03(a)(v) above, material notices or determinations with respect to the tax status of the Notes or the Note Participations, or other material events affecting the tax status thereof.

(v) release, substitution or sale of property securing repayment of the Notes, if any.

(vi) the consummation of a merger, consolidation, or acquisition involving a Community College District or the sale of all or substantially all of the assets thereof, 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 Trustee with respect to the Note Participations or the change of name of such a trustee.

(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 Noteholders.

(c) The Trustee shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events in Section 11.03(b), without making any determination as to materiality, contact the applicable Disclosure Representative or Representatives, inform such person of the event, and request that the applicable Community College District or Community College Districts promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (g) of this Section. For purposes of this Disclosure Agreement, “actual knowledge” of such Listed Events shall mean knowledge by an officer of the Trustee at the Designated Office of the Trustee with regular responsibility for matters related to the Trust Agreement and Note Participations.

(d) Whenever any Community College District obtains knowledge of the occurrence of a Listed Event under Section 11.03(b), whether because of a notice from the Trustee pursuant to subsection (c) or otherwise, such Community College District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If any Community College District has determined that knowledge of the occurrence of a Listed Event under Section 11.03(b) would be material under applicable federal securities laws, such Community College District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(f) If in response to a request under subsection (c), the applicable Community College District determines that the Listed Event under Section 11.03(b) would not be material under applicable federal securities laws, such Community College District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (g).

(g) If the Dissemination Agent has been instructed by any Community College District to report the occurrence of a Listed Event under either Section 11.03(a) or 11.03(b), the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in clauses 11.03(a)(iii) or 11.03(b)(iii) shall not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Note Participations pursuant to this Trust Agreement unless otherwise directed by the Community College Districts in writing.

SECTION 11.04. Termination of Reporting Obligation. The Community College District’s, Trustee’s and Dissemination Agent’s obligations under this Article XI shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes and the Note Participations.

SECTION 11.05. Dissemination Agent. The Community College Districts may, from time to time, appoint or engage a Dissemination Agent to assist them in carrying out their respective obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent may resign at any time by providing at least thirty (30) days written notice to the Community College Districts and the Trustee.

SECTION 11.06. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community College Districts and the Dissemination Agent and the

Trustee may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Community College Districts, *provided* neither the Trustee or Dissemination Agent shall be obligated to enter into an amendment increasing or modifying its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, *provided* the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 11.03(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of any of the Community College Districts or type of business conducted thereby;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Community College Districts and the Trustee, have complied with the requirements of the Rule at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in this Trust Agreement for amendments to this Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of the nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Community College Districts and the Trustee, materially impair the interests of Owners or beneficial owners of the Note Participations; and

(d) the Community College Districts shall have delivered copies of such opinions and amendment to the Repository.

SECTION 11.07. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Community College Districts from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Community College Districts choose to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Community College Districts shall have no obligation hereunder to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 11.08. Default. In the event of a failure of the Community College Districts or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall at the written request of any Participating Underwriter or the Owners or beneficial owners of at least 25% aggregate principal amount of Outstanding Note Participations, but only to the extent indemnified to its satisfaction from any liability or expenses, including without limitation fees and expenses of its attorneys, or any Owner or beneficial owner of a Note Participation may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community College Districts or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an "Event of Default" under Section 7.01 hereof or under any Note Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community College Districts or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11.09. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Community College Districts agree to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Community College Districts for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Community College Districts from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Community College Districts hereunder and shall not be deemed to be acting in any fiduciary capacity for the Community College Districts, Owners or any other party. The obligations of the Community College Districts under this Section shall survive resignation or removal of the Dissemination Agent or Trustee and payment of the Notes and the Note Participations.

SECTION 11.10. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community College Districts, the Trustee, the Dissemination Agent, the Purchaser and the Participating Underwriter and the Owners and beneficial owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

## ARTICLE XII

### MISCELLANEOUS

SECTION 12.01. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Community College Districts, the Trustee, and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Community College Districts shall be for the sole and exclusive benefit of the Trustee, and the Owners and their successors.

SECTION 12.02. Successor Deemed Included in All References to Predecessor. Whenever either the Community College Districts, or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Community College Districts, or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Community College Districts, or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of

deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any declaration, request or other instrument in writing of the Owner of any Note Participation shall bind all future Owners of such Note Participation with respect to anything done or suffered to be done by the Community College Districts, or the Trustee in good faith and in accordance therewith.

SECTION 12.04. Waiver of Personal Liability. No employee, trustee, member, officer or employee of the Community College Districts shall be individually or personally liable for the payment of the interest on or principal evidenced and represented by the Note Participations, but nothing contained herein shall relieve any employee, trustee, member, officer or employee of the Community College Districts from the performance of any official duty provided by any applicable provisions of law or by the Notes or the Note Resolution or the Trust Agreement.

SECTION 12.05. Content of Certificates; Post-Issuance Legal Opinions. Every Certificate of any Community College District with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of any Community College District may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Community College District, upon a representation by an officer or officers of the Community College District unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Should any of the post-issuance Opinions of Counsel referred to in this Trust Agreement, the Note Resolutions or in any Community College District Certificate be delivered by bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, or if the Note Participations are prepaid or remain Outstanding in connection with a transaction which is approved by counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, the Trustee, promptly after such opinion is delivered, will mail, first-class, postage prepaid, a copy of each said opinion to each Owner at said Owner's address as it appears in the registration book kept by the Trustee. The Community College Districts shall cooperate with the Trustee in order to effectuate the provisions of this paragraph.



SECTION 12.06. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Note Participations shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Note Participations at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; *provided*, that receipt of any such notice shall not be a condition precedent to the effectiveness of such notice and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 12.07. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice and with due regard for the instructions, if any, delivered to the Trustee pursuant to Section 6.04(b) and for the protection of the security of the Note Participations and the rights of the Owners.

SECTION 12.08. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause thereof.

SECTION 12.09. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Community College Districts, or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Note Participations, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Community College Districts, and the Trustee hereby declare that they would have executed and entered into this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Note Participations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.10. California Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 12.11. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee: U.S. Bank National Association  
633 West 5th Street, 24th Floor  
Los Angeles, CA 90071 | LM-CA-T24T  
Attention: Lauren Costales

If to the Municipal Advisor Keygent LLC  
999 N. Pacific Coast Hwy., Suite 570  
El Segundo, California 90245

If to the Community College Attention: Chet Wang  
Districts: To the individual addressees as set forth in Exhibit A to the  
Purchase Agreement

If to the Purchaser: Piper Sandler & Co.  
50 California Street, Suite 3100  
San Francisco, California 94111  
Attention: Ivory Li, Managing Director

SECTION 12.12. Effective Date. This Trust Agreement shall become effective upon its execution and delivery.

SECTION 12.13. Execution in Counterparts. This Trust Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Community College Districts named in Schedule I hereto have caused this Trust Agreement to be signed in their names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as Trustee  
and Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

IN WITNESS WHEREOF, each of the Community College Districts named in Schedule I hereto have caused this Trust Agreement to be signed in their names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

[DISTRICT]

By: \_\_\_\_\_  
Authorized Community College District  
Representative

IN WITNESS WHEREOF, each of the Community College Districts named in Schedule I hereto have caused this Trust Agreement to be signed in their names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

[DISTRICT]

By: \_\_\_\_\_  
Authorized Community College District  
Representative

IN WITNESS WHEREOF, each of the Community College Districts named in Schedule I hereto have caused this Trust Agreement to be signed in their names by such person as has been designated by their respective governing boards, and the Trustee, to evidence its acceptance of the trust hereby created, has caused the Trust Agreement to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

[DISTRICT]

By: \_\_\_\_\_  
Authorized Community College District  
Representative

EXHIBIT A

[FORM OF NOTE PARTICIPATION]

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

No. 1

CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATION, SERIES A

Evidencing and Representing a Proportionate  
Undivided Interest of the Owner Hereof  
in Notes issued by Certain Community College Districts

Interest Rate                      Principal Payment Date                      Date of Initial Delivery                      CUSIP

REGISTERED OWNER:            Cede & Co.

PRINCIPAL SUM: SEVEN MILLION FIVE HUNDRED NINETY THOUSAND DOLLARS

THIS IS TO CERTIFY that the registered owner set forth above of this California Community College Districts Tax and Revenue Anticipation Note Program, Fiscal Year 2020-21 Note Participation, Series A (the "Note Participation"), is the owner of a proportionate undivided interest in the rights to receive the principal and interest payments on the Notes (as that term is defined in the Trust Agreement hereinafter mentioned) issued by the Community College Districts identified in Schedule I hereto (the "Community College Districts") all of which rights are evidenced and represented by this Note Participation. Such Notes have been deposited by the Community College Districts with U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its designated corporate trust office in Costa Mesa, California, as trustee (together with any successor thereto in accordance with the Trust Agreement, the "Trustee"). The Trustee may designate a different corporate trust office hereunder by an instrument in writing delivered to the Community College Districts.

The Trustee is executing this Note Participation solely in its capacity as Trustee under the Trust Agreement and is not liable thereon in its individual or personal capacity.

The registered owner of this Note Participation is entitled to receive, subject to the terms of the Notes, on the Principal Payment Date (the "Principal Payment Date") set forth above, upon surrender of this Note Participation on such Principal Payment Date at said office of the Trustee, the principal sum set forth above, representing the registered owner's proportionate share of the principal payments on the Notes becoming due and payable on such Principal Payment Date. In addition, the registered owner of this Note Participation is entitled to receive such registered owner's proportionate share of the interest payments on the Notes accruing from the date of initial issuance of

the Notes and becoming due and payable on the Principal Payment Date. Such proportionate share of interest is determined by the multiplication of the aforesaid principal sum by the interest rate per annum set forth above determined on the basis of a 360-day year consisting of twelve 30-day months. All such amounts are payable in lawful money of the United States of America.

This Note Participation is one of the duly authorized certificates of participation entitled "California Community College Districts Tax and Revenue Anticipation Note Program, Fiscal Year 2020-21 Note Participation, Series A" aggregating \$\_\_\_\_\_ (the "Note Participations") which have been executed by the Trustee under and pursuant to the terms of a Trust Agreement (the "Trust Agreement") dated as of \_\_\_\_\_ 1, 2021 by and between the Trustee and the Community College Districts. Copies of the Trust Agreement are on file at said office of the Trustee, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Note Participations, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Note Participations with respect thereto, for the terms under which the Trust Agreement and the Notes can be amended, and for the other agreements, conditions, covenants and terms upon which the Note Participations are executed and delivered thereunder, all to which the owner hereof assents and agrees by acceptance hereof.

The Note Participations are authorized to be executed and delivered in the form of fully registered Note Participations in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Note Participation is transferable or exchangeable by the registered owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender of this Note Participation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Note Participation or Note Participations of authorized denominations equal to the principal amount hereof will be executed and delivered by the Trustee to the registered owner hereof in exchange or transfer herefor.

The Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Note Participation shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced and represented by this Note Participation shall be made only to such registered owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Note Participation to the extent of the sum or sums so paid.

The Note Participations each evidence and represent a proportionate undivided interest in the Notes and enjoy the benefits of a security interest in the money held in certain funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein.

The Notes are issued pursuant to Sections 53850 to 53858, both inclusive, of the Government Code of the State of California (herein called the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) by the Community College Districts in anticipation of the receipt of taxes, income, revenue (including, but not limited to, revenue from state



and federal governments), cash receipts and other moneys (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose) of the Community College District, received in or accrued to such Community College District's 2020-21 fiscal year, a portion of which revenues are pledged for repayment of the Notes.

The Trustee has no obligation or liability to the registered owners of the Note Participations for the payment of the interest or principal evidenced and represented by the Note Participations; but rather the Trustee's sole obligation is to administer, for the benefit of the Community College Districts and the registered owners of the Note Participations, the various funds and other duties established under the Trust Agreement.

The Owner hereby has a proportionate undivided ownership interest in each of the following Notes, each dated the Date of Initial Delivery, maturing on the Principal Payment Date and bearing interest at the Interest Rate per annum and payable on the Principal Payment Date, all as specified on the face of this Note Participation.

<u>Community College District</u>	<u>Principal Amount</u>
See Schedule Attached	See Schedule Attached
Total	

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Trustee or its agent for the registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

IN WITNESS WHEREOF, this Note Participation has been dated the date of initial delivery hereof, and has been executed by the manual signature of an authorized officer of the Trustee on the following date:

Date: \_\_\_\_\_, 2021

U.S. Bank National Association, as Trustee

By: \_\_\_\_\_  
Authorized Officer

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ whose tax identification number is \_\_\_\_\_ the within Note Participation and do(es) hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer such Note Participation on the register of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Note Participation in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

EXHIBIT B

[FORM REQUISITION FROM PROCEEDS FUND]

To: U.S. Bank National Association, as Trustee

From: \_\_\_\_\_

Dated Date: \_\_\_\_\_

Re: 2020-21 California Community College Districts Tax and Revenue Anticipation Note Program (the "Program")

Requisition No. \_\_\_\_

The undersigned, on behalf of the \_\_\_\_\_ Community College District (the "Community College District"), hereby requests payment, from the Proceeds Fund for such Community College District established pursuant to the Program, the amount of \$\_\_\_\_\_ [by wire/check/ACH (circle one)] for purposes for which the Community College District is authorized to expend moneys. If the payment is by wire or ACH, please fill in the following information:

Name, Address and Phone Number of Bank:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ABA#: \_\_\_\_\_

Account No.: \_\_\_\_\_

The undersigned hereby certifies as follows:

The amount requisitioned hereby is for a purpose for which the Community College District is authorized to expend funds from the general fund of the Community College District.

The representations of the Community College District set forth in the Resolution of the Community College District, providing for the borrowing of funds for Fiscal Year 2020-21 and the issuance and sale of a 2020-21 Tax and Revenue Anticipation Note therefore and authorizing participation in the Program (the "Resolution") are true and correct in all material respects as though made on and as of this date except to the extent that such representations relate to an earlier date.

As of the date hereof, no event has occurred and is continuing which constitutes an Event of Default under the Resolution or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

The information contained herein is true and correct as of the date of this Requisition.

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Authorized Community College District  
Representative

EXHIBIT C

[FORM OF REQUEST FOR PAYMENT ACCOUNT DEPOSIT CERTIFICATION AND  
FORM OF PAYMENT ACCOUNT DEPOSIT CERTIFICATION]

To: [Name and address of Community College District]

From: U.S. Bank National Association

Date: [Date Request is mailed]

Re: California Community College Districts Tax and Revenue Anticipation Note Program (the  
“Program”)

U.S. Bank National Association, as trustee (the “Trustee”), pursuant to that certain Trust Agreement, dated as of \_\_\_\_\_ 1, 2021 (the “Trust Agreement”), certain Community College Districts identified therein and the Trustee, hereby requests, pursuant to Section 5.06 of the Trust Agreement, that you provide within seven Business Days of the date hereof (i.e., by \_\_\_\_\_, 2021) the certification set forth below with respect to the deposit required to be made to the Payment Account established in your general fund pursuant to your Note Resolution. Failure to make the required deposit into the Payment Account constitutes an Event of Default under the Note Resolution and the Trust Agreement. Furthermore, failure to properly submit the Payment Account Deposit Certification by the date required also constitutes an Event of Default under the Trust Agreement. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Trust Agreement.

Payment Account Deposit Certification

We, \_\_\_\_\_, the chief business officer of the \_\_\_\_\_ Community College District (the "Community College District"), hereby confirms and certifies that the amount of \$\_\_\_\_\_ has been segregated from other General Fund moneys of the Community College District and deposited into the Payment Account established by the Community College District on \_\_\_\_\_ as required by the Note Resolution.

---

Authorized Community College District  
Representative

EXHIBIT D  
DEPOSIT NOTICE

CALIFORNIA COMMUNITY COLLEGE DISTRICTS  
TAX AND REVENUE ANTICIPATION NOTE PROGRAM  
FISCAL YEAR 2020-21 NOTE PARTICIPATIONS, SERIES A

Name of Community College District : \_\_\_\_\_ Community College District

Today's Date: \_\_\_\_\_

Please indicate form of repayment below. PLEASE CONFIRM RECEIPT OF FAX BY CALLING CORPORATE TRUST

\_\_\_\_\_ – *voice*  
\_\_\_\_\_ – *fax*

1. WIRE TRANSFER: Please make Check Payable to \_\_\_\_\_  
Reference: California Community College Districts,  
Series A  
\_\_\_\_\_ Community College District

Send Check via overnight courier to:

Amount of Check: \$ \_\_\_\_\_ Date Mailed: \_\_\_\_\_

Via (type of deliver): \_\_\_\_\_

2. WIRE TRANSFER  
*Please provide the following information no later than one day before the wire*

Amount of Wire: \$ \_\_\_\_\_

Date wire will be sent: \_\_\_\_\_

Name of Sending Bank: \_\_\_\_\_





SCHEDULE I

PARTICIPATING COMMUNITY COLLEGE DISTRICT NOTE AMOUNTS

PARTICIPATING COMMUNITY COLLEGE DISTRICTS

<u>Issuer</u>	<u>Principal Amount</u>
---------------	-----------------------------

**Total**

SCHEDULE II  
NET PROCEEDS  
ATTRIBUTABLE TO EACH COMMUNITY COLLEGE DISTRICT  
PARTICIPATING COMMUNITY COLLEGE DISTRICT

<u>Issuer</u>	<u>Principal Amount</u>
---------------	-----------------------------

**Total**

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