PALOMAR COLLEGE®
Learning for Success
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TO: The Palomar College Governing Board

FROM: Ron Ballesteros-Perez, Assistant Superintendent/Vice President, Finance and Administrative Services

Subject: Superintendent/President Compensation

Date: February 14, 2017

After meeting and conferring, the District recommends that the following actions be implemented regarding the Superintendent/President's compensation.

- The District shall grant the state-funded Base Adjustment Increase for fiscal year 2016-17 in the amount of 1.29% to be applied to the Superintendent/President salary schedule, retroactive to July 1, 2016. Retroactive Base Adjustment Increase payments for fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- The District shall grant an Additional Pay Raise of 1.71% for fiscal year 2016-17 only to be applied to the Superintendent/President salary schedule, retroactive to July 1, 2016. Retroactive Additional Pay Raise fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- Total equals 3.0%

These recommendations are consistent with the Agreement with the District and Palomar Faculty Federation.

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To: The Palomar College Governing Board

From: Joi Blake, Superintendent/President

Subject: Administrative Association (AA) Compensation

Date: February 14, 2017

After meeting and conferring, the District recommends that the following actions be implemented regarding AA compensation.

- The District shall grant the state-funded Base Adjustment Increase for fiscal year 2016-17 in the amount of 1.29% to be applied to the AA Employee salary schedule, retroactive to July 1, 2016. Retroactive Base Adjustment Increase payments for fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- The District shall grant an Additional Pay Raise of 1.71% for fiscal year 2016-17 only to be applied to the AA Employee salary schedule, retroactive to July 1, 2016. Retroactive Additional Pay Raise fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- Total equals 3.0%

These recommendations are consistent with the Agreement with the District and Palomar Faculty Federation.

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To: The Palomar College Governing Board

From: Joi Blake, Superintendent/President

Subject: Confidential and Supervisory Team (CAST) Compensation

Date: February 14, 2017

After meeting and conferring, the District recommends that the following actions be implemented regarding CAST compensation.

- The District shall grant the state-funded Base Adjustment Increase for fiscal year 2016-17 in the amount of 1.29% to be applied to the CAST Employee salary schedule, retroactive to July 1, 2016. Retroactive Base Adjustment Increase payments for fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- The District shall grant an Additional Pay Raise of 1.71% for fiscal year 2016-17 only to be applied to the CAST Employee salary schedule, retroactive to July 1, 2016. Retroactive Additional Pay Raise fiscal year 2016-17 will be distributed as soon as it is administratively practicable.

- Total equals 3.0%

These recommendations are consistent with the Agreement with the District and Palomar Faculty Federation.

**MONTHLY BOARD REPORT: February 14, 2017**

**SHORT-TERM PERSONNEL ACTION REQUEST**

| | Employee Name | Start Date | End Date | Job Code | Hourly | Job Description |
|---|---|---|---|---|---|---|
| **Department** | Art | | | | | |
| | Varnum, Taylor | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Assistant II |
| | Venegas Sebastian, Juan | 01/19/17 | 06/30/17 | Technical/Paraprofessional | $11.00 | Assistant I |
| **Department** | Behavioral Sciences | | | | | |
| | Graves, Sandra | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $11.00 | Assistant I |
| **Department** | Career, Technical and Extended Education | | | | | |
| | Degard, Jessica | 01/10/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | Counseling Department | | | | | |
| | Blas, Ismael | 01/19/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | Earth, Space and Aviation Sciences | | | | | |
| | Covello, Chase | 01/25/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | English as a Second Language | | | | | |
| | Vega, Citlalli | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Assistant II |
| **Department** | Enrollment Services | | | | | |
| | Hurley, Patricia | 01/23/17 | 03/24/17 | Technical/Paraprofessional | $49.50 | Assistant (professional) |
| **Department** | Emergency Medical Education Department | | | | | |
| | Kolata, Jordan | 12/14/16 | 06/30/17 | Technical/Paraprofessional | $22.53 | Assistant (professional) |

| | Employee Name | Start Date | End Date | Job Code | Hourly | Job Description |
|---|---|---|---|---|---|---|
| **Department** | Grant Funded Student Programs | | | | | |
| | Avalos, Romo | 02/06/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| | Espinoza-Delgado, Guillermo | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Assistant II |
| | Harrison, Veronica | 01/17/17 | 06/30/17 | Technical/Paraprofessional | $20.00 | Assistant (professional) |
| | Howe-Kelton, Michelle | 01/27/17 | 06/30/17 | Technical/Paraprofessional | $20.00 | Assistant (professional) |
| | Jami, Mahshid | 01/17/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| | King, Bryan | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| | Spence, Jean Louise | 01/17/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | Library | | | | | |
| | Hernandez, Octavio | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Assistant II |
| **Department** | Mathematics and Natural Health Sciences Division | | | | | |
| | Mousavi Tabalvandani, Seyedeh Maryam | 01/23/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Tutor I |
| | Parreno, Samantha | 01/23/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Tutor I |
| | Solorzano, Oscar | 01/27/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Tutor I |
| **Department** | Mathematics Learning Center | | | | | |
| | Abdalla, Adel Fayek Awad | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $17.00 | Assistant (professional) |
| | Love, Joshua | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $11.00 | Peer Tutor |
| | Matson, John | 01/30/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | Palomar College Police Department | | | | | |
| | Coronado, Jasmin ` | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $15.00 | Assistant III |
| **Department** | Public Safety Programs | | | | | |
| | Barnes, Juliette | 12/25/16 | 06/30/17 | Technical/Paraprofessional | $30.00 | Assistant (professional) |
| | Bramble, Timothy | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $17.64 | Assistant (professional) |
| | Bramble, Timothy | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $22.53 | Assistant (professional) |
| | Creen, Ian Justin | 01/11/17 | 06/30/17 | Technical/Paraprofessional | $22.53 | Assistant (professional) |
| | Grant, Aaron | 12/25/16 | 06/30/17 | Technical/Paraprofessional | $28.00 | Assistant (professional) |
| | Lofvendahl, Scott | 02/15/17 | 06/30/17 | Technical/Paraprofessional | $17.64 | Assistant (professional) |
| | Maguire, Sean | 01/19/17 | 06/30/17 | Technical/Paraprofessional | $22.53 | Assistant (professional) |
| | Mason, Tamara | 12/25/16 | 06/30/17 | Technical/Paraprofessional | $30.00 | Assistant (professional) |
| | Neuhauser, Samuel | 01/03/17 | 06/30/17 | Technical/Paraprofessional | $22.53 | Assistant (professional) |

| | Employee Name | Start Date | End Date | Job Code | Hourly | Job Description |
|---|---|---|---|---|---|---|
| **Department** | Tutorial Services | | | | | |
| | Chandler, Ryan | 01/26/17 | 06/30/17 | Technical/Paraprofessional | $13.00 | Intern Tutor |

**SEASONAL COACH STIPEND REQUEST**

| | Employee Name | Start Date | End Date | Job Code | Stipend | Job Description |
|---|---|---|---|---|---|---|
| **Department** | Athletics | | | | | |
| | Furst, Andrew | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $2,500.00 | Seasonal Coach |
| | Knudsen, Alex | 01/17/17 | 06/30/17 | Technical/Paraprofessional | $500.00 | Seasonal Coach |
| | Moffatt, Kody | 01/09/17 | 06/30/17 | Technical/Paraprofessional | $2,000.00 | Seasonal Coach |
| | Williams, Sirena | 01/05/17 | 06/30/17 | Technical/Paraprofessional | $1,500.00 | Seasonal Coach |

| Effective Date | Action Reason | Employee Name | Employee ID | Hire Date | | Emp Typ | Reg/ Tmp | Full/ Part | Job Code | Job Title | Salary Grade | Comp Rate | Supervisor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Department BEHAVSCI Behavioral Sciences Department | | | | | | | | | | | | | |
| SETID - PALMR | | | | | | | | | | | | | |
| 01/31/2017 | | Lalap,Kathleen Kaye | | 01/31/2017 | 0.0 | H | T | P | 900STU | Student EE | STU/ASTU | 13.000000 H | |
| Department MATH&NHS Math/Natural & Health Sci Div | | | | | | | | | | | | | |
| SETID - PALMR | | | | | | | | | | | | | |
| 01/23/2017 | | Mousavi Tabalvandani,Seyedeh Maryam | | 01/23/2017 | 0.0 | H | T | P | 900STU | Student EE | STU/ASTU | 13.000000 H | |
| Department MATHLRNCTR Mathematics Learning Center | | | | | | | | | | | | | |
| SETID - PALMR | | | | | | | | | | | | | |
| 01/30/2017 | | Valizadeh,Mah Monir | | 01/30/2017 | 0.0 | H | T | P | 900STU | Student EE | STU/ASTU | 11.000000 H | |

| Effective Date | Action Reason | Employee Name | Employee ID | Hire Date | | Emp Typ | Reg/ Tmp | Full/ Part | Job Code | Job Title | Salary Grade | Comp Rate | Supervisor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Department AMINDIAN American Indian Studies Dept
SETID - PALMR

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01/17/2017 | Other | Cerda,Pearl Vennesa | | 08/28/2014 | 2.3 | H | T | P | 900STU | Student EE | STU/ASTU | 15.000000 H | |

Department ATHLETICS Athletics Department
SETID - PALMR

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01/02/2017 | Adjustment | Lopez,Elijah Santana Grant | | 10/14/2015 | 1.2 | H | T | P | 900STU | Student EE | STU/ASTU | 13.000000 H | |
| 01/02/2017 | Adjustment | Lopez,Elijah Santana Grant | | 10/14/2015 | 1.2 | H | T | P | 900STU | Student EE | STU/ASTU | 11.000000 H | |

End of Report

January 30, 2017

# FIRST AMENDED MEMORANDUM OF UNDERSTANDING RE: COMPRESSED CALENDAR BETWEEN THE PALOMAR COMMUNITY COLLEGE DISTRICT AND THE PALOMAR FACULTY FEDERATION

This First Amended Memorandum of Understanding ("MOU") is entered into by and between the PALOMAR COMMUNITY COLLEGE DISTRICT ("District") and the PALOMAR FACULTY FEDERATION ("PFF"):

MOU relates to Article 4 – Workload & Calendar of the current Agreement between the District and PFF.

The subject matter of this MOU is the Calendar for fiscal years 2017-2018 and 2018-2019.

In May 2015, the parties to this MOU agreed the District and PFF are moving to a Compressed Calendar model effective for the 2016-17 fiscal year calendar and thereafter. Some of the key changes the parties agreed to as being included with the Compressed Calendar are the following:

1. Two, 16-week primary terms for Fall and Spring semesters. A separately scheduled "Final Exam Week" is eliminated and classes meet as usual during the 16th week, with each faculty member identifying the day of the final exam/activity during the scheduled class time.

2. Professional Development ("PD") hour obligation for each full-time faculty member is reduced from 72 hours (12 days) to 42 hours (7 days) as the Compressed Calendar requests adjusted class scheduling blocks to maximize classroom teaching time, thus reducing the required PD hours.

3. The week of Thanksgiving will be a Non-instructional week (no classes are scheduled to meet).

The parties further agree that commencing on or about August 31, 2016, the Calendar Committee will meet as necessary to establish the 2017-2018 fiscal year calendar on or about December 1, 2016, and continue to meet thereafter to establish the 2018-2019 fiscal year calendar on or about March 1, 2017.

The parties further agree that pending ratification of a successor contract commencing with the 2016-2017 fiscal year, the parties agree to suspend the operation of Article 4.1.4 obligating the Calendar Committee to commence negotiations on or about January 31st (17 months) prior to the academic year of implementation. All other provisions of Article 4.1.4 remain in full force and effect.

Dated: 1/31/17

By: [signature]
Ron Perez
Assistant Superintendent/Vice President
Finance & Administrative Services

Dated: 2/7/2017

By: [signature]
Bill Shaeffer
Rutan & Tucker, LLP
District Chief Negotiator

Dated: 1/30/17

By: [signature]
Teresa Laughlin
Lead Negotiator, PFF

Dated: 1/30/17

By: Shannon Lienhart
Shannon Lienhart
Co-President, PFF

Dated: 2/7/17

By: Colleen Bixler
Colleen Bixler
Co-President, PFF

EXHIBIT J-20

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

Rate Change as of January 1, 2017

## Request for Travel Approval / Claim for Travel Expense

Applicant: Yasue O'Neill    Ext: 2167    Date: 01/11/2017

Dept: International Education    Div: Student Services

Meeting/Event: AEO S.Asia Tour/Agent Visit    City/State: multiple countries

Event Date(s):    Departure Date 02/23/2017    Return Date: 03/13/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575200 | 12 | 424100 | 62100 | 10 | 2017 | 1812050 | pal | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

Expenses Anticipated: CalCard

| | | CalCard |
|---|---|---|
| Mileage ____ X 0.535 | $0.00 | |
| Commercial Transportation (Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates. *Refer to contracted rates Official Contracted Air Fares* | $2,100.00 | Yes ☑ |
| Meals *** Original Itemized Receipts are Required. | $822.00 | |
| Lodging + Tax. Attach Prepaid Lodging Request Form. Fiscal Use: vendor # voucher # | $840.00 | Yes ☑ |
| Registration Fee. Attach Prepaid Registration Request Form. Fiscal Use: vendor # voucher # | $9,900.00 | Yes ☐ |
| Public Transportation (estimate) | $450.00 | Yes ☑ |
| Other Permissible Expenses inc. Parking (estimate) | $50.00 | Yes ☐ |
| Total Estimated Expenses: | $14,162.0 | Yes ☐ |

Applicant's Signature [signature]    Date 1/12/17

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director)

Senior/Executive Administrator's Signature OR Administrative Services Director [signature]    Date 1/20/17

[signature] 1/23/17

**CLAIM**

Actual Expenses: CalCard

| | | CalCard |
|---|---|---|
| Mileage ____ X 0.535 (Prevailing IRS Standard Rate) | $0.00 | |
| Commercial Transportation (Receipts and Itinerary Required) | | Yes ☐ |
| Meals *** Original Itemized Receipts are Required. | | Yes ☐ |
| Lodging + Tax (____ nights) (Detailed hotel invoice Required) | | Yes ☐ |
| Registration Fee (Receipts Required) | | Yes ☐ |
| Public Transportation (Receipts Required) | | Yes ☐ |
| Other Permissible Expenses (Receipts Required) | | Yes ☐ |
| Travel Total Expense (*Total must not exceed Total Funds Authorized) | $0.00 | |
| Less direct Payments to Vendor(s) | | |
| Less charges paid with CalCard | | |
| Total Due Applicant | $0.00 | |

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

**Purpose of trip, remarks, details:**

Recruiting tour to Singapore, Malaysia, and Vietnam followed by agency visits in Japan.

**Cal Card Information:**

Cardholder Name: Yasue O'Neill

*Vendor #*    *Voucher #*

*Claim #*    *Audited by*

# AEO Tour

*Celebrating 30 Years of International Student Recruitment*

HOME | ABOUT | TOURS

## Spring Tour 2017

The AEO Spring Tour 2017 visits eight cities in Asia: Singapore, Kuala Lumpur, Danang, Hue, Ho Chi Minh City, Kaohsiung, Taichung and Taipei.

**1. Basic Tour: $9,900 (February 25 - March 6)**
**(Singapore, Kuala Lumpur, Hue, Danang, Ho Chi Minh City)**
The basic tour for the Springl 2017 consists of five cities. Participants may opt out of certain cities and the hotels and airfares involved will be discounted from the tour price.

a) inter Asia airfares
b) breakfasts
c) school visits
d) tour brochure
e) deluxe hotel accommodation
f) group ground transportation
g) AEO exhibitions
h) advertising and promotion of exhibitions

A huge portion of the cost goes towards advertising our AEO exhibitions. Our large advertisements in every newspaper, radio and websites have consistently brought two to three times more students to our exhibitions than any other tour.

**2. Option to Taiwan: $990 (March 6 - 10)**
**(Kaohsiung, Taichung, Taipei)**
**This is a discounted price for those participating in the basic tour above.**

a) four nights' deluxe hotel
b) ground transportation
c) school visits
d)HCMC-Kaohsiung airfare for those joining the basic tour

**For those not joining the basic tour, the cost is $1,690 with hotel**

**3. Full Tour School Visits Option: $6,900 (February 25 - March 10)**
**(Singapore, Kuala Lumpur, Hue, Danang, Ho Chi Minh City, Kaohsiung, Taichung, Taipei)**
**This includes all of the above except the AEO exhibitions. Limited to only 10 colleges.**

**5. City Options**
This includes school visits, AEO exhibition, ground transportation and inclusion in the tour brochure. Participants can choose one or more cities. This does not include hotel accommodation.

**1. Singapore: $2,500**
**2. Kuala Lumpur: $2,500**
**3. Danang/Hue: $900**
**4. Ho Chi Minh City: $1,500**

# AEO Tour

PO Box 279, Analomink, PA 18320-0279
Tel: 570 620 9555 Email: aeotour@yahoo.com www.aeotour.com

December 29th, 2016

Yasue O'Neill
Coordinator, International Education
Palomar College
1140 W Mission Road
San Marcos, CA 92069

**INVOICE # ST1729**

Cost of Participating in the Spring Tour 2017: **$9,900**

Payment due upon receipt of invoice.

Full payment is non-refundable as of January 10th. However, AEO will make every effort to refund hotel and air ticket costs. This will depend on what is refunded by the hotels and airlines concerned.
If there is a change of participant after the inter Asia airtickets are purchased, the new participant will be responsible for his/her new airtickets.

Tour brochure goes to print on December 30th. There will be an advertising charge of $1,500 if the college has registered and then canceled participation on the tour.

**Payment:**
Check to be made payable to "**AEO Tour**" and sent to:

AEO Tour
PO Box 279
Analomink, PA 18320

## AEO TOUR: Itinerary for Spring Tour 2017:

**SINGAPORE:**

**Saturday, February 25**

Arrive in Singapore and transfer to the Pan Pacific Hotel.
Transport will not be provided as everyone will be arriving at separate times.

**Sunday, February 26**

Breakfast. Set up for exhibition at noon.
Exhibition: 1 p.m. – 4 p.m. at the ballroom of the Pan Pacific Hotel.

**Monday, February 27**

Breakfast and check out of hotel. Depart hotel at 8:30
Singapore American School: 9:45 a.m. – 10:15 a.m.
Stamford American School: 12 p.m. – 1 p.m.
Hillside World Academy: 1:30 p.m. – 2:30 p.m.
Hwa Chong International: 3:00 – 3:45 p.m.
Depart immediately for airport for our flight to Kuala Lumpur.
Depart on MH608 at 5:25p.m.

**KUALA LUMPUR:**

**Monday, February 27**

Arrive at 6:25 p.m. We will take the high speed train directly to the hotel.
Check into the Le Meridien KL Club Floor

**Tuesday, February 28**

Breakfast. Depart hotel at 9:30 a.m.
International School of KL: 10:50 – 11:30
Taylors U: 12:30 – 1:30
Sunway U: 1:45 – 3:15

**Wednesday, March 1**

Breakfast. Depart hotel at 8:30
KDU: 9:30 – 10:30
HELP Intl U: 11:30 – 12:30
Inti Subang: 2:00 – 3:00
Return to hotel. Set up for exhibition 5:30 p.m.
Exhibition: 6:00 p.m. – 9:30 p.m. in the Clarke Ballroom Level 6

**Thursday, March 2**

Breakfast. Check out of hotel. Depart hotel at 9:30
Inti Nilai: 11:00 – 12:15 p.m.
Immediate departure for airport after visit. Depart on MH758 at 2:45 p.m.
Arrive in Ho Chi Minh City at 3:40 p.m.
Depart on VN136 at 6:00 p.m.

**DANANG**

**Thursday, March 2**

Arrive in Danang at 7:20 p.m.
Transfer to the Danang Novotel Premier Hotel.

**Friday, March 3**

Breakfast.
School visit TBA
Return to hotel. Set up for exhibition at 5:30 p.m.
Exhibition at the Grand Thuy Sun Ballroom from 6 :00 p.m. – 8:00 p.m.

**Saturday, March 4**

Breakfast. Check out of hotel and depart at 7:30 a.m. for Hue
Visit Tombs of the King and Imperial Palace
Depart for airport. Depart Hue on VN1375 at 5:35 p.m. for HCMC

**HO CHI MINH CITY**

**Saturday, March 4**

Arrive at 7 p.m. and transfer to the Rex Hotel.

**Sunday, March 5**

Breakfast. Set up for exhibition at 1:30 p.m.
Exhibition in the Lotus Ballroom: 2:00 p.m. – 5:30 p.m.

**Monday, March 6**

Breakfast. Checkout of hotel and depart at 9:30 a.m.
American International School: 11:00 – 11:45
Saigon South Intl School: 12:35 – 1:05
American School of Vietnam: 1:45 – 2:30 3/6
American Academy: 3:00 – 4:00
Immediate departure for airport. Depart on China Airlines CI 9026 at 6:10 p.m.

**KAOHSIUNG**

**Monday, March 6**

Arrive at 10 p.m. and transfer to 85 Sky Tower Hotel

**Tuesday, March 7**

Breakfast. Depart at TBA
Morrison Academy: 8:00 – 8:40 a.m.
City Tour/Lunch
Kaohsiung American School: 12:45 – 1:30
Ishou International School: 3:00 – 4:30 p.m.

**Wednesday, March 8**
Breakfast. Check out of hotel and depart for Taichung.

**TAICHUNG**
**Wednesday, March 8**
Washington High School - TBA
Ivy Collegiate Academy - TBA
American School in Taichung: 12:30 – 1:30
Morrison Academy: 2:00 – 4:00
Depart for Taipei

**TAIPEI**
**Wednesday, March 8**
Arrive in Taipei and transfer to the Courtyard Taipei

**Thursday, March 9**
Breakfast. Depart hotel at TBA
Taipei American School: 10:35 – 11:25
Dominican International School: 2:45 – 3:35

**Friday, March 10**
Breakfast.
Depart for US

# Palomar College
## Extended Field Trip Authorization Request

(An Extended Field Trip is held in lieu of several class meetings and includes one or more overnight stays. It may involve domestic or international travel.)

Instructor's Name(s) Erin Hiro

Department Media Studies

**To the Instructor: It is your responsibility to be familiar with extended field trip regulations as found in Governing Board policy and procedures. Only students registered in the class may participate in extended field trips. PLEASE NOTE: All extended field trip requests require Palomar College Governing Board approval and must be submitted <u>at least FIVE WEEKS prior to the proposed trip.</u>**

1. Dates of trip: March 2-5, 2017

2. Location/Address: Hyatt Regency San Francisco 5 Embarcadero Center San Francisco, Cal

3. Class Name(s) and Class Number(s) Journalism 105, 205, 210,

   Journalism 110L, 112L

4. Regular class meeting day, time, location, and classroom number:
   Mondays and Wednesdays from 9:30-12:30 in H103

5. Specify what alternate learning activity has been arranged for students not making trip. Alternate arrangements are required. "None" or "Allowed absence" will not satisfy this requirement:

   Students will write a feature story in lieu of participation

6 Costs:
The instructor must make arrangements with the Cashier's Office for collection of student fees, if applicable. Instructors are <u>not</u> to collect fees from students.

- Transportation (see below): $ $3600
- Lodging (specify location): $ $1500
- Other Fees (specify): $ $2448
- **Total Costs:** $ $7,548

Transportation/Lodging/Fees:

See budget sheet, attached.

7. Itinerary (attach): Itinerary must identify required activities, total instructional hours, and specific meeting times. See attached

8. List of all participants (attach sheet) Students from class. Final list in February.

9. Waivers signed by each participant or guardian (Waivers are available on the Instructional Services website.)

10. ☒ Yes Students have been supplied with a copy of the Student Code of Conduct.

11. Mode of transportation: ☐ College Car or Van ☒ Commercial Transportation
☒ Student Vehicles ☐ Other (attach sheet)

Please submit a *Request of Use of College Vehicle* to Facilities if a college car or van is desired, or purchasing requisition to Purchasing if commercial transportation is desired.

Please indicate below the type of transportation requested , if any, so that a copy of the approved Extended Field Trip request can be submitted to the appropriate office in order to release the vehicle(s).

☐ College Car or Van ☒ Commercial Transportation

**Additional Requirement for International Extended Field Trip:**

12. U.S. Department of State Travel Warnings or Travel Alerts for the Area: ( http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html ) Do any exist? ○ Yes ◉ No
(If a travel warning or alert exists and you are still requesting the Extended Field Trip, attach an explanation.)

12/12/16

Instructor's Signature Date

**Reviewed and Approved by:**

12/12/16

Department Chairperson/Director Date

Syed Khaled Hussain 12-16-2016

Division Dean Date

Assistant Superintendent/Vice President for Instruction (required for Extended Field Trip)

Date 12-20-16

Date of Governing Board approval

| **Division Office Use** | |
|---|---|
| Approved___ Disapproved___ | |
| 1. Original to instructional Services | Date |
| 2. Copy to Division Dean | Date |
| 3. Copy to Instructor | Date |
| 4. Copy to Center Staff | Date |
| 5. Copy to Building/Grounds Purchasing | Date |

**Note to Dean:** Please submit original to Instructional Services after approval.
If the class is taught at an Educational Center, please send a copy of this form to the Center staff after approval.

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

Rate Change as of January 1, 2016

## Request for Travel Approval / Claim for Travel Expense

Applicant: Erin Hiro    Ext: 3762    Date: Dec. 12, 2016

Dept: Media Studies    Div: AMBCS

Meeting/Event: Associated Collegiate Press    City/State: San Francisco

Event Date(s): March 2-5, 201    Departure Date March 2, 2017    Return Date: March 5, 2017

co-curricular

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** CalCard

Mileage ______ X 0.54 $0.00

Commercial Transportation $2,400 Yes ☐
(Purchasing Requisition Required for PrePay- Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates

*Refer to contracted rates*
Official Contracted Air Fares

Meals $400

*** Original Itemized Receipts are Required.

Lodging + Tax $1,500 Yes ☐
**Attach Prepaid Lodging Request Form**
Fiscal Use vendor # voucher #

Registration Fee $1,548 Yes ☐
**Attach Prepaid Registration Request Form**
Fiscal Use vendor # voucher #

Public Transportation (estimate) $1,200 Yes ☐

Other Permissible Expenses inc. Parking (estimate) $500 Yes ☐

Total Estimated Expenses: $75.48 Yes ☐

Applicant's Signature    12/12/16 Date

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director)

Senior/Executive Administrator's Signature OR Administrative Services Director    12-16-2016 Date

**CLAIM**

**Actual Expenses:** CalCard

Mileage ______ X 0.54 $0.00
(Prevailing IRS Standard Rate)

Commercial Transportation (Receipts and Itinerary Required) ______ Yes ☐

Meals ______ Yes ☐

*** Original Itemized Receipts are Required.

Lodging + Tax (______ nights) (Detailed hotel invoice Required) ______ Yes ☐

Registration Fee ( Receipts Required) ______ Yes ☐

Public Transportation (Receipts Required) ______ Yes ☐

Other Permissible Expenses ( Receipts Required) ______ Yes ☐

**Travel Total Expense** $0.00
**(*Total must not exceed Total Funds Authorized)**

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

DEC 20 2016

**Purpose of trip, remarks, details:**
This trip will allow newspaper students to attend a collegiate conference where they can learn, network and win awards .

**Cal Card Information:**

Cardholder Name:

*Vendor #*    *Voucher #*

*Claim #*    *Audited by*

| ACP Trip | Cost per pers | total Cost |
|---|---|---|
| | Total people | 12 |
| Registration | $129 | $1,548 |
| Plane Flight | $200 | $2,400 |
| Meals Adviso | $200 | $400 |
| Public Transp | $100 | $1,200 |
| Hotels | $250 | $1,500 |
| Other Expens | $500 | $500 |
| | | $7,548 |

acp

(http://acpsanfran.org)

# ACP MIDWINTER NATIONAL COLLEGE JOURNALISM CONVENTION

MARCH 2-5, 2017
SAN FRANCISCO - HYATT REGENCY

San Francisco is best known for its scenic beauty, cultural attractions, diverse communities, and world-class cuisine. Measuring 49 square miles, this walkable city includes landmarks like the Golden Gate Bridge, cable cars, Alcatraz and the largest Chinatown in the United States. A stroll of the city's streets can lead from Union Square to North Beach to Fisherman's Wharf, with intriguing neighborhoods to explore. Views of the Pacific Ocean and San Francisco Bay are often laced with fog, creating a romantic mood in this most European of American cities.

## THE CONVENTION BEGINS IN...

**79** Days

**19** Hours

**3** Minutes

**9** Seconds

acp

(http://acpsanfran.org)

Home (http://acpsanfran.org) / Registration

# REGISTRATION

Online registration will open soon. Members of ACP receive significant discounts on registration. Not sure if you're a member? Check here (http://128.101.110.123/membsearch/acp.html).

| **Registration Fees** | **Early-bird** | **Standard** |
|---|---|---|
| ACP member students and advisers | $119 per person | $129 per person |
| Nonmembers | $145 per person | $155 per person |

## EARLY-BIRD DEADLINE: FEB. 22, 2017

Plan carefully. Cancellations are not allowed and refunds will not be given. Substitutions may be made at any time. You may modify your registration at any time using the "view/modify registration" link in your confirmation email. Please be aware that if you try to unregister for an item after your registration is submitted, the total will not change because you still owe for that item.

**ASSOCIATED COLLEGIATE PRESS**

2221 University Ave. SE, Suite 121
Minneapolis, MN 55414
info@studentpress.org
612-625-8335



(https://twitter.com/acpress) (https://facebook.com/acpress) (https://instagram.com/collegiatepress)

acp

(http://acpsanfran.org)

Home (http://acpsanfran.org) / Convention Hotel

# CONVENTION HOTEL


**Hyatt Regency San Francisco**
5 Embarcadero Center
San Francisco, California 94111
415-788-1234

Dramatic architecture, panoramic views, and a waterfront setting make Hyatt Regency the best hotel in San Francisco. Whether your travel is for business or pleasure, we have everything you need to make your stay productive and fun. Located on the Embarcadero waterfront, you'll find it easy to explore famous attractions (https://sanfrancisco.regency.hyatt.com/en/hotel/activities/area-activities/topsanfranciscoattractions.html) like Chinatown and Fisherman's Wharf, or ride the ferry to Alcatraz. Hop on a cable car or BART (https://sanfrancisco.regency.hyatt.com/en/hotel/our-hotel/transportation.html), right outside our doors, and discover the beauty, energy and culture of the City by the Bay.

The hotel offers reduced room rate of $209 per night to convention attendees. ACP urges delegates to book their rooms at the Hyatt Regency early, well before the **Feb. 8, 2017 deadline.** There is limited room-type availability.

## RESERVE YOUR ROOM ONLINE HERE. (HTTPS://AWS.PASSKEY.COM/GO/ASSOCIATEDCOLLEGIATEPRESS)

**ASSOCIATED COLLEGIATE PRESS**

2221 University Ave. SE, Suite 121
Minneapolis, MN 55414
info@studentpress.org

acp

(http://acpsanfran.org)

Home (http://acpsanfran.org) / About

# ABOUT

The Associated Collegiate Press (http://studentpress.org/acp/about/), a division of the National Scholastic Press Association, based and incorporated in Minnesota as a non-profit educational association, provides journalism education services to students, teachers, media advisers and others throughout the United States and in other countries. NSPA has three divisions. Memberships for middle school, junior high school and high school student media are organized under the National Scholastic Press Association division of NSPA. Memberships for college, university and professional and technical school student media are organized under the Associated Collegiate Press division of NSPA. Middle school, junior high school and high school student media in Minnesota are organized under the Minnesota High School Press Association division of NSPA. Memberships are open to all student media at public and private schools at an annual membership fee.

Each division of NSPA provides journalism education training programs, publishes journalism education materials, provides media critique and recognition programs for members, provides information on developments in journalism and student media and provides a forum for members to communicate with others and share their work. Through these activities, NSPA and its divisions promote the standards and ethics of good journalism as accepted and practiced by print, broadcast and electronic media in the United States. NSPA and its divisions also endorse and advocate free expression rights for student media.

NSPA and its divisions cooperate with other student media associations and other non-student groups and businesses that share its mission to educate and recognize the work of student journalists, to improve the quality of student media and to foster careers in media.

**ASSOCIATED COLLEGIATE PRESS**

2221 University Ave. SE, Suite 121
Minneapolis, MN 55414
info@studentpress.org
612-625-8335



(https://twitter.com/acpress) (https://facebook.com/acpress) (https://instagram.com/collegiatepress)

# CALIFORNIA COMMUNITY COLLEGES
# CHANCELLOR'S OFFICE

## Quarterly Financial Status Report, CCFS-311Q
CERTIFY QUARTERLY DATA

CHANGE THE PERIOD

**District: (060) PALOMAR**

**Fiscal Year: 2016-2017**
**Quarter Ended: (Q2) Dec 31, 2016**

Your Quarterly Data is ready for certification.
Please complete the fields below and click on the 'Certify This Quarter' button

**Chief Business Officer**

**CBO Name:** Ron Ballesteros-Perez

**CBO Phone:** Use format 999-555-1212 760-744-1150

**CBO Signature:**

**Date Signed:** 1/31/17

**Chief Executive Officer Name:** Joi Lin Blake, Ed.D.

**CEO Signature:** Joi Blake

**Date Signed:** 1/31/17

**Electronic Cert Date:**

**District Contact Person**

**Name:** Carmen M. Coniglio

**Title:** Director, Fiscal Services

**Telephone:** Use format 999-555-1212 760-744-1150

**Fax:** Use format 999-555-1212 760-761-3586

**E-Mail:** CConiglio@palomar.edu

Certify This Quarter

California Community Colleges, Chancellor's Office
Fiscal Services Unit
1102 Q Street, Suite 4550
Sacramento, California 95811

Send questions to:
Christine Atalig (916)327-5772 catalig@cccco.edu or Tracy Britten (916)324-9794 tbritten@cccco.edu

# CALIFORNIA COMMUNITY COLLEGES
# CHANCELLOR'S OFFICE

## Quarterly Financial Status Report, CCFS-311Q
VIEW QUARTERLY DATA

CHANGE THE PERIOD

Fiscal Year: 2016-2017

District: (060) PALOMAR

Quarter Ended: (Q2) Dec 31, 2016

| Line | Description | Actual 2013-14 | Actual 2014-15 | Actual 2015-16 | Projected 2016-2017 |
|---|---|---|---|---|---|
| | | As of June 30 for the fiscal year specified | | | |
| **I.** | **Unrestricted General Fund Revenue, Expenditure and Fund Balance:** | | | | |
| A. | **Revenues:** | | | | |
| A.1 | Unrestricted General Fund Revenues (Objects 8100, 8600, 8800) | 102,198,939 | 106,669,421 | 118,065,699 | 109,510,702 |
| A.2 | Other Financing Sources (Object 8900) | 737,927 | 1,248,415 | 763,000 | 875,500 |
| A.3 | **Total Unrestricted Revenue (A.1 + A.2)** | 102,936,866 | 107,917,836 | 118,828,699 | 110,386,202 |
| B. | **Expenditures:** | | | | |
| B.1 | Unrestricted General Fund Expenditures (Objects 1000-6000) | 101,184,309 | 102,928,444 | 104,961,269 | 111,521,588 |
| B.2 | Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600) | 4,851,699 | 5,455,603 | 5,420,650 | 5,821,855 |
| B.3 | **Total Unrestricted Expenditures (B.1 + B.2)** | 106,036,008 | 108,384,047 | 110,381,919 | 117,343,443 |
| C. | **Revenues Over(Under) Expenditures (A.3 - B.3)** | -3,099,142 | -466,211 | 8,446,780 | -6,957,241 |
| D. | **Fund Balance, Beginning** | 13,647,556 | 10,548,414 | 10,082,203 | 21,852,544 |
| D.1 | Prior Year Adjustments + (-) | 0 | 0 | 3,323,561 | 0 |
| D.2 | **Adjusted Fund Balance, Beginning (D + D.1)** | 13,647,556 | 10,548,414 | 13,405,764 | 21,852,544 |
| E. | **Fund Balance, Ending (C. + D.2)** | 10,548,414 | 10,082,203 | 21,852,544 | 14,895,303 |
| F.1 | Percentage of GF Fund Balance to GF Expenditures (E. / B.3) | 9.9% | 9.3% | 19.8% | 12.7% |
| **II.** | **Annualized Attendance FTES:** | | | | |
| G.1 | **Annualized FTES (excluding apprentice and non-resident)** | 18,802 | 19,323 | 16,603 | 18,203 |

| Line | III. Total General Fund Cash Balance (Unrestricted and Restricted) | 2013-14 | 2014-15 | 2015-16 | 2016-2017 |
|---|---|---|---|---|---|
| | | As of the specified quarter ended for each fiscal year | | | |
| H.1 | Cash, excluding borrowed funds | | 19,928,428 | 35,233,635 | 25,409,227 |
| H.2 | Cash, borrowed funds only | | 0 | 0 | 0 |
| H.3 | Total Cash (H.1+ H.2) | 18,609,991 | 19,928,428 | 35,233,635 | 25,409,227 |

### IV. Unrestricted General Fund Revenue, Expenditure and Fund Balance:

| Line | Description | Adopted Budget (Col. 1) | Annual Current Budget (Col. 2) | Year-to-Date Actuals (Col. 3) | Percentage (Col. 3/Col. 2) |
|---|---|---|---|---|---|
| I. | **Revenues:** | | | | |
| I.1 | Unrestricted General Fund Revenues (Objects 8100, 8600, 8800) | 106,876,950 | 109,510,702 | 48,053,358 | 43.9% |
| I.2 | Other Financing Sources (Object 8900) | 728,000 | 875,500 | 0 | |
| I.3 | **Total Unrestricted Revenue (I.1 + I.2)** | 107,604,950 | 110,386,202 | 48,053,358 | 43.5% |
| J. | **Expenditures:** | | | | |
| J.1 | Unrestricted General Fund Expenditures (Objects 1000-6000) | 105,961,179 | 111,521,588 | 55,427,841 | 49.7% |
| J.2 | Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600) | 5,627,106 | 5,821,855 | 5,572,063 | 95.7% |
| J.3 | **Total Unrestricted Expenditures (J.1 + J.2)** | 111,588,285 | 117,343,443 | 60,999,904 | 52% |
| K. | **Revenues Over(Under) Expenditures (I.3 - J.3)** | -3,983,335 | -6,957,241 | -12,946,546 | |
| L | Adjusted Fund Balance, Beginning | 21,852,544 | 21,852,544 | 21,852,544 | |
| L.1 | **Fund Balance, Ending (C. + L.2)** | 17,869,209 | 14,895,303 | 8,905,998 | |
| M | Percentage of GF Fund Balance to GF Expenditures (L.1 / J.3) | 16% | 12.7% | | |

**V. Has the district settled any employee contracts during this quarter?** YES

**If yes, complete the following:** ***(If multi-year settlement, provide information for all years covered.)***

| Contract Period Settled (Specify) | Management | Academic Permanent | Academic Temporary | Classified |
|---|---|---|---|---|

**Quarterly Report of Chief Financial Officer**
**Regarding Disclosure of District Investments**

Pursuant to Government Code Section 53646, you are hereby notified that as of the quarter ending on December 31, 2016 the funds of the Palomar Community College District were invested as provided below and shown in detail on the attached exhibits. This portfolio complies with the current investment policy.

| | | |
|---|---|---|
| **Exhibit A**<br>FDIC-Insured Accounts in Banks and in<br>Savings and Loan Associations | $ 1,091,071.72 | |
| **Exhibit B**<br>San Diego County Treasury Investment Pool | $ 280,386,675.34 | |
| **Exhibit C**<br>Securities, Investments and Funds<br>(Other than those shown in Exhibit A) | $130,461,339.66 | |
| **TOTAL** | | $ 411,939,086.72 |

**EXHIBIT A**

**Investments of the Palomar Community College District**
**Quarter Ending December 31, 2016**
**Government Code Section 53646(e)**

**Federal Deposit Insurance Corporation-Insured Accounts**
**As of December 31, 2016 the funds of the Palomar Community College**

Wells Fargo
550 California St
San Francisco, CA 94104

| | | |
|---|---|---|
| Palomar College Transfer Account | | 528,950.55 |
| Palomar College Associated Students Checking | | 129,367.20 |
| Palomar College Financial Aid Federal Account | | 329,393.35 |
| Palomar College Payroll - DDP | | 746.41 |
| Palomar College Payroll - Federal Taxes | | 0.00 |
| Palomar College Payroll - State Taxes | | 0.00 |
| Palomar College Revolving Cash Fund | | 20,964.01 |
| Palomar College State of CA Cal Grant Account | | 81,650.20 |
| Total Wells Fargo | | 1,091,071.72 |
| **Bank Total** | **$** | **1,091,071.72** |

**EXHIBIT B**

**Investments of the Palomar Community College District**
**Quarter Ending December 31, 2016**
**Government Code Section 53646(e)**

**San Diego County Treasury Investment Pool**

The County Treasurer reports that the market value of the Pool as of December 31, 2016 was 99.628%, which is a dencrease of .455 basis pts from the final 100.083% for the previous quarter.

All investments made during the quarter were in compliance with the County Investment Policy for Pooled Money, dated January 2005

On December 31, 2016, the Cash in County balances of the Palomar Community College District are:

| | | |
|---|---|---|
| General Fund | | 24,858,565.82 |
| Capital Outlay Fund | | 23,080,664.80 |
| Child Center Fund | | 509,861.21 |
| Energy Conservation Project Fund | | 1,484,753.21 |
| Trust Fund | | 1,881,758.17 |
| Post Retirement Benefits Fund | | 397,757.09 |
| Prop M Series A Debt Service Fund | | 5,331,067.85 |
| Prop M Series B Debt Service Fund | | 3,521,264.21 |
| Prop M Series C Debt Service Fund | | 14,677,180.15 |
| Prop M Building Fund | | 204,643,802.83 |
| **Total Cash in County Treasury** | | **$ 280,386,675.34** |
| Market value in County Treasury (at December 31, 2016 average rate) | 99.628% | $ 279,343,636.91 |

**EXHIBIT C**

**Investments of the Palomar Community College District**
**Quarter Ending December 31, 2016**
**Government Code Section 53646(b) (1)**

**Securities, Investments and Funds (Other than those listed in Exhibit A)**

California Community College Financing Authority Lease Revenue Bonds, Series 2010B
(Refinance of 1994 Certificates of Participation - Escondido Center )

Trustee of funds:
Bank of New York Mellon
400 South Hope Street, Suite 400
Los Angeles, CA 90017

| | |
|---|---|
| Investment balances at Market Value as of December 31, 2016 | |
| Palomar Interest Fund-Federated Money Market | 0.00 |
| Palomar Principal Fund-Federated Money Market | |
| Palomar Reserve Fund-Federated Money Market | 392,081.27 |
| Palomar Debt Service Sub Account-Federated Money Market | |
| Palomar 2015 Escrow GO Bonds Cost of Issuance | |
| Palomar 2015 Escrow Escondido FD 06A GO Bonds Cost of Issuance | 130,069,258.36 |
| Palomar 2015 GO Bonds Cost of Issuance | |
| Palomar Funds Totals | $ 130,461,339.63 |

California Community College Financing Authority Lease Revenue Bonds, Series 2001A
(Student Union Center Project)

Trustee of funds:
U. S. Bank Trust National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

| | |
|---|---|
| Investment balances at Market Value as of December 31, 2016 | |
| Palomar Reserve-Bayerische Landesbank Investment Agmt | |
| Palomar Reserve-First American Treasury Obligations Cl D | 0.03 |
| Palomar Principal-First American Treasury Obligations Cl D | |
| Palomar Interest-First American Treasury Obligations Cl D | |
| Palomar Lease Revenue Bonds Total | $ 0.03 |

Retiree Health Benefits Funding Program Joint Powers Agency
(Fund 69-Retiree Health Benefits)

Trustee of funds:
U. S. Bank
Institutional Trust & Custody
3121 Michelson, Suite 300
Irvine, CA 92612

| | |
|---|---|
| Investment balances at Market Value as of December 31, 2016 | |
| Palomar Community College District Bonds Plus Portfolio | |

**Total Investments** $130,461,339.66

**EXHIBIT D**
**ANNUAL STATEMENT OF INVESTMENT POLICY**

The Governing Board of Palomar Community College District is concerned about the preservation of principal balances of all funds. The Board intends to follow a conservative investment strategy.

**Investment Objectives**

The Governing Board has established the priority of investment objectives in the following order:

Preservation of principal
Cash flow and liquidity
Generation of returns on investments.

**Management Responsibility**

The Governing Board of Palomar Community College District delegates the management responsibility for District investments to the Superintendent/President. The Superintendent/President may designate the authority to establish written procedures for investments to the Assistant Superintendent/Vice President for Finance and Administrative Services.

The Superintendent/President or designee, shall use the San Diego County Treasury for deposits of moneys received in the following funds:

General Fund
Child Center Fund
Capital Outlay Fund
Energy Conservation Fund
Trust Fund

The Superintendent/President or designee, will establish separate bank accounts for functions or revenue-producing activities or operations not directly associated with but complementary to the regular instructional and noninstructional functions of the District. Moneys will be deposited only in banks having extended coverage of deposits in excess of $100,000 insured by the Federal Deposit Insurance Corporation (FDIC). Permissible operations include:

Cafeteria
Bookstore
Electronic Transfer Accounts
Clearing Accounts (Transfer Account)
Student Financial Aid
Scholarship and Loan Activities
Associated Student Body
Revolving Cash Fund
Enterprise Accounts

The Superintendent/President or designee, may invest, as permitted by law and this policy, all or part of the surplus moneys of the District not required for immediate District use. Investment of District funds shall be limited to the following specific investments:

The San Diego County Investment Pool/County Treasurer
The Local Agency Investment Fund
United States Treasury Bills
Prime Commercial Paper having an "AA" rating or better
Certificates of Deposit
Guaranteed Investment Contracts

During the execution of duties, the Superintendent/President or designee shall exercise and operate under the standards of a prudent investor.

**2016-17**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**GOVERNING BOARD ANNUAL GOALS**

**Goal #1:** Maintain an exceptional learning environment for students by ensuring that appropriate plans and policies are in place to sustain and improve the College's institutional effectiveness.

***Related Board Tasks***

1. Engage in a study session on Strategic Plan 2019.

2. Expect a report on the progress the College is making towards implementing its Student Equity Plan.

3. Ensure the College develops and implements an enrollment management plan that enhances access and success and is integrated with budgetary planning.

4. Make certain the college makes progress on plans to staff and open its Education Centers, in particular, ensure the South Center is on schedule to open in 2017.

5. Engage in a study session regarding the College's efforts to identify new areas of development and growth, including college and regional initiatives related to Career Technical Education and "Doing What Matters," contract education, and community education.

**Goal #2:** ~~Ensure that the College maintains and supports a diverse faculty and staff who are committed to student learning and supporting the needs of all Palomar students.~~ Ensure that the College strengthens, promotes, and supports the college's diverse workforce through strategies focused on recruitment, hiring, and retention.

***Related Board Tasks***

1. Complete the onboarding process for the new Superintendent/President.

2. Expect regular reports on the college's progress related to recruiting, hiring, onboarding, and supporting a diverse faculty, staff, and administration.

3. Ensure the college has in place comprehensive professional development program for all faculty and staff which includes as one component strategies designed to strengthen the cultural fluency of the college community.

4. Monitor the College's progress on developing a process for determining the number of classified staff and administrators with appropriate preparation and experience to provide adequate support for the institution's mission and purposes.

5. Engage in a study session to develop and monitor the District's implementation towards this goal.

**Goal #3:** Ensure the college implements programs and services that improve student access, progress, learning, and achievement of our diverse student population.

***Related Board Tasks***

1. Monitor college performance on the state's accountability scorecard and other measures of institutional effectiveness and student success.

2. Engage in a study session on how the College works with its educational partners to facilitate access to and transition from Palomar.

3. Expect regular reports regarding the College's efforts to engage with the community and promote its programs, services, and successes.

**Goal #4:** Actively participate in legislative advocacy for community college issues.

***Related Board Tasks***

1. Actively participate in legislative conferences.

2. Actively participate on community college advocacy groups.

3. Track, monitor, and respond to legislation related to community colleges.

**Goal #5:** Advance the college by strengthening business and community partnerships.

***Related Board Tasks***

1. Participate in local events and organizations to ensure that the community is aware of the diversity and quality of Palomar's educational programs and services.

2. Engage in a study session on how the College connects with and relates to the business and industry partners located in the District.

EXHIBIT-26

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

Rate Change as of January 1, 2017

## Request for Travel Approval / Claim for Travel Expense

Applicant: Martinez, Ana
Ext:
Date: 02/08/2017

Dept: KKSM
Div: AMBCS

Meeting/Event: IBS Radio Conference
City/State: New York, NY

Event Date(s): 3/3/17-3/5/17
Departure Date 03/03/2017
Return Date: 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** CalCard

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes ☐
(Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates

*Refer to contracted rates*
Official Contracted Air Fares

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax $147.00 Yes ☑
Attach Prepaid Lodging Request Form
Fiscal Use ______ vendor # voucher #

Registration Fee ______ Yes ☐
Attach Prepaid Registration Request Form
Fiscal Use ______ vendor # voucher #

Public Transportation (estimate) ______ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ______ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Applicant's Signature ______ Date 2/7/17

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director) ______

Senior/Executive Administrator's Signature OR Administrative Services Director ______ Date 2-8-2012

**CLAIM**

**Actual Expenses:** CalCard

Mileage ______ X 0.535 $0.00
(Prevailing IRS Standard Rate)

Commercial Transportation ______ Yes ☐
(Receipts and Itinerary Required)

Meals ______ Yes ☐
*** Original Itemized Receipts are Required.

Lodging + Tax (______nights) ______ Yes ☐
(Detailed hotel invoice Required)

Registration Fee ______ Yes ☐
( Receipts Required)

Public Transportation ______ Yes ☐
(Receipts Required)

Other Permissible Expenses ______ Yes ☐
( Receipts Required)

Travel Total Expense $0.00
(*Total must not exceed Total Funds Authorized)

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature ______

Senior/Executive Administrator's Signature OR Administrative Services Director ______

**Purpose of trip, remarks, details:**
Attend annual IBS Radio and Television Conference. Participate in workshops and awards event.

**Cal Card Information:**
Cardholder Name: Zeb Navarro

*Vendor #* ______ *Voucher #* ______

*Claim #* ______ *Audited by* ______

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

Rate Change as of January 1, 2017

## Request for Travel Approval / Claim for Travel Expense

**Applicant:** Ozuna, Karina **Ext:** **Date:** 02/08/2017

**Dept:** KKSM **Div:** AMBCS

**Meeting/Event:** IBS Radio Conference **City/State:** New York, NY

**Event Date(s):** 3/3/17- 3/5/17 **Departure Date** 03/03/2017 **Return Date:** 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** **CalCard**

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes ☐
(Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates

*Refer to contracted rates*
Official Contracted Air Fares

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax $147.00 Yes ☒
**Attach Prepaid Lodging Request Form**
Fiscal Use
vendor # voucher #

Registration Fee ______ Yes ☐
**Attach Prepaid Registration Request Form**
Fiscal Use
vendor # voucher #

Public Transportation (estimate) ______ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ______ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Applicant's Signature Date 02/07/2017

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director)

Senior/Executive Administrator's Signature OR Administrative Services Director Date 2-8-2017

**CLAIM**

**Actual Expenses:** **CalCard**

Mileage ______ X 0.535 $0.00
(Prevailing IRS Standard Rate)

Commercial Transportation (Receipts and Itinerary Required) ______ Yes ☐

Meals ______ Yes ☐
*** Original Itemized Receipts are Required.

Lodging + Tax (______nights) (Detailed hotel invoice Required) ______ Yes ☐

Registration Fee (Receipts Required) ______ Yes ☐

Public Transportation (Receipts Required) ______ Yes ☐

Other Permissible Expenses (Receipts Required) ______ Yes ☐

**Travel Total Expense** $0.00
**(*Total must not exceed Total Funds Authorized)**

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

**Purpose of trip, remarks, details:**
Attend annual IBS Radio and Television Conference. Participate in workshops and awards event.

**Cal Card Information:**
Cardholder Name:
Zeb Navarro

*Vendor #* *Voucher #*

*Claim #* *Audited by*

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

Request for Travel Approval / Claim for Travel Expense

Rate Change as of January 1, 2017

Applicant: Thomas, Kristina    Ext:    Date: 02/08/2017

Dept: KKSM    Div: AMBCS

Meeting/Event: IBS Radio Conference    City/State: New York, NY

Event Date(s): 3/3/17 - 3/5/17    Departure Date 03/03/2017    Return Date: 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** CalCard

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes ☐
(Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates

Refer to contracted rates
Official Contracted Air Fares

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax $147.00 Yes ☒
Attach Prepaid Lodging Request Form
Fiscal Use
vendor # voucher #

Registration Fee ______ Yes ☐
Attach Prepaid Registration Request Form
Fiscal Use
vendor # voucher #

Public Transportation (estimate) ______ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ______ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Applicant's Signature    Date 2/7/17

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director) ______

Senior/Executive Administrator's Signature OR Administrative Services Director    Date 2-8-2017

**CLAIM**

**Actual Expenses:** CalCard

Mileage (Prevailing IRS Standard Rate) ______ X 0.535 $0.00

Commercial Transportation (Receipts and Itinerary Required) ______ Yes ☐

Meals ______ Yes ☐
*** Original Itemized Receipts are Required.

Lodging + Tax (______nights) (Detailed hotel invoice Required) ______ Yes ☐

Registration Fee ( Receipts Required) ______ Yes ☐

Public Transportation (Receipts Required) ______ Yes ☐

Other Permissible Expenses ( Receipts Required) ______ Yes ☐

Travel Total Expense $0.00
(*Total must not exceed Total Funds Authorized)

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

| Purpose of trip, remarks, details: | Cal Card Information: |
|---|---|
| Attend annual IBS Radio and Television Conference. Participate in workshops and awards event. | Cardholder Name: Zeb Navarro |

*Vendor #*    *Voucher #*

*Claim #*    *Audited by*

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

## Request for Travel Approval / Claim for Travel Expense

Rate Change as of January 1, 2017

Applicant: Thomas, Davina
Ext:
Date: 02/08/2017
Dept: KKSM
Div: AMBCS
Meeting/Event: IBS Radio Conference
City/State: New York, NY
Event Date(s): 3/3/17 - 3/5/17
Departure Date 03/03/2017
Return Date: 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** CalCard

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes ☐
(Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)–Airfare costs cannot exceed state contracted rates

*Refer to contracted rates*
*Official Contracted Air Fares*

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax $147.00 Yes ☒
Attach Prepaid Lodging Request Form
Fiscal Use
vendor # voucher #

Registration Fee ______ Yes ☐
Attach Prepaid Registration Request Form
Fiscal Use
vendor # voucher #

Public Transportation (estimate) ______ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ______ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Applicant's Signature [signature] Date 2/7

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director) ______

Senior/Executive Administrator's Signature OR Administrative Services Director [signature] Date 2-8-2017

**CLAIM**

**Actual Expenses:** CalCard

Mileage (Prevailing IRS Standard Rate) ______ X 0.535 $0.00

Commercial Transportation (Receipts and Itinerary Required) ______ Yes ☐

Meals ______ Yes ☐
*** Original Itemized Receipts are Required.

Lodging + Tax (______ nights) (Detailed hotel invoice Required) ______ Yes ☐

Registration Fee (Receipts Required) ______ Yes ☐

Public Transportation (Receipts Required) ______ Yes ☐

Other Permissible Expenses (Receipts Required) ______ Yes ☐

**Travel Total Expense** $0.00
**(*Total must not exceed Total Funds Authorized)**

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature ______

Senior/Executive Administrator's Signature OR Administrative Services Director ______

**Purpose of trip, remarks, details:**
Attend annual IBS Radio and Television Conference. Participate in workshops and awards event.

**Cal Card Information:**
Cardholder Name:
Zeb Navarro

*Vendor #* *Voucher #*

*Claim #* *Audited by*

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

**Request for Travel Approval / Claim for Travel Expense**

**Rate Change as of January 1, 2017**

**Applicant:** Cordero, Nancy **Ext:** ____ **Date:** 02/08/2017

**Dept:** KKSM **Div:** AMBCS

**Meeting/Event:** IBS Radio Conference **City/State:** New York, NY

**Event Date(s):** 3/3/17 - 3/5/17 **Departure Date** 03/03/2017 **Return Date:** 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** **CalCard**

Mileage ____ X 0.535 $0.00

Commercial Transportation ____ Yes ☐
(Purchasing Requisition Required for PrePay-Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates
*Refer to contracted rates*
Official Contracted Air Fares

Meals $92.00
***** Original Itemized Receipts are Required.**

Lodging + Tax $147.00 Yes ☒
**Attach Prepaid Lodging Request Form**
Fiscal Use vendor # voucher #

Registration Fee ____ Yes ☐
**Attach Prepaid Registration Request Form**
Fiscal Use vendor # voucher #

Public Transportation (estimate) ____ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ____ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Nancy Cordero 02/07/17
Applicant's Signature Date

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director) ____

2-8-2017
Senior/Executive Administrator's Signature OR Administrative Services Director Date

**CLAIM**

**Actual Expenses:** **CalCard**

Mileage (Prevailing IRS Standard Rate) ____ X 0.535 $0.00

Commercial Transportation (Receipts and Itinerary Required) ____ Yes ☐

Meals ____ Yes ☐
***** Original Itemized Receipts are Required.**

Lodging + Tax (____nights) (Detailed hotel invoice Required) ____ Yes ☐

Registration Fee (Receipts Required) ____ Yes ☐

Public Transportation (Receipts Required) ____ Yes ☐

Other Permissible Expenses (Receipts Required) ____ Yes ☐

**Travel Total Expense** $0.00
**(*Total must not exceed Total Funds Authorized)**

Less direct Payments to Vendor(s) ____

Less charges paid with CalCard ____

Total Due Applicant $0.00

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

| Purpose of trip, remarks, details: | Cal Card Information: |
|---|---|
| Attend annual IBS Radio and Television Conference. Participate in workshops and awards event. | Cardholder Name: Zeb Navarro |

*Vendor #* *Voucher #*

*Claim #* *Audited by*

Palomar Community College District
San Marcos, CA 92069-1487

# FY 2016 - 2017

**Request for Travel Approval / Claim for Travel Expense**

Rate Change as of January 1, 2017

**Applicant:** Smith, Velasquez, Felicia **Ext:** **Date:** 02/08/2017

**Dept:** KKSM **Div:** AMBCS

**Meeting/Event:** IBS Radio Conference **City/State:** New York, NY

**Event Date(s):** 3/3/17 - 3/5/17 **Departure Date** 03/03/2017 **Return Date:** 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BusUnit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

**Expenses Anticipated:** CalCard

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes ☐
(Purchasing Requisition Required for PrePay- Send Req to Purchasing Dept)--Airfare costs cannot exceed state contracted rates

Refer to contracted rates
Official Contracted Air Fares

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax $147.00 Yes ☒
Attach Prepaid Lodging Request Form
Fiscal Use
vendor # voucher #

Registration Fee ______ Yes ☐
Attach Prepaid Registration Request Form
Fiscal Use
vendor # voucher #

Public Transportation (estimate) ______ Yes ☐

Other Permissible Expenses inc. Parking (estimate) ______ Yes ☐

Total Estimated Expenses: $239.00 Yes ☐

Applicant's Signature Date 2/7/17

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director)

Senior/Executive Administrator's Signature OR Administrative Services Director Date 2-8-2017

**CLAIM**

**Actual Expenses:** CalCard

Mileage (Prevailing IRS Standard Rate) ______ X 0.535 $0.00

Commercial Transportation (Receipts and Itinerary Required) ______ Yes ☐

Meals ______ Yes ☐
*** Original Itemized Receipts are Required.

Lodging + Tax (______nights) (Detailed hotel invoice Required) ______ Yes ☐

Registration Fee (Receipts Required) ______ Yes ☐

Public Transportation (Receipts Required) ______ Yes ☐

Other Permissible Expenses (Receipts Required) ______ Yes ☐

**Travel Total Expense** $0.00
**(*Total must not exceed Total Funds Authorized)**

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature

Senior/Executive Administrator's Signature OR Administrative Services Director

**Purpose of trip, remarks, details:**
Attend annual IBS Radio and Television Conference. Participate in workshops and awards event.

**Cal Card Information:**
Cardholder Name:
Zeb Navarro

*Vendor #* *Voucher #*

*Claim #* *Audited by*

Palomar Community College District
San Marcos, CA 92069-1487

**FY 2016 - 2017**

**Request for Travel Approval / Claim for Travel Expense**

**Rate Change as of January 1, 2017**

Applicant: Blackwell, Rob  Ext: ______  Date: 02/08/2017

Dept: KKSM  Div: AMDCS

Meeting/Event: IBS Radio Conference  City/State: New York, NY

Event Date(s): 3/3/17 - 3/5/17  Departure Date: 03/03/2017  Return Date: 03/05/2017

| Account | Fund | Org | Program | Class | Year | Proj/Grt | BudInit | Fiscal Use |
|---|---|---|---|---|---|---|---|---|
| 575300 | 11 | 311100 | 49300 | 10 | 2017 | 0811212 | PALMR | |
| | | | | | 2017 | | | |
| | | | | | 2017 | | | |
| 6 digits | 2 digits | 6 digits | 5 digits | 2 digits | 4 digits | 7 digits | 5 characters | |

**REQUEST / APPROVAL FOR TRAVEL**

Expenses Anticipated: CalCard

Mileage ______ X 0.535 $0.00

Commercial Transportation ______ Yes [ ]
(Purchasing Requisition Required for PrePay. Send Req to Purchasing Dept.) Airline costs cannot exceed state contracted rates
Refer to contracted rates
Office of Contracted Air Fares

Meals $92.00
*** Original Itemized Receipts are Required.

Lodging + Tax ______ Yes [ ]
Attach Prepaid Lodging Request Form
Fiscal Use
vendor # voucher #

Registration Fee ______ Yes [ ]
Attach Prepaid Registration Request Form
Fiscal Use
vendor # voucher #

Public Transportation (estimate) ______ Yes [ ]

Other Permissible Expenses incl. Parking (estimate) ______ Yes [ ]

Total Estimated Expenses: $92.00 Yes [ ]

Applicant's Signature: RB  Date: 2/8/17

Total Funds Authorized (Completed by Senior/Executive Administrator OR Administrative Services Director) ______

Senior/Executive Administrator's Signature OR Administrative Services Director: SW  Date: 2-8-2017

**CLAIM**

Actual Expenses: CalCard

Mileage (Prevailing IRS Standard Rate) ______ X 0.535 $0.00

Commercial Transportation (Receipts and Itinerary Required) ______ Yes [ ]

Meals ______ Yes [ ]
*** Original Itemized Receipts are Required.

Lodging + Tax (______ nights) (Detailed hotel invoice Required) ______ Yes [ ]

Registration Fee (Receipts Required) ______ Yes [ ]

Public Transportation (Receipts Required) ______ Yes [ ]

Other Permissible Expenses (Receipts Required) ______ Yes [ ]

Travel Total Expense $0.00
(*Total must not exceed Total Funds Authorized)

Less direct Payments to Vendor(s) ______

Less charges paid with CalCard ______

Total Due Applicant $0.00

Applicant Signature: RB  2/8/17

Senior/Executive Administrator's Signature OR Administrative Services Director ______

Purpose of trip, remarks, details:
Attend annual IBS Radio and Television Conference. Participate in workshops and awards event.

Cal Card Information:

Cardholder Name:

Vendor #  Voucher #

Claim #  Audited by

PALOMAR COLLEGE
Learning for Success

# Purchase Orders - Board Report



## Equipment and Supplies

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012811 | 10/17/16 | FASTENAL CO | NONINSTR SUPPLIES/MATERIALS | HAZMAT | 5,857.06 |
| 0000012817 | 10/18/16 | WW GRAINGER INC | EQ NONIN ADD 1K-4999; GUNS;CPU | AUTOMOTIVE TECHNOLOGY T& | 839.85 |
| 0000012829 | 10/20/16 | RUSSELL SIGLER INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 1,523.65 |
| 0000012842 | 10/21/16 | CDW GOVERNMENT | EQ INSTR ADD 1K-4999; GUNS;CPU | TUTORING SERVICES | 1,111.08 |
| 0000012865 | 10/26/16 | SNAP-ON INDUSTRIAL | EQ INSTR ADD 1K-4999; GUNS;CPU | AUTOMOTIVE TECHNOLOGY T& | 1,174.45 |
| 0000012874 | 10/27/16 | MATHESON GAS | REPAIR/MAINT BLDGS | METAL FABRICATION SERVIC | 1,000.00 |
| 0000012877 | 10/28/16 | NAPA AUTO PARTS, SAN MARCOS | EQUIP INSTR, 5K OR MORE | AUTOMOTIVE TECHNOLOGY T& | 6,800.76 |
| 0000012878 | 10/31/16 | ARAMARK SERVICES | STUDENT OTHER SERVICES | EOPS | 1,875.00 |
| 0000012879 | 10/31/16 | POCKET NURSE ENTERPRISES INC | EQUIP INSTR, REPL 1K - 4999 | NURSING EDUCATION | 3,430.14 |
| 0000012880 | 10/31/16 | RAYMOND ALLYN BUSINESS SUPPLY | NONINSTR SUPPLIES/MATERIALS | OFFICE,VP HUMAN RESRCSVC | 453.00 |
| 0000012881 | 10/31/16 | FLUID POWER TRAINING INSTITUTE | EQUIP INSTR, 5K OR MORE | DIESEL MECHANIC TECH T&I | 9,430.60 |
| 0000012882 | 10/31/16 | HIDDEN VALLEY STEEL & SCRAP INC | INSTR SUPPL/MATERIALS | WELDING | 2,399.35 |
| 0000012883 | 10/31/16 | LOS ANGELES TRUCK CENTER LLC | EQUIP INSTR, 5K OR MORE | DIESEL MECHANIC TECH T&I | 31,968.00 |
| 0000012884 | 10/31/16 | ROCKLER WOODWORKING | EQUIP TECH INSTR 5K OR MORE | CABINET & FURNITURE TECH | 13,416.82 |
| 0000012885 | 10/31/16 | COMPUTERLAND OF SILICON VALLEY | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 8,437.32 |
| 0000012890 | 11/01/16 | INTERMOUNTAIN LOCK AND SECURITY SUPPLY | REPAIR/MAINT BLDGS | LOCKSMITHING | 923.05 |
| 0000012895 | 11/01/16 | APPLE COMPUTER INC | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 1,095.68 |
| 0000012899 | 11/02/16 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 11,491.30 |
| 0000012900 | 11/02/16 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 19,826.76 |
| 0000012902 | 11/02/16 | APPLE COMPUTER INC | EQUIP INSTRUCT ADDTNL > $1,000 | ART | 6,243.84 |
| 0000012903 | 11/02/16 | APPLE COMPUTER INC | EQUIP TECH INSTR < 4900 | PHILOSOPHY | 6,517.20 |
| 0000012904 | 11/02/16 | ALTEC PRODUCTS INC | NONINSTR SUPPLIES/MATERIALS | FISCAL SERVICES DEPARTMN | 1,646.40 |
| 0000012905 | 11/03/16 | PACIFIC PLUMBING SPECIALTIES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,325.02 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012907 | 11/03/16 | LOS ANGELES TRUCK CENTER LLC | EQUIP TECH INSTR < 4900 | DIESEL MECHANIC TECH T&I | 23,866.00 |
| 0000012910 | 11/03/16 | COMPUTER PROTECTION TECHNOLOGY | REPAIR/MAINT NONINSTR EQUIP | INSTL OBLIGATIONS INFO S | 678.24 |
| 0000012917 | 11/04/16 | FASTENAL CO | NONINSTR SUPPLIES/MATERIALS | EMERGENCY OPS (EMRGNCY R | 3,768.45 |
| 0000012923 | 11/08/16 | BEST PLUMBING SPECIALTIES INC | REPAIR/MAINT BLDGS | PLUMBING | 2,500.00 |
| 0000012924 | 11/08/16 | SADE BURRELL | BOOKS/MAGAZINES/PERIODICALS | OFFICE OF VP STUDENT SVC | 1,944.00 |
| 0000012927 | 11/08/16 | SITEONE LANDSCAPE SUPPLY HOLDING LLC | NONINSTR SUPPLIES/MATERIALS | GROUNDS SERVICES | 2,874.65 |
| 0000012928 | 11/08/16 | NEW CNC ROUTER.COM INC | EQUIP INSTR, 5K OR MORE | CABINET & FURNITURE TECH | 85,955.60 |
| 0000012930 | 11/08/16 | COMPUTERLAND OF SILICON VALLEY | EQUIP TECH INSTR 5K OR MORE | COMPUTER SCI & INFO TECH | 5,534.16 |
| 0000012931 | 11/08/16 | BIRDSEYEVIEW AEROBOTICS | EQ INSTR ADD 1K-4999; GUNS;CPU | GRAPHIC COMMUNICATION | 931.92 |
| 0000012932 | 11/08/16 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | INSTL OBLIGATIONS INFO S | 1,917.00 |
| 0000012937 | 11/08/16 | HP INC | SALES AND USE TAX | OFFICE OF VP STUDENT SVC | 116.74 |
| 0000012937 | 11/08/16 | HP INC | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 1,808.51 |
| 0000012938 | 11/08/16 | NEW TECHNICAL SOLUTIONS INC | NONINSTR SUPPLIES/MATERIALS | BOEHM GALLERY | 269.08 |
| 0000012939 | 11/08/16 | DELL COMPUTER CORPORATION | EQ NONIN ADD 1K-4999; GUNS;CPU | GEAR UP | 3,917.26 |
| 0000012940 | 11/08/16 | DELL COMPUTER CORPORATION | EQ NONIN ADD 1K-4999; GUNS;CPU | GEAR UP | 10,115.81 |
| 0000012941 | 11/08/16 | APPLE COMPUTER INC | EQUIP INSTRUCT ADDTNL > $1,000 | GRAPHIC COMMUNICATION | 420.00 |
| 0000012941 | 11/08/16 | APPLE COMPUTER INC | EQUIP INSTRUCT ADDTNL > $1,000 | GRAPHIC COMMUNICATION | 4,024.76 |
| 0000012943 | 11/08/16 | GRAVIC INC | SOFTWARE LICENSING FEES | MATRICULATION DEPARTMEN | 2,120.00 |
| 0000012948 | 11/10/16 | MYERS AND SONS HI-WAY SAFETY INC | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 983.51 |
| 0000012949 | 11/14/16 | APPLE COMPUTER INC | EQUIP TECH INSTR < 4900 | COMPUTER SCI & INFO TECH | 1,159.32 |
| 0000012949 | 11/14/16 | APPLE COMPUTER INC | EQUIP TECH INSTR < 4900 | COMPUTER SCI & INFO TECH | 1,845.12 |
| 0000012957 | 11/15/16 | TRILITERAL LLC | SHIPPING/HANDLING CHARGES | OFFICE OF VP STUDENT SVC | 540.00 |
| 0000012957 | 11/15/16 | TRILITERAL LLC | BOOKS/MAGAZINES/PERIODICALS | OFFICE OF VP STUDENT SVC | 19,278.00 |
| 0000012959 | 11/15/16 | LEE, JEANNETTE DBA J. LEE AUTOM0TIVE EQU | EQ INSTR ADD 1K-4999; GUNS;CPU | AUTOMOTIVE TECHNOLOGY T& | 1,069.20 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012959 | 11/15/16 | LEE, JEANNETTE DBA J. LEE AUTOMOTIVE EQU | INSTR SUPPL/MATERIALS | AUTOMOTIVE TECHNOLOGY T& | 2,028.20 |
| 0000012960 | 11/15/16 | STASCH ENTERPRISES | PRINTING | GEAR UP | 4,131.00 |
| 0000012961 | 11/15/16 | DELL COMPUTER CORPORATION | EQUIP TECH INSTR < 4900 | PSYCHOLOGY | 1,600.00 |
| 0000012961 | 11/15/16 | DELL COMPUTER CORPORATION | EQUIP TECH INSTR < 4900 | PHILOSOPHY | 3,238.12 |
| 0000012962 | 11/15/16 | DELL COMPUTER CORPORATION | EQ NONIN ADD 1K-4999; GUNS;CPU | TTIP SOUTH | 2,486.57 |
| 0000012965 | 11/16/16 | COMPUTERLAND OF SILICON VALLEY | EQUIP TECH NONINSTR < 5000 | VATEA | 2,588.88 |
| 0000012966 | 11/16/16 | 3TRACE DBA TRACE3 | EQUIP NONINSTR, 5K OR MORE | OFFICE OF VP STUDENT SVC | 51,057.44 |
| 0000012967 | 11/16/16 | CART MART INC | NONINSTR SUPPLIES/MATERIALS | WAREHOUSE | 700.00 |
| 0000012970 | 11/16/16 | NORMAN S WRIGHT CLIMATEC MECHANICAL | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,836.08 |
| 0000012972 | 11/17/16 | B & H PHOTO-VIDEO INC | EQUIP INSTRUCT ADDTNL > $1,000 | THEATRE ARTS | 2,909.52 |
| 0000012977 | 11/17/16 | STRETCH DEVICES INC | INSTR SUPPL/MATERIALS | GRAPHIC COMMUNICATION | 2,639.58 |
| 0000012978 | 11/17/16 | B & H PHOTO-VIDEO INC | EQ NONIN ADD 1K-4999; GUNS;CPU | EDUCATIONAL TELEVISION | 2,755.67 |
| 0000012981 | 11/18/16 | TABLEAU SOFTWARE INC | TRAINING | OFFICE OF VP STUDENT SVC | 11,200.00 |
| 0000012982 | 11/18/16 | MARKETING IDEAS CALIFORNIA | NONINSTR SUPPLIES/MATERIALS | OFFICE OF VP STUDENT SVC | 27,027.00 |
| 0000012987 | 11/21/16 | WAXIE INC | NONINSTR SUPPLIES/MATERIALS | CUSTODIAL SERVICES | 8,000.00 |
| 0000012988 | 11/21/16 | MARKETING IDEAS CALIFORNIA | NONINSTR SUPPLIES/MATERIALS | OFFICE OF VP STUDENT SVC | 3,546.40 |
| 0000012996 | 11/22/16 | PERKINELMER INFORMATICS INC | MAINT AGR, SOFTWARE | MATH & NAT HLTH SCI DIVD | 2,350.00 |
| 0000012997 | 11/22/16 | FOLLETT | BOOKSTORE TEXTBOOKS | OFFICE OF VP STUDENT SVC | 2,116.28 |
| 0000013000 | 11/22/16 | HP INC | INSTR SUPPL/MATERIALS | GRAPHIC COMMUNICATION | 632.94 |
| 0000013001 | 11/22/16 | HP INC | EQUIP TECH NONINSTR 5K OR MORE | FINANCIAL AID & SCHOLARS | 1,043.76 |
| 0000013003 | 11/22/16 | NIAGARA VIDEO CORPORATION | EQUIP NONINSTR, 5K OR MORE | EDUCATIONAL TELEVISION | 54.00 |
| 0000013003 | 11/22/16 | NIAGARA VIDEO CORPORATION | EQUIP NONINSTR, 5K OR MORE | TTIP SOUTH | 7,955.82 |
| 0000013004 | 11/22/16 | OTHER WORLD COMPUTING | REPAIR/MAINT NONINSTR EQUIP | EDUCATIONAL TELEVISION | 431.46 |
| 0000013005 | 11/23/16 | CCS PRESENTATION SYSTEMS INC | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 15,328.24 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013006 | 11/23/16 | DELL COMPUTER CORPORATION | EQUIP INSTRUCT ADDTNL > $1,000 | OFFICE OF VP STUDENT SVC | 61,510.25 |
| 0000013008 | 11/28/16 | SCANTRON | EQUIP TECH NONINSTR < 5000 | MATRICULATION DEPARTMEN | 5,687.20 |
| 0000013013 | 11/29/16 | UNIFORMS PLUS | RENT/LEASE EQUIPMENT | NURSING EDUCATION | 2,002.86 |
| 0000013013 | 11/29/16 | UNIFORMS PLUS | RENT/LEASE EQUIPMENT | NURSING EDUCATION | 2,002.86 |
| 0000013015 | 11/30/16 | LAERDAL MEDICAL CORPORATION | EQ INSTR ADD 1K-4999; GUNS;CPU | NURSING EDUCATION | 821.57 |
| 0000013020 | 12/01/16 | WOOD-MIZER LLC | REPAIR/MAINT INSTR EQUIP | CABINET & FURNITURE TECH | 2,236.89 |
| 0000013023 | 12/02/16 | HP INC | EQ NONIN ADD 1K-4999; GUNS;CPU | HEA TRIO | 3,359.63 |
| 0000013024 | 12/02/16 | ADVANCED HEALTHSTYLES FITNESS EQUIPMENT | EQUIP INSTR REPL INV >$1000 | WELLNESS CENTER | 34,756.44 |
| 0000013025 | 12/02/16 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | EMERGENCY MEDICAL ED | 1,659.53 |
| 0000013027 | 12/02/16 | TALYNN GRACE APPAREL | INSTR SUPPL/MATERIALS | ADMINISTRATION OF JUSTIC | 7,408.91 |
| 0000013030 | 12/05/16 | WALTERS WHOLESALE ELECTRIC CO | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,589.84 |
| 0000013032 | 12/06/16 | MEDICAL SHIPMENT LLC | EQUIP INSTR, REPL 1K - 4999 | NURSING EDUCATION | 2,540.52 |
| 0000013033 | 12/06/16 | CCLC | LIBRARY NONPRINT MEDIA | LIBRARY | 5,022.50 |
| 0000013033 | 12/06/16 | CCLC | LIBRARY NONPRINT MEDIA | LIBRARY | 5,227.50 |
| 0000013040 | 12/07/16 | PROFORCE MARKETING INC | INSTR SUPPL/MATERIALS | ADMINISTRATION OF JUSTIC | 10,136.68 |
| 0000013044 | 12/07/16 | DELL COMPUTER CORPORATION | EQUIP NONINSTR, 5K OR MORE | TEACHING LEARNING CENTER | 40,049.68 |
| 0000013046 | 12/07/16 | APPLE COMPUTER INC | EQUIP TECH INSTR < 4900 | HISTORY | 600.00 |
| 0000013046 | 12/07/16 | APPLE COMPUTER INC | EQUIP TECH INSTR < 4900 | HISTORY | 1,325.44 |
| 0000013047 | 12/07/16 | APPLE COMPUTER INC | EQ NONIN ADD 1K-4999; GUNS;CPU | HEA TRIO | 12,517.32 |
| 0000013050 | 12/07/16 | APPLE COMPUTER INC | EQUIP TECH INSTR 5K OR MORE | WORLD LANGUAGES DEPARTME | 6,099.84 |
| 0000013057 | 12/08/16 | DISCOUNT OFFICE ITEMS INC | NONINSTR SUPPLIES/MATERIALS | OFFICE OF VP STUDENT SVC | 3,855.60 |
| 0000013058 | 12/08/16 | DELL COMPUTER CORPORATION | EQUIP INSTRUCT ADDTNL > $1,000 | LIBRARY | 26,286.68 |
| 0000013063 | 12/09/16 | RUSSELL SIGLER INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,348.00 |
| 0000013065 | 12/09/16 | APPLE COMPUTER INC | EQ INSTR ADD 1K-4999; GUNS;CPU | OFFICE OFTHE VP INSTRUCT | 15,180.10 |
| 0000013073 | 12/12/16 | DUO-SAFETY LADDER CORP | INSTR SUPPL/MATERIALS | PUBLIC SAFETY PROGRAM | 1,781.46 |

PALOMAR COLLEGE
Learning for Success

# Purchase Orders - Board Report



| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013074 | 12/12/16 | HEARLAND VIDEO SYSTEMS INC | EQUIP NONINSTR, 5K OR MORE | EDUCATIONAL TELEVISION | 61,315.60 |
| 0000013075 | 12/12/16 | BALLOON GURU LLC | NONINSTR SUPPLIES/MATERIALS | GEAR UP | 691.15 |
| 0000013076 | 12/12/16 | DELL COMPUTER CORPORATION | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 60,905.16 |
| 0000013078 | 12/12/16 | QUARK ENTERPRISES INC | INSTR SUPPL/MATERIALS | CHEMISTRY | 2,093.37 |
| 0000013079 | 12/12/16 | TROXELL COMMUNICATIONS INC | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 2,565.00 |
| 0000013080 | 12/12/16 | B & H PHOTO-VIDEO INC | INSTR SUPPL/MATERIALS | GRAPHIC COMMUNICATION | 6,021.00 |
| 0000013082 | 12/13/16 | WW GRAINGER INC | INSTR SUPPL/MATERIALS | CHEMISTRY | 811.78 |
| 0000013092 | 12/15/16 | ROBERT HARRISON | EQUIP TECH INSTR 5K OR MORE | EMERGENCY MEDICAL ED | 56,280.00 |
| 0000013095 | 12/09/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | MATH & NAT HLTH SCI DIVD | 7,070.63 |
| 0000013095 | 12/09/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | OFFICE OFTHE VP INSTRUCT | 537,460.47 |
| 0000013106 | 12/19/16 | PALOMAR COLLEGE BOOKSTORE/FOLLETT | NONINSTR SUPPLIES/MATERIALS | OFFICE OF VP STUDENT SVC | 3,888.00 |
| 0000013110 | 12/19/16 | BLAUER TACTICAL SYSTEMS INC | INSTR SUPPL/MATERIALS | ADMINISTRATION OF JUSTIC | 3,745.84 |
| 0000013115 | 12/19/16 | MORTECH MANUFACTURING INC | EQUIP INSTR, REPL 1K - 4999 | MATH & NAT HLTH SCI DIVD | 4,694.00 |
| 0000013122 | 12/20/16 | PALOMAR COLLEGE BOOKSTORE/FOLLETT | NONINSTR SUPPLIES/MATERIALS | GEAR UP | 5,400.00 |
| 0000013129 | 12/20/16 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | STRONG WORKFORCE | 1,652.22 |
| 0000013130 | 12/20/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | MATH & NAT HLTH SCI DIVD | 80,849.32 |
| 0000013132 | 12/20/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | MATH & NAT HLTH SCI DIVD | 13,941.72 |
| 0000013142 | 12/22/16 | PROFORCE MARKETING INC | NONINSTR SUPPLIES/MATERIALS | CAMPUS POLICE | 1,586.39 |
| 0000013143 | 12/22/16 | VWR SCIENTIFIC PRODUCTS | INSTR SUPPL/MATERIALS | CHEMISTRY | 4,499.16 |
| 0000013145 | 12/22/16 | APPLE COMPUTER INC | EQUIP TECH NONINSTR < 5000 | MATRICULATION DEPARTMEN | 4,456.64 |
| 0000013146 | 12/22/16 | CCS PRESENTATION SYSTEMS INC | EQUIP INSTR, 5K OR MORE | STRONG WORKFORCE | 7,673.94 |
| 0000013149 | 01/04/17 | TERRYBERRY COMPANY | NONINSTR SUPPLIES/MATERIALS | OFFICE,VP HUMAN RESRCSVC | 8,466.66 |
| 0000013150 | 01/04/17 | BRILLIANT MARKETING IDEAS INC | NONINSTR SUPPLIES/MATERIALS | HEA TRIO | 507.16 |
| 0000013151 | 01/04/17 | BRILLIANT MARKETING IDEAS INC | NONINSTR SUPPLIES/MATERIALS | HEA TRIO | 527.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013153 | 01/05/17 | WAXIE INC | NONINSTR SUPPLIES/MATERIALS | BUILDING SERVICES | 2,420.98 |
| 0000013154 | 01/05/17 | BRILLIANT MARKETING IDEAS INC | NONINSTR SUPPLIES/MATERIALS | HEA TRIO | 655.12 |
| 0000013156 | 01/06/17 | LAERDAL MEDICAL CORPORATION | EQUIP INSTR, 5K OR MORE | EMERGENCY MEDICAL ED | 59,213.90 |
| 0000013157 | 01/06/17 | FASTENAL CO | REPAIR/MAINT NONINSTR EQUIP | SAFETY | 10,000.00 |
| 0000013158 | 01/06/17 | AZTEC TECHNOLOGY CORP | RELOC BLDG PURCH OVER 5K | ADMINISTRATION OF JUSTIC | 2,680.56 |
| 0000013162 | 01/09/17 | APPLE COMPUTER INC | EQUIP INSTRUCT ADDTNL > $1,000 | ART | 13,993.92 |
| 0000013163 | 01/09/17 | APPLE COMPUTER INC | EQ INSTR ADD 1K-4999; GUNS;CPU | TUTORING SERVICES | 349.64 |
| 0000013163 | 01/09/17 | APPLE COMPUTER INC | EQ INSTR ADD 1K-4999; GUNS;CPU | TUTORING SERVICES | 379.68 |
| 0000013168 | 01/10/17 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | MATRICULATION DEPARTMEN | 8,258.07 |
| 0000013169 | 01/10/17 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | MATRICULATION DEPARTMEN | 1,651.62 |
| 0000013178 | 01/11/17 | BRILLIANT MARKETING IDEAS INC | NONINSTR SUPPLIES/MATERIALS | HEA TRIO | 10,000.00 |
| 0000013182 | 01/11/17 | APPLE COMPUTER INC | EQ INSTR ADD 1K-4999; GUNS;CPU | OFFICE OFTHE VP INSTRUCT | 1,619.84 |
| 0000013183 | 01/11/17 | APPLE COMPUTER INC | EQ INSTR ADD 1K-4999; GUNS;CPU | OFFICE OFTHE VP INSTRUCT | 2,375.95 |
| 0000013188 | 01/13/17 | JOHNSTONE SUPPLY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,893.73 |
| 0000013198 | 01/18/17 | RAYMOND ALLYN BUSINESS SUPPLY | NONINSTR SUPPLIES/MATERIALS | TTIP SOUTH | 358.81 |
| 0000013202 | 01/19/17 | COMPUTERLAND OF SILICON VALLEY | HARDWARE/SOFTWARE | DRC | 1,831.36 |
| 0000013206 | 01/19/17 | APPLE COMPUTER INC | EQ NONIN ADD 1K-4999; GUNS;CPU | TTIP SOUTH | 2,852.20 |
| 0000013207 | 01/19/17 | APPLE COMPUTER INC | NONINSTR SUPPLIES/MATERIALS | TTIP SOUTH | 512.37 |
| 0000013208 | 01/19/17 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | MATH & NAT HLTH SCI DIVD | 5,842.23 |
| 0000013215 | 01/23/17 | PARTNERSHIP IN LEARNING PROGRAMS INC | PRINTING | GEAR UP | 2,843.31 |
| 0000013219 | 01/24/17 | MICHAEL J ROOZEN | NONINSTR SUPPLIES/MATERIALS | GEAR UP | 125.92 |
| 0000013221 | 01/24/17 | PRINTINGFORLESS.COM INC | PRINTING | GEAR UP | 2,347.04 |
| 0000013221 | 01/24/17 | PRINTINGFORLESS.COM INC | POSTAGE | GEAR UP | 3,759.75 |
| 0000013222 | 01/24/17 | RAYMOND ALLYN BUSINESS SUPPLY | NONINSTR SUPPLIES/MATERIALS | FINANCIAL AID & SCHOLARS | 2,222.21 |
| 0000013223 | 01/24/17 | DELL COMPUTER CORPORATION | EQUIP INSTR, 5K OR MORE | FIRE TECHNOLOGY | 2,379.55 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013224 | 01/25/17 | HP INC | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 2,271.70 |
| 0000013229 | 01/26/17 | KONICA MINOLTA BUSINESS SOLUTIONS USA | PRINTING | TRADE & INDUSTRY DEPARTM | 553.84 |
| 0000013238 | 01/26/17 | AMERICAN BACKFLOW SPECIALISTIES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 557.95 |
| 0000013241 | 01/27/17 | DELL COMPUTER CORPORATION | EQUIP TECH NONINSTR < 5000 | ACA TECHNLGY RES CNTR&LA | 4,954.86 |
| 0000013242 | 01/27/17 | DELL COMPUTER CORPORATION | EQ NONIN ADD 1K-4999; GUNS;CPU | GEAR UP | 696.86 |
| 0000013242 | 01/27/17 | DELL COMPUTER CORPORATION | EQ NONIN ADD 1K-4999; GUNS;CPU | ACA TECHNLGY RES CNTR&LA | 17,550.00 |
| 0000013243 | 01/27/17 | HP INC | NONINSTR SUPPLIES/MATERIALS | ENROLLMENT SVCS DIRECTOR | 260.44 |
| 0000013248 | 01/30/17 | COMPUTERLAND OF SILICON VALLEY | EQUIP INSTRUCT ADDTNL > $1,000 | ACA TECHNLGY RES CNTR&LA | 160.18 |
| 0000013248 | 01/30/17 | COMPUTERLAND OF SILICON VALLEY | HARDWARE/SOFTWARE | ACA TECHNLGY RES CNTR&LA | 3,145.69 |
| 0000013250 | 01/30/17 | BRILLIANT MARKETING IDEAS INC | ADVERTISE NOT REQ BY LAW | EOPS | 1,371.90 |
| 0000013251 | 01/30/17 | BRILLIANT MARKETING IDEAS INC | ADVERTISE NOT REQ BY LAW | EOPS | 2,175.35 |
| 0000013252 | 01/30/17 | HAWTHORNE LIFT SYSTEMS | EQUIP TECH INSTR 5K OR MORE | AUTOMOTIVE TECHNOLOGY T& | 16,709.81 |
| 0000013252 | 01/30/17 | HAWTHORNE LIFT SYSTEMS | EQUIP TECH INSTR 5K OR MORE | DIESEL MECHANIC TECH T&I | 16,709.82 |
| 0000013253 | 01/30/17 | HOPPER EQUIPMENT & SUPPLY INC | EQUIP INSTRUCT ADDTNL > $1,000 | AUTOMOTIVE TECHNOLOGY T& | 9,367.34 |
| 0000013255 | 01/30/17 | ALTEC PRODUCTS INC | NONINSTR SUPPLIES/MATERIALS | FISCAL SERVICES DEPARTMN | 215.50 |
| 0000013256 | 01/30/17 | OXFORD PRINT MANAGEMENT | NONINSTR SUPPLIES/MATERIALS | FISCAL SERVICES DEPARTMN | 2,826.97 |
| 0000013257 | 01/30/17 | UNIFORMS PLUS | RENT/LEASE EQUIPMENT | NURSING EDUCATION | 349.11 |
| 0000013262 | 01/30/17 | PARAMEDIC RESOURCES INC | INSTR SUPPL/MATERIALS | EMERGENCY MEDICAL ED | 2,015.82 |
| 0000013264 | 01/30/17 | FOLLETT | STUDENT OTHER SERVICES | EOPS | 1,315.01 |
| 0000013265 | 01/30/17 | UNIFORMS UNLIMITED | INSTR SUPPL/MATERIALS | ADMINISTRATION OF JUSTIC | 2,305.38 |
| 0000013267 | 01/30/17 | APPLE COMPUTER INC | EQUIP INSTRUCT ADDTNL > $1,000 | ACA TECHNLGY RES CNTR&LA | 3,002.06 |
| 0000013270 | 01/31/17 | BRILLIANT MARKETING IDEAS INC | SUPPLIES, INSTITUTIONAL | TRIO EDUC OPPORTUNITY CE | 1,853.15 |
| 0000013271 | 01/31/17 | TEAMWORK PROMOTIONAL ADVERTISING | ADVERTISE NOT REQ BY LAW | FINANCIAL AID & SCHOLARS | 2,413.77 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013272 | 01/31/17 | TEAMWORK PROMOTIONAL ADVERTISING | ADVERTISE NOT REQ BY LAW | FINANCIAL AID & SCHOLARS | 2,176.91 |
| 0000013274 | 01/31/17 | INTERMOUNTAIN LOCK AND SECURITY SUPPLY | REPAIR/MAINT BLDGS | LOCKSMITHING | 1,726.20 |
| | | | | *Subtotal for Equipment and Supplies* | 1,849,443.51 |
| **Travel** | | | | | |
| 0000013249 | 01/30/17 | HILTON HOTEL NEW YORK | TRAVEL, ACADEMIC ADMIN | GEAR UP | 2,114.04 |
| 0000013249 | 01/30/17 | HILTON HOTEL NEW YORK | TRAVEL, CLASSIFIED EMPLOYEE | GEAR UP | 4,228.08 |
| 0000013249 | 01/30/17 | HILTON HOTEL NEW YORK | TRAVEL, ACADEMIC EMPLOYEE | GEAR UP | 7,207.44 |
| | | | | *Subtotal for Travel* | 13,549.56 |
| **Advertising/Increases** | | | | | |
| 0000012915 | 11/04/16 | OUTFRONT MEDIA | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 213,715.00 |
| 0000012979 | 11/18/16 | CLEAR CHANNEL OUTDOOR INC | ADVERTISE NOT REQ BY LAW | OFFICE OF VP STUDENT SVC | 55,000.00 |
| 0000013051 | 12/08/16 | PASSPORT TO SAN DIEGO INC | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 11,000.00 |
| 0000013096 | 12/15/16 | SAN DIEGO STATE UNIVERSITY FOUNDATION | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 4,055.00 |
| 0000013099 | 12/16/16 | SAN DIEGO STATE UNIVERSITY FOUNDATION | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 4,055.00 |
| 0000013105 | 12/19/16 | CLEAR CHANNEL OUTDOOR INC | ADVERTISE NOT REQ BY LAW | OFFICE OF VP STUDENT SVC | 14,100.00 |
| 0000013108 | 12/19/16 | CLEAR CHANNEL OUTDOOR INC | ADVERTISE NOT REQ BY LAW | OFFICE OF VP STUDENT SVC | 10,000.00 |
| 0000013125 | 12/20/16 | OUTFRONT MEDIA | ADVERTISE NOT REQ BY LAW | OFFICE OF VP STUDENT SVC | 21,875.00 |
| 0000013131 | 12/20/16 | MARINE CORPS COMMUNITY SERVICES | ADVERTISE NOT REQ BY LAW | STRONG WORKFORCE | 4,840.00 |
| 0000013210 | 01/20/17 | INTERACT COMMUNICATIONS INC | OTHER PERSONAL/CONSULT SVCS | PUBLIC AFFAIRS OFFICE | 135,000.00 |
| 0000013230 | 01/26/17 | OCEANSIDE CHAMBER OF COMMERCE | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 2,145.00 |
| 0000013231 | 01/26/17 | BAY CITY TELEVISION INC | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 6,000.00 |
| 0000013232 | 01/26/17 | NORTH SAN DIEGO BUSINESS CHAMBER | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 150.00 |
| 0000013234 | 01/26/17 | FALLBROOK CHAMBER OF COMMERCE | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 100.00 |
| 0000013235 | 01/26/17 | POWAY CHAMBER OF COMMERCE | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 75.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013240 | 01/26/17 | ESCONDIDO CHAMBER OF COMMERCE | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 130.00 |
| 0000013244 | 01/30/17 | FIESTA DE LOS PENASQUITOS | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 150.00 |
| 0000013254 | 01/30/17 | GET1FREE MAGAZINE, INC | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 27,000.00 |
| 0000013269 | 01/31/17 | CLEAR CHANNEL OUTDOOR INC | ADMINISTRATIVE EXPENSE | OFFICE OF VP STUDENT SVC | 12,000.00 |
| | | | | *Subtotal for Advertising/Increases* | 521,390.00 |

Agreements/Services

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012229 | 07/13/16 | SAN MARCOS UNIFIED SCHOOL DISTRICT | RENT TRANSPORTATION | TRIO-UPWARD BOUND | 1,500.00 |
| 0000012229 | 07/13/16 | SAN MARCOS UNIFIED SCHOOL DISTRICT | RENT TRANSPORTATION | GEAR UP | 1,500.00 |
| 0000012613 | 08/31/16 | PAPE MATERIAL HANDLING | MAINT AGR, EQUIP | THEATRE ARTS | 500.00 |
| 0000012614 | 08/31/16 | TRANE U S INC | REPAIR/MAINT BLDGS | HVAC | 5,000.00 |
| 0000012741 | 09/26/16 | YUSSEF EL GUINDI DBA THE GERSH AGAENCY | LICENSING FEE | THEATRE ARTS | 450.00 |
| 0000012766 | 09/29/16 | EMERSON NETWORK POWER LIEBERT SERVICES | REPAIR/MAINT NONINSTR EQUIP | EDUCATIONAL TELEVISION | 2,459.00 |
| 0000012807 | 10/17/16 | LUCK'S MUSIC LIBRARY | RENT FILMS | PERFORMING ARTS DEPARTME | 1,113.00 |
| 0000012813 | 10/17/16 | BRIGHTVIEW LANDSCAPE DEVELOPMENT INC | REPAIR/MAINT BLDGS | FACILITIES DEPARTMENT | 31,118.00 |
| 0000012830 | 10/20/16 | WESS TRANSPORTATION SERVICES INC | RENT TRANSPORTATION | HEA TRIO | 598.00 |
| 0000012832 | 10/20/16 | ARBITERSPORTS LLC | ATHLETIC OFFICIALS FEES | ATHLETICS DEPARTMENT | 10,000.00 |
| 0000012849 | 10/25/16 | BMEA ENTERPRISES INC | SUPPLIES, INSTITUTIONAL | OFFICE OFTHE VP INSTRUCT | 2,451.84 |
| 0000012853 | 10/25/16 | 3TRACE DBA TRACE3 | MAINT AGR, SOFTWARE | INSTL OBLIGATIONS INFO S | 16,151.87 |
| 0000012853 | 10/25/16 | 3TRACE DBA TRACE3 | MAINT AGR, SOFTWARE | GENERAL LEDGER CONTROL | 16,151.87 |
| 0000012856 | 10/26/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | CUSTODIAL SERVICES | 26,100.00 |
| 0000012857 | 10/26/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | CUSTODIAL SERVICES | 35,424.00 |
| 0000012863 | 10/26/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | FISCAL SERVICES DEPARTMN | 508.58 |
| 0000012863 | 10/26/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | CUSTODIAL SERVICES | 8,037.42 |
| 0000012867 | 10/26/16 | CALIFORNIA TREE SERVICE INC | MAINTENANCE, GROUNDS | GROUNDS SERVICES | 4,840.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012868 | 10/26/16 | TELESTREAM INC | MAINT AGR, SOFTWARE | EDUCATIONAL TELEVISION | 750.00 |
| 0000012875 | 10/27/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | FISCAL SERVICES DEPARTMN | 5,152.20 |
| 0000012876 | 10/27/16 | ARIZONA MACHINERY LL | MAINTENANCE, GROUNDS | GROUNDS SERVICES | 782.39 |
| 0000012887 | 10/31/16 | ENCO SYSTEMS INC | SOFTWARE LICENSING FEES | KKSM RADIO | 1,847.40 |
| 0000012888 | 11/01/16 | SURERIDE CHARTER INC | TRAVEL WITH STUDENT | HEA TRIO | 1,230.00 |
| 0000012891 | 11/01/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 12,683.00 |
| 0000012892 | 11/01/16 | AMERGROUP INC,THE | EQ NONIN ADD 1K-4999; GUNS;CPU | TUTORING SERVICES | 3,363.28 |
| 0000012896 | 11/02/16 | SAN MARCOS GLASS | REPAIR/MAINT BLDGS | FACILITIES DEPARTMENT | 431.11 |
| 0000012897 | 11/02/16 | SAN MARCOS GLASS | REPAIR/MAINT BLDGS | CARPENTRY | 152.68 |
| 0000012898 | 11/02/16 | CORODATA SHREDDING INC | WASTE DISPOSAL | CAMPUS POLICE | 432.00 |
| 0000012906 | 11/03/16 | FULL COMPASS SYSTEMS | HARDWARE/SOFTWARE | THEATRE ARTS | 562.00 |
| 0000012908 | 11/03/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | EARLY CHLDHOOD ED LAB SC | 538.00 |
| 0000012911 | 11/03/16 | CCS PRESENTATION SYSTEMS INC | EQUIP TECH NONINSTR < 5000 | OFFICE,VP ADMINISTRATIV | 10,767.93 |
| 0000012912 | 11/03/16 | BSN SPORTS | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 8,193.48 |
| 0000012913 | 11/03/16 | CHALLENGER SHEET METAL INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 16,599.00 |
| 0000012916 | 11/04/16 | CALIFORNIA CENTER FOR THE ARTS | RENT/LEASE LAND/BLDGS | FASHION | 4,160.00 |
| 0000012919 | 11/07/16 | RUFFALO NOEL LEVITZ | MAINT AGR, SOFTWARE | HEA TRIO | 2,415.00 |
| 0000012920 | 11/07/16 | RAP ENGINEERING INC | BUILDING CONSTRUCTIONS | BUILDING SERVICES | 24,596.00 |
| 0000012922 | 11/07/16 | QUANTUM LEARNING NETWORK | RENT/LEASE LAND/BLDGS | GEAR UP | 2,000.00 |
| 0000012925 | 11/08/16 | PARALLAX TACTICAL LLC | REPAIR/MAINT INSTR EQUIP | ADMINISTRATION OF JUSTIC | 1,650.00 |
| 0000012926 | 11/08/16 | HORIZON DISTRIBUTORS INC | NONINSTR SUPPLIES/MATERIALS | ATHLETICS DEPARTMENT | 2,071.44 |
| 0000012929 | 11/08/16 | ROADPOST USA INC | BUILDING CONSTRUCTIONS | EMERGENCY OPS (EMRGNCY R | 2,771.92 |
| 0000012933 | 11/08/16 | ORACLE AMERICA INC | MAINT AGR, SOFTWARE | INSTL OBLIGATIONS INFO S | 1,208.43 |
| 0000012933 | 11/08/16 | ORACLE AMERICA INC | MAINT AGR, SOFTWARE | GENERAL LEDGER CONTROL | 2,417.17 |
| 0000012934 | 11/08/16 | MICROSCIENCE LEARNING 4 ALL USA INC | MAINT AGR, SOFTWARE | MATRICULATION DEPARTMEN | 225.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012934 | 11/08/16 | MICROSCIENCE LEARNING 4 ALL USA INC | SFTW NONINSTR 5K OR MORE-M/M&L | MATRICULATION DEPARTMEN | 38,063.07 |
| 0000012936 | 11/08/16 | ACCURATE SECURITY PROS INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,925.80 |
| 0000012944 | 11/08/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | STUDENT HEALTH SERVICES | 721.00 |
| 0000012945 | 11/09/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | INFORMATION SYSTMS & SVC | 270.00 |
| 0000012950 | 11/14/16 | POWAY CHAMBER OF COMMERCE | MEMBERSHIP, DISTRICT | GOVERNING BOARD | 1,000.00 |
| 0000012951 | 11/14/16 | VISTA CHAMBER OF COMMERCE | MEMBERSHIP, DISTRICT | GOVERNING BOARD | 480.00 |
| 0000012952 | 11/14/16 | COUNCIL FOR OPPORTUNITY IN EDUCATION | MEMBERSHIP, DISTRICT | GOVERNING BOARD | 5,250.00 |
| 0000012953 | 11/14/16 | SAN MARCOS CHAMBER OF COMMERCE | MEMBERSHIP, DISTRICT | GOVERNING BOARD | 1,100.00 |
| 0000012954 | 11/14/16 | MIRNA CASTANEDA-TINNEY | INDEPENDENT CONTRACTOR | TTIP SOUTH | 45,000.00 |
| 0000012956 | 11/14/16 | REMOTE-LEARNER USA INC | INDEPENDENT CONTRACTOR | TTIP SOUTH | 8,340.00 |
| 0000012958 | 11/15/16 | KEENAN & ASSOCIATES | TRAVEL, CLASSIFIED EMPLOYEE | SAFETY | 2,616.00 |
| 0000012969 | 11/16/16 | FHEG PALOMAR COLLEGE BOOKSTORE | STUDENT OTHER SERVICES | EOPS | 10,933.80 |
| 0000012971 | 11/17/16 | ARAMARK SERVICES | FOOD FOR MEETINGS | GEAR UP | 15,000.00 |
| 0000012975 | 11/17/16 | MENDEZ, ROBERTO V | FOOD FOR MEETINGS | GEAR UP | 315.00 |
| 0000012976 | 11/17/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 8.67 |
| 0000012976 | 11/17/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 38.35 |
| 0000012976 | 11/17/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 491.35 |
| 0000012976 | 11/17/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,529.30 |
| 0000012976 | 11/17/16 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,777.33 |
| 0000012980 | 11/18/16 | SOLAR CARE INC | REPAIR/MAINT BLDGS | SOCIAL & BEHAV SCI DIV D | 271.00 |
| 0000012984 | 11/18/16 | KNIGHT SECURITY & FIRE SYSTEMS | MAINT AGR, EQUIP | INFORMATION SYSTMS & SVC | 106.00 |
| 0000012989 | 11/21/16 | DYNALECTRIC COMPANY | REPAIR/MAINT INSTR EQUIP | ART | 4,825.00 |
| 0000012990 | 11/21/16 | RAYMOND ALLYN BUSINESS SUPPLY | EQ INSTR ADD 1K-4999; GUNS;CPU | FIRE TECHNOLOGY | 5,977.70 |
| 0000012991 | 11/21/16 | BMEA ENTERPRISES INC | EQ INSTR ADD 1K-4999; GUNS;CPU | FIRE TECHNOLOGY | 25,863.06 |
| 0000012992 | 11/21/16 | NINYO & MOORE | REPAIR/MAINT BLDGS | ENVIRONMENTAL ASSESSMENT | 9,800.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012995 | 11/21/16 | LISICKY, ADAM JAMES | INDEPENDENT CONTRACTOR | TTIP SOUTH | 10,000.00 |
| 0000012998 | 11/22/16 | WESS TRANSPORTATION SERVICES INC | RENT TRANSPORTATION | TRIO-UPWARD BOUND | 558.74 |
| 0000012998 | 11/22/16 | WESS TRANSPORTATION SERVICES INC | RENT TRANSPORTATION | TRIO-UPWARD BOUND | 558.74 |
| 0000012998 | 11/22/16 | WESS TRANSPORTATION SERVICES INC | RENT TRANSPORTATION | GEAR UP | 1,117.48 |
| 0000012999 | 11/22/16 | SKILLSOFT CORPORATION | INDEPENDENT CONTRACTOR | TTIP SOUTH | 80,000.00 |
| 0000013007 | 11/23/16 | NEERAJ, SETH | MAINT AGR, SOFTWARE | HEA TRIO | 1,003.99 |
| 0000013007 | 11/23/16 | NEERAJ, SETH | MAINT AGR, SOFTWARE | HEA TRIO | 4,015.96 |
| 0000013009 | 11/28/16 | BILLCAN.INC DBA ELCAMINO RENTAL | MAINTENANCE, GROUNDS | GROUNDS SERVICES | 374.01 |
| 0000013010 | 11/29/16 | FAIRLANE CLEANERS | LAUNDRY/DRY CLEANING | THEATRE ARTS | 350.00 |
| 0000013011 | 11/29/16 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,191.50 |
| 0000013011 | 11/29/16 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 9,263.89 |
| 0000013012 | 11/29/16 | FRONTIER FENCE COMPANY INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 4,200.00 |
| 0000013014 | 11/29/16 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 35,109.25 |
| 0000013016 | 11/30/16 | JUSTIN PALLAMARY PLS | OTHER PERSONAL/CONSULT SVCS | FACILITIES DEPARTMENT | 65,000.00 |
| 0000013017 | 12/01/16 | COLLEGESOURCE INC | SOFTWARE LICENSING FEES | ENROLLMENT SVCS DIRECTOR | 15,176.00 |
| 0000013018 | 12/01/16 | REWARD STRATEGY GROUP INC | INDEPENDENT CONTRACTOR | OFFICE,VP HUMAN RESRCSVC | 42,500.00 |
| 0000013019 | 12/01/16 | KEY CODE MEDIA | EQ NONIN ADD 1K-4999; GUNS;CPU | TTIP SOUTH | 17,213.73 |
| 0000013021 | 12/01/16 | 4POINT | SOFTWARE LICENSING FEES | OFFICE OFTHE VP INSTRUCT | 299.00 |
| 0000013022 | 12/02/16 | PEARSON COMPANY | SFTW NONINSTR 5K OR MORE-M/M&L | OFFICE OF VP STUDENT SVC | 47,385.00 |
| 0000013026 | 12/02/16 | SITEIMPROVE INC | SOFTWARE LICENSING FEES | ACA TECHNLGY RES CNTR&LA | 14,780.00 |
| 0000013028 | 12/02/16 | VALLEY ROSE PROPERTIES LP | RENT/LEASE LAND/BLDGS | TRIO EDUC OPPORTUNITY CE | 2,388.42 |
| 0000013029 | 12/02/16 | PEOPLEADMIN INC | SOFTWARE LICENSING FEES | INSTL OBLIGATIONS INFO S | 21,070.65 |
| 0000013029 | 12/02/16 | PEOPLEADMIN INC | SOFTWARE LICENSING FEES | GENERAL LEDGER CONTROL | 21,070.67 |
| 0000013031 | 12/06/16 | ENTRUST INC | SOFTWARE LICENSING FEES | GENERAL LEDGER CONTROL | 1,757.18 |
| 0000013031 | 12/06/16 | ENTRUST INC | SOFTWARE LICENSING FEES | INSTL OBLIGATIONS INFO S | 2,460.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013034 | 12/06/16 | LCDM | FOOD FOR MEETINGS | GEAR UP | 2,161.12 |
| 0000013035 | 12/06/16 | CALIFORNIA CENTER FOR THE ARTS | RENT/LEASE LAND/BLDGS | FASHION | 5,840.00 |
| 0000013036 | 12/06/16 | VERO SOFTWARE INC | SOFTWARE LICENSING FEES | CABINET & FURNITURE TECH | 9,007.00 |
| 0000013037 | 12/07/16 | FEDEX KINKO'S | PRINTING | ADMINISTRATION OF JUSTIC | 5,500.00 |
| 0000013038 | 12/07/16 | AMERGROUP INC,THE | EQUIP TECH NONINSTR < 5000 | INFORMATION SYSTMS & SVC | 2,775.24 |
| 0000013039 | 12/07/16 | ORACLE AMERICA INC | MAINT AGR, SOFTWARE | INSTL OBLIGATIONS INFO S | 674.60 |
| 0000013039 | 12/07/16 | ORACLE AMERICA INC | MAINT AGR, SOFTWARE | GENERAL LEDGER CONTROL | 1,349.20 |
| 0000013041 | 12/07/16 | TABLEAU SOFTWARE INC | SOFTWARE LICENSING FEES | OFFICE OF VP STUDENT SVC | 15,000.00 |
| 0000013042 | 12/07/16 | TUTELA INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,224.97 |
| 0000013043 | 12/07/16 | CCS PRESENTATION SYSTEMS INC | EQUIP TECH NONINSTR < 5000 | OFFICE OF VP STUDENT SVC | 11,077.50 |
| 0000013045 | 12/07/16 | KEVIN ZWEYER ANDERSON | INDEPENDENT CONTRACTOR | BOEHM GALLERY | 8,248.00 |
| 0000013052 | 12/08/16 | WIND AND SHADE INC | REPAIR/MAINT BLDGS | GROUNDS SERVICES | 643.60 |
| 0000013053 | 12/08/16 | REGENTS OF THE UNIVERSITY OF CALIFORNIA | FOOD FOR MEETINGS | TRIO-UPWARD BOUND | 610.90 |
| 0000013053 | 12/08/16 | REGENTS OF THE UNIVERSITY OF CALIFORNIA | FOOD FOR MEETINGS | TRIO-UPWARD BOUND | 610.90 |
| 0000013054 | 12/08/16 | APPLE COMPUTER INC | HARDWARE/SOFTWARE | GRAPHIC COMMUNICATION | 1,396.69 |
| 0000013055 | 12/08/16 | OTIS ELEVATOR COMPANY | REPAIR/MAINT BLDGS | INSTL OBLIGATIONS FACILI | 2,940.00 |
| 0000013056 | 12/08/16 | AIR POLLUTION CONTROL DISTRICT | REPAIR/MAINT BLDGS | GENERAL LEDGER CONTROL | 768.50 |
| 0000013056 | 12/08/16 | AIR POLLUTION CONTROL DISTRICT | REPAIR/MAINT BLDGS | AIR QUALITY (APCD) | 768.50 |
| 0000013059 | 12/08/16 | COMPUTERLAND OF SILICON VALLEY | HARDWARE/SOFTWARE | PUBLIC AFFAIRS OFFICE | 280.00 |
| 0000013060 | 12/09/16 | CITY OF ESCONDIDO | RENT/LEASE LAND/BLDGS | PUBLIC SAFETY PROGRAM | 4,000.00 |
| 0000013061 | 12/09/16 | ROMANO,LAURA D | LAWYERS' FEES | INSTL OBLIGATIONS RISK M | 5,000.00 |
| 0000013062 | 12/09/16 | SYLVESTER ROOFING COMPANY INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 60.00 |
| 0000013062 | 12/09/16 | SYLVESTER ROOFING COMPANY INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 516.09 |
| 0000013062 | 12/09/16 | SYLVESTER ROOFING COMPANY INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 673.91 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013064 | 12/09/16 | STANLEY STEEMER CARPET CLEANER | REPAIR/MAINT BLDGS | MEDIA STUDIES DEPARTMENT | 161.00 |
| 0000013066 | 12/09/16 | STANLEY STEEMER CARPET CLEANER | REPAIR/MAINT BLDGS | CUSTODIAL SERVICES | 150.00 |
| 0000013071 | 12/09/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | STUDENT HEALTH SERVICES | 661.00 |
| 0000013072 | 12/12/16 | MSC JANITORIAL SERVICES INC | REPAIR/MAINT BLDGS | LIBRARY | 1,930.00 |
| 0000013077 | 12/12/16 | CCS PRESENTATION SYSTEMS INC | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 12,069.00 |
| 0000013081 | 12/13/16 | UNISOURCE SOLUTIONS INC | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 60,899.96 |
| 0000013083 | 12/14/16 | GEORGE AND KROGH WELDING INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 8,604.09 |
| 0000013085 | 12/14/16 | DFIT SUBS LLC | FOOD FOR MEETINGS | GEAR UP | 2,500.00 |
| 0000013087 | 12/14/16 | WORKPLACE SERVICES INC | REPAIR/MAINT BLDGS | MEDIA STUDIES DEPARTMENT | 778.96 |
| 0000013090 | 12/15/16 | SAN DIEGO STATE UNIVERSITY FOUNDATION | OTHER PERSONAL/CONSULT SVCS | OFFICE OF VP STUDENT SVC | 45,000.00 |
| 0000013093 | 12/15/16 | 3TRACE DBA TRACE3 | MAINT AGR, EQUIP | INSTL OBLIGATIONS INFO S | 3,060.04 |
| 0000013093 | 12/15/16 | 3TRACE DBA TRACE3 | MAINT AGR, EQUIP | GENERAL LEDGER CONTROL | 7,343.92 |
| 0000013093 | 12/15/16 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | INSTL OBLIGATIONS INFO S | 25,746.07 |
| 0000013093 | 12/15/16 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | GENERAL LEDGER CONTROL | 51,513.93 |
| 0000013094 | 12/15/16 | JORDAN ANTHONY CIERVO | FOOD FOR MEETINGS | GEAR UP | 1,000.00 |
| 0000013097 | 12/15/16 | MONTOYA,ALEJANDRO | INDEPENDENT CONTRACTOR | OFFICE OF VP STUDENT SVC | 1,500.00 |
| 0000013098 | 12/16/16 | FRESH SUBS SAN DIEGO LLC | FOOD FOR MEETINGS | GEAR UP | 1,000.00 |
| 0000013100 | 12/16/16 | PARTNERSHIP IN LEARNING PROGRAMS INC | NONINSTR SUPPLIES/MATERIALS | GEAR UP | 2,590.92 |
| 0000013101 | 12/16/16 | PLAZA TRAVEL | TRAVEL, STUDENT | INSTITUTIONAL | 900.00 |
| 0000013102 | 12/16/16 | PAUMA BAND OF MISSION INDIANS | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 1,950.00 |
| 0000013103 | 12/16/16 | ESCONDIDO UNION HIGH SCHOOL DISTRICT | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 3,150.00 |
| 0000013104 | 12/19/16 | ARAMARK SERVICES | SUPPLIES, FOOD SERVICES | OFFICE OF VP STUDENT SVC | 3,015.95 |
| 0000013107 | 12/19/16 | VISTA UNIFIED SCHOOL DISTRICT | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 1,364.00 |
| 0000013109 | 12/19/16 | POWAY UNIFIED SCHOOL DISTRICT | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 9,075.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013112 | 12/19/16 | ESCONDIDO UNION SCHOOL DISTRICT | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 17,064.00 |
| 0000013113 | 12/19/16 | MANDARIN HOLDINGS LP | FOOD FOR MEETINGS | GEAR UP | 1,500.00 |
| 0000013114 | 12/19/16 | ARAMARK SERVICES | FOOD FOR MEETINGS | TRIO-UPWARD BOUND | 571.75 |
| 0000013114 | 12/19/16 | ARAMARK SERVICES | FOOD FOR MEETINGS | TRIO-UPWARD BOUND | 571.76 |
| 0000013116 | 12/19/16 | BAY CITY EQUIPMENT INDUSTRIES INC | REPAIR/MAINT BLDGS | INSTL OBLIGATIONS FACILI | 672.90 |
| 0000013117 | 12/19/16 | HOBSONS INC | SOFTWARE LICENSING FEES | OFFICE OF VP STUDENT SVC | 30,421.67 |
| 0000013118 | 12/19/16 | KELLY-MATSON, MAXINE | INDEPENDENT CONTRACTOR | TTIP SOUTH | 45,000.00 |
| 0000013119 | 12/19/16 | BOWEN PRODUCTIONS INC | REPAIR/MAINT NONINSTR EQUIP | PLANETARIUM | 5,920.00 |
| 0000013120 | 12/19/16 | STUDY ABROAD ASSOCIATION | OTHER PERSONAL/CONSULT SVCS | INTERNATIONAL STUDENT SV | 500.00 |
| 0000013121 | 12/20/16 | HOBSONS INC | SOFTWARE LICENSING FEES | MATRICULATION DEPARTMEN | 52,054.27 |
| 0000013121 | 12/20/16 | HOBSONS INC | SOFTWARE LICENSING FEES | MATRICULATION DEPARTMEN | 52,054.27 |
| 0000013123 | 12/20/16 | RAYMOND ALLYN BUSINESS SUPPLY | INSTR SUPPL/MATERIALS | EMERGENCY MEDICAL ED | 3,349.03 |
| 0000013124 | 12/20/16 | BERGELECTRIC CORP | SITE IMPROVEMENT OVER 5K | INFORMATION SYSTMS & SVC | 4,165.00 |
| 0000013126 | 12/20/16 | MEDIA SIGN INC | HARDWARE/SOFTWARE | GRAPHIC COMMUNICATION | 299.00 |
| 0000013127 | 12/20/16 | GEM INDUSTRIAL ELECTRIC INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 11,300.00 |
| 0000013133 | 12/21/16 | ASCEND LEARNING HOLDINGS, LLC | INDEPENDENT CONTRACTOR | NURSING EDUCATION | 6,800.00 |
| 0000013133 | 12/21/16 | ASCEND LEARNING HOLDINGS, LLC | INDEPENDENT CONTRACTOR | VATEA | 20,000.00 |
| 0000013134 | 12/21/16 | POM, INCORPORATED | MAINT AGR, EQUIP | CAMPUS POLICE | 1,600.00 |
| 0000013135 | 12/21/16 | APPLIED MECHANICAL SOLUTIONS INC | REPAIR/MAINT BLDGS | HVAC | 292.50 |
| 0000013136 | 12/21/16 | ARAMARK SERVICES | COST OF FOOD, FOOD SERVICES | OFFICE OF VP STUDENT SVC | 2,000.07 |
| 0000013139 | 12/21/16 | ACCO ENGINEERED SYSTEMS INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 38,688.00 |
| 0000013140 | 12/21/16 | FALLBROOK UNION HIGH SCHOOL DISTRICT | RENT/LEASE LAND/BLDGS | OFF-SITE FACILITY RENTAL | 27,716.00 |
| 0000013147 | 01/03/17 | NINYO & MOORE | REPAIR/MAINT BLDGS | SAFETY | 6,980.00 |
| 0000013148 | 01/04/17 | ARAMARK SERVICES | SUPPLIES, FOOD SERVICES | NURSING EDUCATION | 1,012.51 |
| 0000013161 | 01/09/17 | AMERGROUP INC,THE | RENT/LEASE EQUIPMENT | INFORMATION SYSTMS & SVC | 783.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013161 | 01/09/17 | AMERGROUP INC,THE | EQUIP TECH NONINSTR < 5000 | INFORMATION SYSTMS & SVC | 31,876.25 |
| 0000013164 | 01/10/17 | APPLIED MECHANICAL SOLUTIONS INC | REPAIR/MAINT BLDGS | HVAC | 243.75 |
| 0000013165 | 01/10/17 | BAKER ELECTRIC INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 12,570.00 |
| 0000013166 | 01/10/17 | AMERICAN REGISTRY FOR INTERNET NUMBERS | NETWORK EQUIPMENT | INSTL OBLIGATIONS INFO S | 100.00 |
| 0000013167 | 01/10/17 | OPTIMO SOFTWARE | SOFTWARE LICENSING FEES | PERFORMING ARTS DEPARTME | 1,050.00 |
| 0000013170 | 01/10/17 | TECHXTEND | SOFTWARE LICENSING FEES | PUBLIC AFFAIRS OFFICE | 360.00 |
| 0000013171 | 01/10/17 | INTERSEGMENTAL COORDINATING COMMITTEE | TRAVEL, CLASSIFIED EMPLOYEE | GEAR UP | 500.00 |
| 0000013172 | 01/10/17 | SAN MARCOS GLASS | REPAIR/MAINT BLDGS | LOCKSMITHING | 1,398.57 |
| 0000013175 | 01/11/17 | MULTIN ELECTRIC INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 1,808.88 |
| 0000013176 | 01/11/17 | CITY OF SAN MARCOS | RENT/LEASE LAND/BLDGS | TRIO-UPWARD BOUND | 126.50 |
| 0000013176 | 01/11/17 | CITY OF SAN MARCOS | RENT/LEASE LAND/BLDGS | TRIO-UPWARD BOUND | 126.50 |
| 0000013179 | 01/11/17 | SURERIDE CHARTER INC | TRAVEL WITH STUDENT | HEA TRIO | 1,133.00 |
| 0000013180 | 01/11/17 | DIMENSION SYSTEMS INC | INDEPENDENT CONTRACTOR | INFORMATION SYSTMS & SVC | 19,600.00 |
| 0000013181 | 01/11/17 | IPC INDUSTRIES INC | REPAIR/MAINT NONINSTR EQUIP | CAMPUS POLICE | 2,000.00 |
| 0000013185 | 01/12/17 | SYRIANI & SERYANI INC | FOOD FOR MEETINGS | GEAR UP | 1,550.00 |
| 0000013186 | 01/12/17 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 3,863.76 |
| 0000013187 | 01/12/17 | KALTURA INC | SOFTWARE LICENSING FEES | ACA TECHNLGY RES CNTR&LA | 4,435.00 |
| 0000013187 | 01/12/17 | KALTURA INC | SOFTWARE LICENSING FEES | ACA TECHNLGY RES CNTR&LA | 19,565.00 |
| 0000013191 | 01/17/17 | ASCAP | LICENSING FEE | AMBCS DIVISION DEAN | 5,311.11 |
| 0000013192 | 01/17/17 | BROADCAST MUSIC INC | LICENSING FEE | AMBCS DIVISION DEAN | 5,975.38 |
| 0000013194 | 01/18/17 | PATTERSON DENTAL SUPPLY | REPAIR/MAINT INSTR EQUIP | DENTAL ASSISTING | 500.00 |
| 0000013196 | 01/18/17 | FOUNDATION FOR CALIFORNIA COMMUNITY | MEMBERSHIP, DISTRICT | OFFICE OF VP STUDENT SVC | 1,000.00 |
| 0000013197 | 01/18/17 | RELIANT TECHNOLOGY LLC | MAINT AGR, EQUIP | INSTL OBLIGATIONS INFO S | 8,503.33 |
| 0000013197 | 01/18/17 | RELIANT TECHNOLOGY LLC | MAINT AGR, EQUIP | GENERAL LEDGER CONTROL | 11,904.67 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013199 | 01/19/17 | LENTULO CONSULTING | BLUEPRINT/INSPECTION SVCS | STUDENT HEALTH SERVICES | 6,080.00 |
| 0000013200 | 01/19/17 | DAILY JOURNAL CORPORATION | ADVERTISE NOT REQ BY LAW | GROUNDS SERVICES | 83.70 |
| 0000013203 | 01/19/17 | HACU MEMBERSHIP | MEMBERSHIP, DISTRICT | GENERAL LEDGER CONTROL | 5,230.00 |
| 0000013203 | 01/19/17 | HACU MEMBERSHIP | MEMBERSHIP, DISTRICT | GOVERNING BOARD | 5,230.00 |
| 0000013205 | 01/19/17 | SEWING MACHINES PLUS | REPAIR/MAINT INSTR EQUIP | THEATRE ARTS | 700.00 |
| 0000013209 | 01/20/17 | THOMAS ANTHONY ANGELO | INDEPENDENT CONTRACTOR | OFFICE OFTHE VP INSTRUCT | 2,000.00 |
| 0000013212 | 01/20/17 | BARKSHIRE LASER LEVELING INC | MAINTENANCE, GROUNDS | ATHLETICS DEPARTMENT | 3,000.00 |
| 0000013213 | 01/23/17 | GLOBAL INTERACTIVE SOLUTIONS, LLC | INDEPENDENT CONTRACTOR | TTIP SOUTH | 20,820.00 |
| 0000013214 | 01/23/17 | NATIONAL LEAGUE FOR NURSING | MEMBERSHIP, DISTRICT | NURSING EDUCATION | 1,400.00 |
| 0000013216 | 01/23/17 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 659.58 |
| 0000013217 | 01/23/17 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 980.09 |
| 0000013218 | 01/24/17 | WORKPLACE SERVICES INC | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 20,353.70 |
| 0000013220 | 01/24/17 | ORACLE AMERICA INC | MAINT AGR, SOFTWARE | INSTL OBLIGATIONS INFO S | 5,321.61 |
| 0000013228 | 01/26/17 | SURERIDE CHARTER INC | RENT TRANSPORTATION | ATHLETICS DEPARTMENT | 16,240.00 |
| 0000013233 | 01/26/17 | NINYO & MOORE | BLUEPRINT/INSPECTION SVCS | FACILITIES DEPARTMENT | 15,500.00 |
| 0000013236 | 01/26/17 | COUNTY OF SAN DIEGO | PEST CONTROL | ENVIRONMENTAL ASSESSMENT | 107.00 |
| 0000013239 | 01/26/17 | SAN DIEGO MECHANICAL & ENERGY | BUILDING CONSTRUCTIONS | FACILITIES DEPARTMENT | 2,089.00 |
| 0000013245 | 01/30/17 | CITY OF SAN DIEGO | STAFF DEVELOPMENT | EMERGENCY OPS (EMRGNCY R | 5,000.00 |
| 0000013246 | 01/30/17 | MACHINING TIME SAVERS INC | TRAINING | VATEA | 2,525.00 |
| 0000013247 | 01/30/17 | SUNDANCE STAGE LINES INC | RENT TRANSPORTATION | HEA TRIO | 1,095.00 |
| 0000013259 | 01/30/17 | SOUTHWEST CARPENTER'S TRAINING FUND | OTHER PERSONAL/CONSULT SVCS | APPRENTICESHIP TRAINING | 358,430.98 |
| 0000013260 | 01/30/17 | SAN DIEGO SHEET METAL JATC | OTHER PERSONAL/CONSULT SVCS | APPRENTICESHIP TRAINING | 55,281.37 |
| 0000013261 | 01/30/17 | REGENTS OF THE UNIVERSITY OF CALIFORNIA | INDEPENDENT CONTRACTOR | EMERGENCY MEDICAL ED | 1,250.00 |
| 0000013263 | 01/30/17 | THE DOCTORS' COMPANY | INS, FIRE, CASUALTY, LIABILITY | STUDENT HEALTH SERVICES | 5,178.80 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013266 | 01/30/17 | LENTULO CONSULTING | BLUEPRINT/INSPECTION SVCS | STUDENT HEALTH SERVICES | 6,080.00 |
| 0000013273 | 01/31/17 | TRIED & TRUE TUTORING LLC | OTHER PERSONAL/CONSULT SVCS | GEAR UP | 21,000.00 |
| 0000013275 | 01/31/17 | OTIS ELEVATOR COMPANY | REPAIR/MAINT NONINSTR EQUIP | INSTL OBLIGATIONS FACILI | 3,666.50 |
| 0000013276 | 01/31/17 | CDW GOVERNMENT | MAINT AGR, EQUIP | INSTL OBLIGATIONS INFO S | 7,954.30 |
| 0000013276 | 01/31/17 | CDW GOVERNMENT | MAINT AGR, EQUIP | GENERAL LEDGER CONTROL | 11,135.95 |
| 0000013277 | 01/31/17 | PENGUIN RANDOM HOUSE LLC | INDEPENDENT CONTRACTOR | GENERAL LEDGER CONTROL | 15,000.00 |
| 0000013278 | 01/31/17 | COMPUTERLAND OF SILICON VALLEY | SOFTWARE LICENSING FEES | INFORMATION SYSTMS & SVC | 1,020.00 |
| | | | | *Subtotal for Agreements/Services* | 2,254,770.22 |

Repairs

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012968 | 11/16/16 | CART MART INC | REPAIR/MAINT NONINSTR EQUIP | WAREHOUSE | 1,700.00 |
| 0000013138 | 12/21/16 | GEARY,FRANK J | REPAIR/MAINT BLDGS | FACILITIES DEPARTMENT | 1,475.00 |
| | | | | *Subtotal for Repairs* | 3,175.00 |

Annual Maintenance/Service Agreements

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012707 | 09/19/16 | KNIGHT SECURITY & FIRE SYSTEMS | MAINT AGR, EQUIP | MATHEMATICS | 990.00 |
| 0000012889 | 11/01/16 | KONICA MINOLTA BUSINESS SOLUTIONS USA | MAINT AGR, EQUIP | PUBLIC AFFAIRS OFFICE | 252.72 |
| 0000013067 | 12/09/16 | KONECRANES INC | MAINT AGR, EQUIP | ART | 1,296.00 |
| 0000013086 | 12/14/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | EARLY CHLDHOOD ED LAB SC | 296.40 |
| 0000013088 | 12/14/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | EARLY CHLDHOOD ED LAB SC | 330.00 |
| 0000013237 | 01/26/17 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | TRADE & INDUSTRY DEPARTM | 750.00 |
| | | | | *Subtotal for Annual Maintenance/Service Agreements* | 3,915.12 |

Prop M - Bond Money

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012823 | 10/19/16 | BMEA ENTERPRISES INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 5,605.34 |
| 0000012893 | 11/01/16 | WAXIE INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 4,403.75 |
| 0000012909 | 11/03/16 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 6,878.00 |
| 0000012914 | 11/03/16 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 485.00 |
| 0000012914 | 11/03/16 | KNIGHT SECURITY & FIRE SYSTEMS | REPAIR/MAINT BLDGS | INFORMATION SYSTMS & SVC | 1,033.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012918 | 11/04/16 | RAYMOND ALLYN BUSINESS SUPPLY | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 16,000.00 |
| 0000012946 | 11/10/16 | KRC ROCK | BUILDING CONSTRUCTIONS | PROP M BOND | 1,404.00 |
| 0000012964 | 11/16/16 | CCS PRESENTATION SYSTEMS INC | EQUIP TECH INSTR < 4900 | PROP M BOND | 2,517.00 |
| 0000012973 | 11/17/16 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 2,890.00 |
| 0000012974 | 11/17/16 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 2,288.00 |
| 0000012983 | 11/18/16 | LEVEL 10 CONSTRUCTION | BUILDING CONSTRUCTIONS | PROP M BOND | 24,000.00 |
| 0000012985 | 11/21/16 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 3,288.00 |
| 0000012986 | 11/21/16 | UMSTOT PROJECT AND FACILITIES SOLUTIONS | OTHER PERSONAL/CONSULT SVCS | PROP M BOND | 27,500.00 |
| 0000012993 | 11/21/16 | SCHOOL CONSTRUCTION COMPLIANCE LLC | BUILDING CONSTRUCTIONS | PROP M BOND | 64,750.00 |
| 0000012994 | 11/21/16 | F. ATELIER | OTHER PERSONAL/CONSULT SVCS | PROP M BOND | 23,620.00 |
| 0000013002 | 11/22/16 | TESSCO INCORPORATED | EQUIP NONINSTR, 5K OR MORE | PROP M BOND | 1,565.36 |
| 0000013002 | 11/22/16 | TESSCO INCORPORATED | EQUIP NONINSTR, 5K OR MORE | OFFICE OF VP STUDENT SVC | 3,042.21 |
| 0000013048 | 12/07/16 | HMC GROUP | ARCHITECTURE/ENGINEER FEE | PROP M BOND | 36,100.00 |
| 0000013049 | 12/07/16 | HMC GROUP | ARCHITECTURE/ENGINEER FEE | PROP M BOND | 13,720.00 |
| 0000013069 | 12/09/16 | UNISOURCE SOLUTIONS INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 4,199.10 |
| 0000013070 | 12/09/16 | SPACESAVER INTERMOUNTAIN | EQUIP NONINSTR, 5K OR MORE | PROP M BOND | 12,514.57 |
| 0000013084 | 12/14/16 | SOLAR CARE INC | REPAIR/MAINT BLDGS | PROP M BOND | 560.00 |
| 0000013089 | 12/14/16 | SOLAR CARE INC | REPAIR/MAINT BLDGS | PROP M BOND | 1,830.00 |
| 0000013128 | 12/20/16 | HMC GROUP | ARCHITECTURE/ENGINEER FEE | PROP M BOND | 46,800.00 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | SOFTWARE LICENSING FEES | PROP M BOND | 3,388.00 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | MAINT AGR, SOFTWARE | PROP M BOND | 44,092.52 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | EQUIP TECH NONINSTR 5K OR MORE | PROP M BOND | 68,808.96 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | EQUIP TECH NONINSTR < 5000 | PROP M BOND | 70,201.42 |
| 0000013141 | 12/21/16 | HELIX ENVIRONMENTAL PLANNING INC | OTHER PERSONAL/CONSULT SVCS | PROP M BOND | 26,500.00 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013144 | 12/22/16 | HMC GROUP | ARCHITECTURE/ENGINEER FEE | PROP M BOND | 4,501.00 |
| 0000013144 | 12/22/16 | HMC GROUP | ARCHITECTURE/ENGINEER FEE | PROP M BOND | 11,459.00 |
| 0000013155 | 01/05/17 | AZTEC TECHNOLOGY CORP | RELOC BLDG PURCH OVER 5K | PROP M BOND | 2,246.40 |
| 0000013159 | 01/09/17 | 3TRACE DBA TRACE3 | RENT/LEASE LAND/BLDGS | PROP M BOND | 0.00 |
| 0000013159 | 01/09/17 | 3TRACE DBA TRACE3 | MAINT AGR, SOFTWARE | PROP M BOND | 78,791.14 |
| 0000013159 | 01/09/17 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | PROP M BOND | 150,078.40 |
| 0000013160 | 01/09/17 | BMEA ENTERPRISES INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 7,288.55 |
| 0000013174 | 01/10/17 | CONSTRUCTION TESTING & ENGINEERING INC | BLUEPRINT/INSPECTION SVCS | PROP M BOND | 59,500.00 |
| 0000013177 | 01/11/17 | BAKER ELECTRIC INC | BUILDING CONSTRUCTIONS | PROP M BOND | 8,898.00 |
| 0000013184 | 01/11/17 | FRONTIER FENCE COMPANY INC | BUILDING CONSTRUCTIONS | PROP M BOND | 1,548.00 |
| 0000013189 | 01/13/17 | EARTH FORMS INC | BUILDING CONSTRUCTIONS | PROP M BOND | 13,710.18 |
| 0000013190 | 01/17/17 | COMMUNICATION WIRING SPECIALISTS INC | BUILDING CONSTRUCTIONS | PROP M BOND | 7,226.00 |
| 0000013193 | 01/18/17 | SUMMIT EROSION CONTROL | BUILDING CONSTRUCTIONS | PROP M BOND | 65,440.00 |
| 0000013195 | 01/18/17 | BMEA ENTERPRISES INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 6,497.66 |
| 0000013204 | 01/19/17 | COMPUTER PROTECTION TECHNOLOGY | EQUIP TECH NONINSTR 5K OR MORE | PROP M BOND | 6,858.46 |
| 0000013211 | 01/20/17 | ALL STAR SIGNS INC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 129.30 |
| 0000013226 | 01/25/17 | GEM INDUSTRIAL ELECTRIC INC | BUILDING CONSTRUCTIONS | PROP M BOND | 755.15 |
| 0000013226 | 01/25/17 | GEM INDUSTRIAL ELECTRIC INC | BUILDING CONSTRUCTIONS | PROP M BOND | 29,375.72 |
| 0000013227 | 01/26/17 | ALL STAR SIGNS INC | BUILDING CONSTRUCTIONS | PROP M BOND | 1,175.78 |
| 0000013279 | 01/31/17 | G/M BUSINESS INTERIORS OF SAN DIEGO LLC | EQ NONIN ADD 1K-4999; GUNS;CPU | PROP M BOND | 14,124.64 |
| 0000013280 | 01/31/17 | HELIX ENVIRONMENTAL PLANNING INC | OTHER PERSONAL/CONSULT SVCS | PROP M BOND | 38,100.00 |
| 0000013281 | 02/01/17 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 1,250.54 |
| 0000013281 | 02/01/17 | KNIGHT SECURITY & FIRE SYSTEMS | BUILDING CONSTRUCTIONS | PROP M BOND | 3,969.46 |
| | | | | *Subtotal for Prop M - Bond Money* | 1,032,907.61 |

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|

| | |
|---|---|
| *Total PO Count:* | 413 |
| *Total PO Amount:* | $5,679,151.02 |

PALOMAR COLLEGE
Learning for Success

# Purchase Orders $50,000 or More
# Governing Board Report


Run Time 12:24:42 PM
Run Date Feb/02/2017

| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000012915 | 11/04/16 | OUTFRONT MEDIA | ADVERTISE NOT REQ BY LAW | PUBLIC AFFAIRS OFFICE | 213,715.00 |
| 0000012928 | 11/08/16 | NEW CNC ROUTER.COM INC | EQUIP INSTR, 5K OR MORE | CABINET & FURNITURE TECH | 85,955.60 |
| 0000012966 | 11/16/16 | 3TRACE DBA TRACE3 | EQUIP NONINSTR, 5K OR MORE | OFFICE OF VP STUDENT SVC | 51,057.44 |
| 0000012979 | 11/18/16 | CLEAR CHANNEL OUTDOOR INC | ADVERTISE NOT REQ BY LAW | OFFICE OF VP STUDENT SVC | 55,000.00 |
| 0000012993 | 11/21/16 | SCHOOL CONSTRUCTION COMPLIANCE LLC | BUILDING CONSTRUCTIONS | PROP M BOND | 64,750.00 |
| 0000012999 | 11/22/16 | SKILLSOFT CORPORATION | INDEPENDENT CONTRACTOR | TTIP SOUTH | 80,000.00 |
| 0000013006 | 11/23/16 | DELL COMPUTER CORPORATION | EQUIP INSTRUCT ADDTNL > $1,000 | OFFICE OF VP STUDENT SVC | 61,510.25 |
| 0000013016 | 11/30/16 | JUSTIN PALLAMARY PLS | OTHER PERSONAL/CONSULT SVCS | FACILITIES DEPARTMENT | 65,000.00 |
| 0000013074 | 12/12/16 | HEARLAND VIDEO SYSTEMS INC | EQUIP NONINSTR, 5K OR MORE | EDUCATIONAL TELEVISION | 61,315.60 |
| 0000013076 | 12/12/16 | DELL COMPUTER CORPORATION | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 60,905.16 |
| 0000013081 | 12/13/16 | UNISOURCE SOLUTIONS INC | EQ INSTR ADD 1K-4999; GUNS;CPU | STRONG WORKFORCE | 60,899.96 |
| 0000013092 | 12/15/16 | ROBERT HARRISON | EQUIP TECH INSTR 5K OR MORE | EMERGENCY MEDICAL ED | 56,280.00 |
| 0000013093 | 12/15/16 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | GENERAL LEDGER CONTROL | 51,513.93 |
| 0000013095 | 12/09/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | OFFICE OFTHE VP INSTRUCT | 537,460.47 |
| 0000013121 | 12/20/16 | HOBSONS INC | SOFTWARE LICENSING FEES | MATRICULATION DEPARTMEN | 104,108.54 |
| 0000013130 | 12/20/16 | WMK OFFICE SAN DIEGO LLC | EQ INSTR ADD 1K-4999; GUNS;CPU | MATH & NAT HLTH SCI DIVD | 80,849.32 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | EQUIP TECH NONINSTR 5K OR MORE | PROP M BOND | 68,808.96 |
| 0000013137 | 12/21/16 | CDW GOVERNMENT | EQUIP TECH NONINSTR < 5000 | PROP M BOND | 70,201.42 |
| 0000013156 | 01/06/17 | LAERDAL MEDICAL CORPORATION | EQUIP INSTR, 5K OR MORE | EMERGENCY MEDICAL ED | 59,213.90 |
| 0000013159 | 01/09/17 | 3TRACE DBA TRACE3 | MAINT AGR, SOFTWARE | PROP M BOND | 78,791.14 |
| 0000013159 | 01/09/17 | 3TRACE DBA TRACE3 | SOFTWARE LICENSING FEES | PROP M BOND | 150,078.40 |
| 0000013174 | 01/10/17 | CONSTRUCTION TESTING & ENGINEERING INC | BLUEPRINT/INSPECTION SVCS | PROP M BOND | 59,500.00 |
| 0000013193 | 01/18/17 | SUMMIT EROSION CONTROL | BUILDING CONSTRUCTIONS | PROP M BOND | 65,440.00 |

PALOMAR COLLEGE
Learning for Success

# Purchase Orders $50,000 or More
# Governing Board Report



| PO # | Date | Vendor Name | Category | Department | Amount |
|---|---|---|---|---|---|
| 0000013210 | 01/20/17 | INTERACT COMMUNICATIONS INC | OTHER PERSONAL/CONSULT SVCS | PUBLIC AFFAIRS OFFICE | 135,000.00 |
| 0000013259 | 01/30/17 | SOUTHWEST CARPENTER'S TRAINING FUND | OTHER PERSONAL/CONSULT SVCS | APPRENTICESHIP TRAINING | 358,430.98 |
| 0000013260 | 01/30/17 | SAN DIEGO SHEET METAL JATC | OTHER PERSONAL/CONSULT SVCS | APPRENTICESHIP TRAINING | 55,281.37 |

**Subject:** **AUTHORIZE CONTRACT WITH URBAN CORPS OF SAN DIEGO COUNTY FOR BID #B17-02: LANDSCAPE MAINTENANCE**

## OVERVIEW

Palomar Community College District published in the San Diego Daily Transcript a Notice to Bidders on December 8, 2016 and December 15, 2016 seeking bidders for Landscape Maintenance. This bid package consisted of service specifications.

## DISCUSSION

The bid closed on January 23, 2017 at 2:00 PM. Three (3) vendors were solicited. Six (6) vendors attended the mandatory pre bid conference on January 5, 2017 at 2:30 PM. Two (2) bids were received as follows;

| VENDOR NAME | BID AMOUNT |
|---|---|
| Aztec Landscaping | $153,941.06 |
| Urban Corps of San Diego County | $201,800.00 |

Based on evaluation of the bid submittals, it was determined that Aztec Landscaping was non-responsive. Vendor did not bid the correct contract term, as specified in the bid documents. Therefore, Urban Corps of San Diego County was deemed the lowest responsive, responsible bidder.

## FINANCIAL IMPLICATIONS

Project funding will be determined after award.

## RECOMMENDATION

It is recommended that the Governing Board authorize the District to award a contract to Urban Corps of San Diego County in the amount of $201,800.00 for Bid # B17-02: Landscape Maintenance.

**BUSINESS & CONTRACT SERVICES**
**REVIEW & RATIFICATION BY**
**GOVERNING BOARD**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**FY 2016-2017**

**BOARD DATE: February 14, 2017** **REPORTING PERIOD: 11/1/16- 12/31/16**

| #. | REQUESTED BY | VENDOR | DESCRIPTION | TERM | AMOUNT | PROP "M" |
|---|---|---|---|---|---|---|
| 82. | N. Puccio<br>Extended Education | Poway Fire Department | Use of facilities agreement for Poway Fire Station #1 & Admin Office (PFIRE), Poway Fire Station #3 (PFD#3), Poway Fire Department Training Tower (PFDTT) for the purpose of holding Community or General Education classes. | 10/26/2016 – 06/30/2017 | N/C | |
| 83. | J. Smiley<br>Performing Arts Department | Roger Pine | Agreement with independent contractor for substitute Concertmaster for Fall 2016 performance, Winds of Change. | 09/20/2016 – 10/22/2016 | $700.00 | |
| 84. | K. Donovan<br>Nursing Education | San Marcos Unified School District | Renewal of memorandum of understanding for 2017-2019 for Palomar Nursing students. | 11/07/2016 – 06/30/2019 | N/C | |
| 85. | D. Studinka<br>Early Childhood Education Lab | California Department of Education | Amendment 01 for contract #CSPP-6439, California State Preschool Program to increase maximum reimbursable amount (MRA) and minimum child days of enrollment (CDE). | Fiscal Year 2016-2017 | MRA<br>$28,384.00 | |
| 86. | " | " | Amendment 01 for contract #CCTR-6210, General Child Care & Dev Programs to increase the maximum reimbursable amount (MRA) and minimum child days of enrollment (CDE). | Fiscal Year 2016-2017 | MRA<br>$1,724.00 | |
| 87. | D. Astl<br>Construction & Facilities Planning | HMC Architects | Proposal for designated professional services to update the main campus topo map. | Effective: 11/17/2016 | $15,100.00 | X |
| 88. | " | Helix Environmental Planning | Amendment 2 to agreement to provide permit processing and environmental compliance consulting services for the North Education Center project. | Effective: 11/16/2016 | $38,100.00 | X |
| 89. | N. Manea<br>Academic Technology | Siteimprove | Subscription agreement to scan websites and do corrections to be compliant with the ADA act. | 01/01/2017 – 12/31/2017 | Subscription fee<br>$14,780.00 | |
| 90. | R. Bianchi<br>TTIP South | Skillsoft Corp. | Contract to provide subscription of cloud-based eLearning licenses for 3 years. | 01/01/2017 – 12/31/2019 | Fee<br>$72,000.00/year | |
| 91. | D. Rudy<br>Dental Assisting | Orthodontics of San Marcos | Extern agreement for clinical externship experience for our dental assisting students. | 11/16/2016 – 11/15/2021 | N/C | |
| 92. | D. Astl<br>Construction & Facilities Planning | HMC Architects | Proposal for North Education Center programming and site studies. | Effective: 11/22/2016 | $36,100.00 | X |
| 93. | " | " | Proposal for Lot 12 edge treatment design concepts for the western edge. | Effective: 11/22/2016 | $13,720.00 | X |
| 94. | D. Rudy<br>Dental Assisting | Vista Family Dental Care | Extern agreement for clinical externship experience for our dental assisting students. | 11/16/2016 – 11/15/2021 | N/C | |
| 95. | J. Vastola<br>Human Resource Services | Reward Strategy Group | Letter of agreement for consultant services to review and reevaluate 41 classified positions. | 11/17/2016 – 3/14/2017 | $42,500.00 | |
| 96. | J. Harris<br>Student Health Center | State of California Health & Human Services – Department of Health Care Services | Application to participate in the Family PACT (family planning, access, care and treatment) program to provide services to eligible MediCal students. | Effective 11/29/2016 | N/C | |
| 97. | " | Medical Billing Technologies, Inc. | Family PACT (family planning, access, care and treatment) electronic billing services agreement to process MediCal claims. | 11/29/2016 – 06/30/2018 with automatic annual renewals | Fee 10% of approved claims | |
| 98. | K. Donovan<br>Nursing Education | Hospice of the North Coast | Renewal of the affiliation agreement for clinical instruction for our nursing students. | 01/15/2017 – 01/14/2020 | N/C | |

**BUSINESS & CONTRACT SERVICES**
**REVIEW & RATIFICATION BY**
**GOVERNING BOARD**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**FY 2016-2017**

**BOARD DATE: February 14, 2017** **REPORTING PERIOD: 11/1/16- 12/31/16**

| #. | REQUESTED BY | VENDOR | DESCRIPTION | TERM | AMOUNT | PROP "M" |
|---|---|---|---|---|---|---|
| 99. | S. Sebring Instruction / Professional Development | Magna Leadership Solutions, LLC. | Agreement with independent contractor to deliver leadership training workshops for the LEaD Academy held at Palomar. | 1/18/2017 – 1/19/2017 | $12,450.00 | |
| 100. | S. Figg ESAS | Santa Catalina Island Resort Services, Inc. | Agreement for use of conference room for two days during field trip. | 03/26/2017 – 03/27/2017 | $217.00 | |
| 101. | K. Balouch Design & Consumer Education | California Center for the Arts Escondido | Facility rental and license agreement for MODA fashion show. | 05/03/17 – 05/04/17 | $13,160.00 | |
| 102. | J. Odom ETV/KKSM | Jensen Properties San Diego, Inc. | New lease agreement reflecting new property management for property where KKSM transmitter equipment is located. | 01/01/2017 – 12/31/2018 | $425.00 / month | |
| 103. | N. Puccio Extended Education | Escondido Union School District | Use of facilities permit to hold Basic adult Literacy classes at the Felicita school site. | 1/30/2017 –n 5/25/2017 | $4,536.00 | |
| 104. | " | " | Use of facilities permit to hold Basic adult Literacy classes at the Mission Middle school site. | " | $4,536.00 | |
| 105. | " | Ramona Unified School District | Use of facilities agreement to hold adult literacy and beginning ESL classes at Ramona High School. | " | N/C | |
| 106. | " | " | Use of facilities agreement to hold community and general education classes at Ramona High School. | " | N/C | |
| 107. | " | Fallbrook Union High School District | Use of facilities agreement for Spring 2017 for 458 uses for English, Fire Protection, History, Math, ESL and Speech classes. | " | Estimated: $52/use = $23,816.00 | |
| 108. | " | San Marcos University Corporation | Agreement for use of California State University San Marcos Campus Mangrum Track and Field | 1/9/2017 – 5/26/2017 | $2,000.00 | |
| 109. | " | Escondido Union High School District | Use of facilities agreement to hold adult literacy classes at Midway Drive High School. | 1/30/2017 – 5/25/2017 | $3,150.00 | |
| 110. | J. Smiley Performing Arts Department | Richard Thompson | Agreement with independent contractor to perform as a featured artist for the Jazz Ensemble's Fall performance of Courtin' the count. | 11/28/2016 – 12/02/2016 | $800.00 | |
| 111. | J. Harris Student Health Center | NFORMD.NET | Agreement to provide "Not Anymore" online services for students and staff for 5 years. | 01/01/2017 – 12/31/2021 | $10,000.00 / year contract total $50,000.00 | |
| 112. | O. Diaz Student Success & Equity | Hobsons, Inc. | Master services agreement for services and purchase Starfish Prospective Student advising module. | 11/30/2016 – 11/29/2020 | $30,421.67 | |
| 113. | " | " | Institution participation agreement to perform work for under the project entitled Education Planning Initiative under the California Community Colleges Chancellor's Office grant #13-084 to purchase Starfish products and services. | 11/30/2016 – 11/29/2020 | $104,108.54 | |
| 114. | J. Blake President's Office | Claudia Paz | Agreement with independent contractor to design "Our First 100 Days" brochure. | 11/28/2016 – 12/07/2016 | $35.00/hour | |
| 115. | D. Astl Construction & Facilities Planning | LPA | Professional services authorization to reflect the correct allocation of the fee which includes reimbursable on the Escondido Center Police Training facility. | Effective: 11/29/2016 | $4,172.15 | X |
| 116. | " | " | Professional services authorization to provide modifications related to Furniture, Fixtures & Equipment changes to the LRC project. | Effective: 11/29/2016 | $11,600.00 | X |

**BUSINESS & CONTRACT SERVICES**
**REVIEW & RATIFICATION BY**
**GOVERNING BOARD**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**FY 2016-2017**

**BOARD DATE: February 14, 2017** **REPORTING PERIOD: 11/1/16- 12/31/16**

| #. | REQUESTED BY | VENDOR | DESCRIPTION | TERM | AMOUNT | PROP "M" |
|---|---|---|---|---|---|---|
| 117. | D. Astl<br>Construction & Facilities Planning | HMC Architects | Proposal for designated professional services to complete an aerial topo for the North Education Campus and provide an AutoCAD file. | Effective:<br>12/19/2016 | $15,960.00 | X |
| 118. | " | Balfour-Beatty, Inc. | Amendment #4 to agreement for construction management services for preconstruction phase of the North Education Center Mass Grading and Relocatable Village project. | Effective:<br>12/15/2016 | $196,156.00 | X |
| 119. | " | Helix Environmental Planning | Amendment #3 to agreement for environmental consulting services to provide Pert Processing and Environmental Impact for the Maintenance & Operations Complex project. | Effective:<br>12/15/2016 | $26,500.00 | X |
| 120. | " | HMC Architects | Proposal for designated professional services, including civil engineering services for the North education Center Mass Grading Plans project. | Effective:<br>12/19/2016 | $46,800.00 | X |
| 121. | B. Blanchard<br>Occupational and Noncredit Programs | Bobcat Company | Education Services Agreement for district to provide 32 hours of not for credit classroom instruction in loader hydraulic/hydrostatic level 2 training. | 01/01/2017 –<br>01/12/2017 | Paid to the District<br>$4,800.00 | |
| 122. | " | " | Education Services Agreement for district to provide 32 hours of not for credit classroom instruction in loader hydraulic/hydrostatic level 2 training. | 06/05/2017 -<br>06/08/2017 | Paid to the District<br>$4,800.00 | |
| 123. | B. Blanchard<br>CTEE<br>Adult Education Block Grant | 5 Star Dealer School | Independent contractor agreement to replace the November 18, 2016 Board approved contract for vendor to run a casino dealer program at their facility. | 12/14/2016 –<br>6/30/2017 | $850.00/student | |
| 124. | K. Donovan<br>Nursing | Kaplan Nursing | Addendum to the agreement with Kaplan Test Prep reflecting change in school contact and tuition increase. | Effective<br>12-13-2016 | Tuition fee<br>$135.00/per semester | |
| 125. | S. Wenzel<br>Fiscal Services | Metropolitan Transit System (MTS) | Compass card employer program agreement for District to serve as a distribution point of sales; valid on public transportation operated by Metropolitan Transit System and North County Transit District. | 12/1/2016 –<br>11/30/2021 | N/C | |

# AS-NEEDED PROJECT MANAGEMENT, CONSTRUCTION MANAGEMENT AND RELATED SERVICES TO SUPPORT PROPOSITION M

## OVERVIEW

The District recently solicited a Request for Proposal (RFP #301-17) for As-Needed Project Management, Construction Management and Related Services to Support Proposition M. The RFP was advertised in the Daily Transcript on December 14, 2106. The RFP closing date for submittal of proposals was 12:00 PM on January 9, 2017.

## DISCUSSION

The District received 6 responsive proposals for As-Needed Project Management, Construction Management and Related Services to Support Proposition M. A Selection Committee was formed, which consisted of employees from the Facilities Department, to review, screen and rate the 6 submittals. Though this process, the committee selected 3 firms to be invited for interviews. Of the 3 firms, 3 firms were interviewed on January 24, 2017

The Selection Committee recommended that a contract be awarded to Gafcon on a year to year basis, for a total period of up to five (5) calendar years.

## FINANCIAL IMPLICATION

All of the funding required, to support the projects shall be paid from Prop M funds Series C.

## RECOMMENDATION

It is recommended that the Governing Board approve Gafcon as being qualified to provide the as needed services for any of the remaining Proposition M Bond projects.

It is further recommended that the Governing Board authorizes the District to enter into a contract with Gafcon, effective February 17, 2017, as project schedules are developed and projects are allocated on a year-to-year basis, for a total period of up to five (5) calendar years.

# PALOMAR COMMUNITY COLLEGE DISTRICT

DATE: February 16, 2017

TO: Governing Board

FROM: Ron Ballesteros-Perez
Assistant Superintendent/Vice President, Finance and Administrative Services

RE: Resolution # 16-21518 RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT APPROVING A DEBT ISSUANCE AND MANAGEMENT POLICY IN ACCORDANCE WITH S.B. 1029

## BACKGROUND

Existing California law requires public agencies to provide information to the California Debt and Investment Advisory Commission ("CDIAC") no later than 30 days prior to the sale of the debt. Senate Bill 1029 ("S.B. 1029"), signed into law by Governor Brown on September 12, 2016, amends this law to place additional reporting obligations on issuers of debt. In part, S.B. 1029 requires that an issuer certify that it has adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with the local debt policies. S.B. 1029 lists certain topics to be covered in the local debt policies.

The District expects to execute and deliver its General Obligation Bonds, Election of 2006, Series D and its 2017 General Obligation Refunding Bonds in 2017, and therefore must adopt a debt issuance and management policy in compliance with S.B. 1029. Bond counsel has assisted the District with preparing a debt issuance and management policy that is in compliance with S.B. 1029.

## ACTION

Resolution # 16-21518 approves a debt issuance and management policy of the District that addresses the topics required to be covered pursuant to S.B. 1029.

## FISCAL IMPACT

Not applicable.

## RECOMMENDATION

Staff recommends approval of Resolution # 16-21518 RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT APPROVING A DEBT ISSUANCE AND MANAGEMENT POLICY IN ACCORDANCE WITH S.B. 1029

**RESOLUTION NO. 16-21518**

RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT APPROVING A DEBT ISSUANCE AND MANAGEMENT POLICY IN ACCORDANCE WITH S.B. 1029

**WHEREAS,** the State legislature has recently enacted S.B. 1029, amending Government Code Section 8855, which requires all public agencies to certify 30 days prior to the time bonds are sold, that it has adopted local debt policies addressing the topics set forth in Government Code Section 8855(i); and

**WHEREAS,** the Governing Board (the "Board") of the Palomar Community College District (the "District") expects to issue bonds pursuant to its Measure M authorization; and

**WHEREAS,** from time-to-time the District has the opportunity to consider other forms of debt issuance; and

**WHEREAS,** the Board desires to adopt a Debt Issuance and Management Policy in compliance with Government Code Section 8855;

NOW, THEREFORE, THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT DOES HEREBY FIND, DETERMINE AND CERTIFY AS FOLLOWS:

Section 1. The Board finds and determines that the foregoing recitals are true and correct.

Section 2. The Board approves the Debt Issuance and Management Policy attached hereto.

Section 3. Officers of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

ADOPTED, SIGNED AND APPROVED this 16th day of February, 2017.

GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT

________________________________________

President

ATTEST:

________________________________________

Secretary

STATE OF CALIFORNIA )
)ss
SAN DIEGO COUNTY )

I, Dr. Joi Lin Blake, do hereby certify that the foregoing Resolution No. 16-21518 was duly adopted by the Governing Board of the Palomar Community College District at a meeting thereof held on February 16, 2017 and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

By:________________________________________
Secretary

## Palomar Community College District

## DEBT ISSUANCE AND MANAGEMENT POLICY

This Debt Management Policy (the "Policy") provides written guidelines for the issuance of indebtedness by the Palomar Community College District (the "District") in satisfaction of the requirements of S.B. 1029, codified as part of Government Code Section 8855.

### Article I

### Purpose and Goals

This Policy provides a framework for debt management and capital planning by the District.

This Policy has been developed to meet following goals:

(1) Identifying the purposes for which the debt proceeds may be used.

(2) Identifying the types of debt that may be issued.

(3) Describing the relationship of the debt to, and integration with, the District's capital improvement program.

(4) Establishing policy goals related to the District's planning goals and objectives.

(5) Implementing internal control procedures to ensure that the proceeds of the proposed debt issuance will be directed to the intended use upon completion of the issuance.

### Article II

### Purposes for Which Debt Proceeds May be Used

**Section 2.01. Authority and Purposes of the Issuance of Debt**

The laws of the State of California (the "State") authorize the District to incur debt to make lease payments, contract debt, borrow money, and issue bonds for college improvement projects. The District is authorized to contract debt to acquire, construct, reconstruct, rehabilitate, replace, improve, extend, enlarge, and equip such projects; to refund existing debt; or to provide for cash flow needs.

**Section 2.02. State Law**

Section 18 of Article XVI of the State Constitution contains the "debt limitation" formula applicable to the District.

There are a number of State laws that govern the issuance of general obligation bonds ("GO Bonds") by community college districts. Sections 1(b)(2) (Proposition 46) and 1(b)(3) of Article XIII A (Proposition 39) of the State Constitution allow the District to issue GO Bonds. The statutory authority for issuing GO Bonds is contained in Education Code Section 15000 *et seq.* Additional provisions applicable only to Proposition 39 GO Bonds are contained in Education Code Section 15264 *et seq.* An alternative procedure for issuing GO Bonds is also available in Government Code Section 53506 *et seq.*

The statutory authority for issuing Tax and Revenue Anticipation Notes ("TRANs") is contained in Government Code Section 53850 *et seq.* Authority for lease financings is found in Education Code Section 17455 *et seq.* and additional authority is contained in Education Code Sections 17400 *et seq.*, 17430 *et seq.* and 17450 *et seq.* The District may also issue Mello-Roos bonds pursuant to Government Code Section 53311 *et seq.*

**Section 2.03. Debt Issued to Finance Operating Costs**

The District may deem it necessary to finance cash flow requirements under certain conditions. Such cash flow borrowing must be payable from taxes, income, revenue, cash receipts and other moneys attributable to the fiscal year in which the debt is issued.

General operating costs include, but are not limited to, those items normally funded in the District's annual operating budget.

The District's Superintendent/President, or Assistant Superintendent/Vice President, Finance and Administrative Services (the "Assistant Superintendent"), will review potential financing methods to determine which method is most prudent for the District. Potential financing sources include tax and revenue anticipation notes, temporary borrowing from the San Diego County Treasurer-Tax Collector, and internal temporary interfund borrowing.

## Article III

## Types of Debt That May be Issued

**Section 3.01. Types of Debt Authorized to be Issued**

A. Short-Term: The District may issue fixed-rate and/or variable rate short-term debt, which may include TRANs, when such instruments allow the District to meet its cash flow requirements. The District may also issue bond anticipation notes ("BANs") to provide interim financing for bond projects that will ultimately be paid from GO Bonds.

B. Long-Term: Debt issues may be used to finance essential capital facilities, projects and certain equipment where it is appropriate to spread the cost of the projects over more than one budget year. Long-term debt should not be used to fund District operations.

Long term debt in the form of GO Bonds may be issued under Article XIII A of the State Constitution, either under Proposition 46, which requires approval by at least a two-thirds (66.67%) majority of voters, or Proposition 39, which requires approval by at least 55% of voters, subject to certain accountability requirements and additional restrictions.

The District may also enter into long-term leases and/or Certificates of Participation ("COPs") for public facilities, property, and equipment.

C. Lease Financing: Lease-purchase obligations are a routine and appropriate means of financing capital equipment and certain capital facilities. However, lease obligations may impact on budget flexibility.

D. Use of General Obligation Bonds: A significant portion of the District's capital projects are projected to be funded by GO Bond proceeds. Projects financed by the GO Bonds will be determined by the constraints of applicable law and the project list approved by voters.

## Article IV

## Relationship of Debt to and Integration with District's Capital Improvement Program or Budget

### Section 4.01. Impact on Operating Budget and District Debt Burden

In evaluating financing options for capital projects, both short and long-term debt amortization will be evaluated when considering a debt issuance, along with the potential impact of debt service, and additional costs associated with new projects on the operating budget of the District. The cost of debt issued for major capital repairs or replacements may be judged against the potential cost of delaying such repairs.

### Section 4.02. Capital Improvement Program

The Assistant Superintendent and the facilities staff have responsibility for the planning and management of the District's capital improvement program subject to review and approval by the Governing Board. Staff will, as appropriate, supplement and revise any applicable Facilities Master Plan in keeping with the District's current needs for the acquisition, development and/or improvement of District's real estate and facilities. Such plans may include a summary of the estimated cost of each project, schedules for the projects, the expected quarterly cash requirements, and annual appropriations, in order for the projects to be completed.

### Section 4.03. Refunding and Restructuring Policy

A. Considerations for Refunding.

1. District's Best Interest. Whenever deemed to be in the best interest of the District, the District shall consider refunding or restructuring outstanding debt if it will be financially advantageous or beneficial for debt repayment and/or structuring flexibility.

2. Net Present Value Analysis. The Assistant Superintendent shall review a net present value analysis of any proposed refunding in order to make a determination regarding the cost-effectiveness of the proposed refunding.

3. Maximize Expected Net Savings. The timing of any refinancing shall be designed to maximize the District's expected net savings over the life of the bonds.

4. Comply with Existing Legal Requirements. The refunding of any existing debt shall comply with all applicable State and Federal laws governing such issuance.

## Article V

## Policy Goals Related to District's Planning Goals and Objectives

In following this Policy, the District shall pursue the following goals:

1. The District shall strive to fund capital improvements from voter-approved GO Bond issues to preserve the availability of its General Fund for District operating purposes and other purposes that cannot be funded by such bond issues.

2. The District shall endeavor to attain the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.

3. The District shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues.

4. The District shall, with respect to GO Bonds, remain mindful of its statutory debt limit in relation to assessed value growth within the community college district and the tax burden needed to meet long-term capital requirements.

5. The District shall consider market conditions and District cash flows when timing the issuance of debt.

6. The District shall determine the amortization (maturity) schedule which will fit best within the overall debt structure of the District at the time the new debt is issued.

7. The District shall match the term of the issue to the useful lives of assets funded by that issue whenever practicable and economical, while considering repair and replacement costs of those assets to be incurred in future.

8. The District shall, when planning for the issuance of new debt, consider the impact of such new debt on overlapping debt of local, state and other governments that overlap with the District.

9. The District shall, when issuing debt, assess financial alternatives to include new and innovative financing approaches, including whenever feasible, categorical grants, revolving loans or other State/federal aid, so as to minimize the encroachment on the District's General Fund.

10. The District shall, when planning for the sizing and timing of debt issuance, consider its ability to expend the funds obtained in a timely, efficient and economical manner.

## Article VI

### Internal Control Procedures for Issuance of Debt
### to Ensure Intended Use of Proceeds

**Section 6.01. Structure of Debt Issues**

A. Maturity of Debt: The duration of a debt issue shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. Accordingly, the final maturity of the debt shall be equal to or less than the useful life of the assets being financed, and the average life of the financing shall not exceed 120% of the average life of the assets being financed. In addition, the District shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

B. Debt Structure:

1. GO Bonds:

a. *New Money Bond Issuances*: For new money bond issuances, the District shall size the bond issuance consistent with the "spend-down" requirements of the Internal Revenue Code and within any limits approved by the District's voters. To the extent possible, the District will also consider credit issues, market factors (e.g. bank qualification) and tax law when sizing the District's bond issuance.

b. *Refunding Bond Issuances*: The sizing of refunding bonds will be determined by the amount of money that will be required to cover the principal of, accrued interest (if any) on, and redemption premium for the bonds to be defeased on the call date and to cover appropriate financing costs.

c. *Maximum Maturity*: All bonds issued by the District shall mature within the limits set forth in applicable provisions of the Education Code or the Government Code. The final maturity of bonds will also be limited to the average useful life of the assets financed or as otherwise required by tax law.

2. Lease-Purchase Obligations: The final maturity of equipment or real property lease obligations will be limited to the useful life of the assets to be financed.

C. Debt Service Structure: The District shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility, and, as practical, to recapture or maximize its debt capacity for future use.

**Section 6.02. Use of Proceeds**

The District shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred. In furtherance of the policy, and in connection with the issuance of all GO Bonds:

1. As required by Government Code Section 53410, the District shall only use GO Bond proceeds for the purposes approved by the District's voters; and

2. The Assistant Superintendent shall have the responsibility, no less often than annually, to provide to the District's Governing Board a written report which shall contain at least the following information:

(i) The amount of the Bonds proceeds received and expended during the applicable reporting period; and

(ii) The status of the acquisition, construction or financing of the school facility projects, as identified in any applicable bond measure, with the proceeds of the GO Bonds.

These reports may be combined with other periodic reports which include the same information, including but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, or continuing disclosure reports or other reports made in connection with the GO Bonds. These requirements shall apply only until the earliest of the following: (i) all the GO Bonds are redeemed or defeased, but if the GO Bonds are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased, or (ii) all proceeds of the GO Bonds, or any investment earnings thereon, are fully expended.

3. The District shall post on the District website the Annual Report of the District's Independent Bond Oversight Committee which has been given the responsibility to review the expenditure of GO Bond proceeds to assure the community that all GO Bond funds have been used for the construction, renovation, repair, furnishing and equipping of school facilities, and not used for teacher or administrator salaries or other operating expenses.

4. The District shall hire an independent auditor to perform an annual independent financial and performance audit of the expenditure of GO Bond proceeds, and to post such audits on the District website.

Palomar Community College District
Debt Issuance and Management Policy
Adopted on February 16, 2017

**PALOMAR COMMUNITY COLLEGE DISTRICT**

DATE: February 16, 2017

TO: Governing Board

FROM: Ron Ballesteros-Perez
Assistant Superintendent/Vice President, Finance and Administrative Services

RE: Resolution # 16-21519 A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) 2017 GENERAL OBLIGATION REFUNDING BONDS (2020 CROSSOVER), AND ACTIONS RELATED THERETO

BACKGROUND

An election was held in the Palomar Community College District on November 7, 2006 for the issuance and sale of general obligation bonds ("Bonds") of the District for various purposes in the maximum amount of $694,000,000 ("Proposition M"). The District has previously sold four series of bonds under Proposition M, including $91,498,901.20 original principal amount of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) (the "Series B Bonds") and $83,500,000.00 original principal amount of Palomar Community College District, General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "Series B-1 Bonds" and, together with the Series B Bonds, the "Prior Bonds").

The District now desires to issue up to $121,000,000 of refunding bonds to refund the outstanding Prior Bonds. All benefits from the refunding will be delivered to the property owners in the District. The final maturity of the Refunding Bonds will not be later than the maturity dates of the Refunded Bonds.

(a) Bond Resolution. This Resolution authorizes the issuance of general obligation bonds (the "Bonds") in one or more series of federally taxable or federally tax-exempt refunding bonds, and further authorizes all or a portion of the Bonds to be issued on a crossover basis. The resolution specifies the basic terms, parameters and forms of the Bonds, and approves the form of the Purchase Contract, the Preliminary Official Statement and the Escrow Agreement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Bonds to be issued ($121,000,000). Section 4 of the Resolution states the maximum underwriter's discount (.5%) with respect to the Bonds, the maximum legal interest rate on the Bonds, and authorizes the Bonds to be sold at a negotiated sale to Piper Jaffray & Co. (the "Underwriter"). The resolution also approves Stradling Yocca Carlson & Rauth to act as Bond Counsel and Disclosure Counsel in connection with the Bonds. The Resolution authorizes the issuance of current interest bonds only; capital appreciation bonds are not authorized.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, the Underwriter will agree to buy the Bonds from the District. 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 Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) Form of Preliminary Official Statement. The Preliminary Official Statement ("POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad valorem* tax levy), (v) information with respect to the District's tax base (upon which such *ad valorem* taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure from any public agency issuing debt a covenant that such public agency will annually file "material financial information and operating data" with respect to such public agency through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (a federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligations). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances.

(e) Escrow Agreement. Pursuant to the Escrow Agreement, proceeds from the sale of the Bonds will be deposited in an escrow fund (the "Escrow Fund") held by The Bank of New York Mellon Trust Company, N.A., (acting as "Escrow Agent"). Monies in the Escrow Fund will be used to (i) pay interest on the Refunding Bonds through August 1, 2020 (the "Crossover Date"), and to (ii) refund the Prior Bonds on the Crossover Date.

## FISCAL IMPACT

There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

## RECOMMENDATION

Staff recommends approval of Resolution # 16-21519 A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) 2017 GENERAL OBLIGATION REFUNDING BONDS (2020 CROSSOVER), AND ACTIONS RELATED THERETO

**PALOMAR COMMUNITY COLLEGE DISTRICT**

**RESOLUTION NO. 16-21519**

**A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) 2017 GENERAL OBLIGATION REFUNDING BONDS (2020 CROSSOVER), AND ACTIONS RELATED THERETO**

**WHEREAS,** a duly called election was held in the Palomar Community College District, San Diego County, State of California (the "District") on November 7, 2006 (the "Authorization") and thereafter canvassed pursuant to law; and

**WHEREAS,** at such election there was submitted to and approved by a vote of more than fifty-five percent of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of $694,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District; and

**WHEREAS,** pursuant to the Authorization, the District has previously caused the issuance of (i) $91,498,901.20 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) (the "Series B Bonds"), and (ii) $83,500,000 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "Series B-1 Bonds" and, together with the Series B Bonds, the "Prior Bonds"); and

**WHEREAS,** this Governing Board (the "Board") desires to authorize the issuance of general obligation refunding bonds (the "Refunding Bonds") pursuant to Section 53550 *et seq.* of the California Government Code (the "Act"), in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (as such terms are defined herein) to refund all or a portion of the remaining outstanding Prior Bonds (so refunded, the "Refunded Bonds"); and

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

**WHEREAS,** at this time the Board desires to appoint professionals related to the issuance of the Refunding Bonds;

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT AS FOLLOWS:**

**SECTION 1.** **Purpose.** To refund all or a portion of the outstanding principal amount of the Prior Bonds, and to pay all necessary legal, financial, and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Refunding Bonds pursuant to the Act in an aggregate principal amount not-to-exceed $121,000,000, in one or more Series of Taxable or Tax-Exempt Current

Interest Bonds, to be styled as the "Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover)," with appropriate Series designation if more than one Series of Refunding Bonds are issued. Additional costs authorized to be paid from the proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Section 53550(e) and (f) and Section 53587 of the Government Code.

**SECTION 2. Paying Agent.** The Board hereby appoints the Paying Agent, as defined in Section 5 hereof, to act as paying agent, bond registrar, authentication agent and transfer agent for the Refunding Bonds on behalf of the District. The Board hereby authorizes the payment of the reasonable fees and expenses of the Paying Agent, as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Refunding Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically Section 15232 of the Education Code.

**SECTION 3. Terms and Conditions of Sale.** The Refunding Bonds are hereby authorized to be sold at a negotiated sale upon the direction of the Superintendent/President or the Assistant Superintendent/Vice President, Finance and Administrative Services of the District, or such other officer or employee of the District as may be designated by the Superintendent/President or the Assistant Superintendent/Vice President, Finance and Administrative Services for such purpose (collectively, the "Authorized Officers"). The Refunding Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as defined herein.

**SECTION 4. Approval of Purchase Contract.** The form of a contract for the purchase and sale of the Bonds (the "Purchase Contract") by and between the District and the Underwriter (as defined herein), substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the maximum interest rates on the Refunding Bonds shall not exceed that authorized by law, and (ii) the underwriting discount, excluding original issue discount, shall not exceed .5% of the aggregate principal amount of the Refunding Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Refunding Bonds to be specified in the Purchase Contract for sale by the District for up to $121,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

**SECTION 5. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Act"** means Sections 53550 *et seq.* of the California Government Code.

(b) **"Authorizing Documents"** means the authorizing resolution(s), indenture, agreement or other legal document(s) pursuant to which the Prior Bonds were authorized and issued.

(c) **"Beneficial Owner"** means, when used with reference to book-entry Refunding Bonds registered pursuant to Section 6(c) hereof, the person who is considered the beneficial owner of such Refunding Bonds pursuant to the arrangements for book-entry determination of ownership applicable to the Depository.

(d) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Refunding Bonds.

(e) **"Bond Payment Date"** means, unless otherwise provided by the Purchase Contract, February 1 and August 1 of each year commencing August 1, 2017, with respect to the interest on the Refunding Bonds, and August 1 of each year commencing August 1, 2017, with respect to the principal payments on the Refunding Bonds.

(f) **"Bond Register"** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Refunding Bonds will be recorded.

(g) **"Code"** means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

(h) **"Continuing Disclosure Certificate"** means that certain contractual undertaking executed by the District in connection with the issuance of the Refunding Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, dated as of the date of issuance of the Refunding Bonds, as amended from time to time in accordance with the provisions thereof.

(i) **"County"** means San Diego County, California.

(j) **"Current Interest Bonds"** means Refunding Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Refunding Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(k) **"Date of Delivery"** means the date of initial issuance and delivery of the Refunding Bonds, or such other date as shall be set forth in the Purchase Contract or Official Statement.

(l) **"Depository"** means the entity acting as securities depository for the Refunding Bonds pursuant to Section 6(c) hereof.

(m) **"DTC"** means The Depository Trust Company, 55 Water Street, New York, New York 10041, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Refunding Bonds.

(n) **"Escrow Agent"** means The Bank of New York Mellon Trust Company, N.A., or such escrow bank as shall be named in the Escrow Agreement, or any other successor thereto, in its capacity as escrow agent for the Refunded Bonds.

(o) **"Escrow Agreement"** means the Escrow Agreement relating to the Refunded Bonds, by and between the District and the Escrow Agent.

(p) **"Federal Securities"** means securities as permitted, in accordance with the respective Authorizing Documents, to be deposited with the Escrow Agent for the purpose of defeasing the Prior Bonds.

(q) **"Holder"** or **"Owner"** means the registered owner of a Refunding Bond as set forth in the Bond Register maintained by the Paying Agent pursuant to Section 8 hereof.

(r) **"Information Services"** means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

(s) **"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(t) **"Nominee"** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(u) **"Official Statement"** means the Official Statement for the Refunding Bonds, as described in Section 17 hereof.

(v) **"Outstanding"** means, when used with reference to the Refunding Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Refunding Bonds canceled at or prior to such date;

(ii) Refunding Bonds in lieu of or in substitution for which other Refunding Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Refunding Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Refunding Bonds), in accordance with Section 19 of this Resolution

(w) **"Participants"** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(x) **"Paying Agent"** means the San Diego County Treasurer-Tax Collector, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Refunding Bonds.

(y) **"Principal"** or **"Principal Amount"** means, with respect to any Refunding Bond, the initial principal amount thereof.

(z) **"Purchase Contract"** means the contract or contracts for purchase and sale of the Refunding Bonds, by and between the District and the Underwriter.

(aa) **"Record Date"** means the close of business on the 15th day of the month preceding each Bond Payment Date.

(bb) **"Series"** means any Refunding Bonds executed, authenticated and delivered pursuant to the provisions hereof and identified as a separate series of bonds.

(cc) **"S&P"** means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(dd) **"Taxable Bonds"** means any Refunding Bonds the interest on which is not excludable from gross income for federal income tax purposes.

(ee) **"Tax-Exempt Bonds"** means any Refunding Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Refunding Bonds.

(ff) **"Term Bonds"** means those Refunding Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(gg) **"Transfer Amount"** means, with respect to any Outstanding Refunding Bond, the Principal Amount.

(hh) **"Treasurer"** means the Treasurer-Tax Collector of the County, or other comparable officer of the County.

(ii) **"Underwriter"** means Piper Jaffray & Co., as underwriter of the Refunding Bonds.

**SECTION 6. Terms of the Refunding Bonds.**

(a) Denominations, Interest, Dated Dates. The Refunding Bonds shall be issued as fully registered book-entry bonds in the denominations of $5,000 principal amount or any integral multiple thereof. The Refunding Bonds will be initially registered in the name of "Cede & Co.," the Nominee of DTC.

Each Refunding Bond shall be dated the Date of Delivery, and shall bear interest at the rates set forth in the Purchase Contract from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Date of Delivery. Interest on the Refunding Bonds shall be payable on the respective Bond Payment Dates and shall be computed on the basis of a 360-day year of 12 30-day months.

No Refunding Bond shall mature later than the final maturity date of the Refunded Bonds to be refunded from proceeds of such Refunding Bond.

(b) Redemption.

(i) Optional Redemption. The Refunding Bonds shall be subject to optional redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Mandatory Redemption. Any Refunding Bonds issued as Term Bonds shall be subject to mandatory sinking fund redemption as provided in the Purchase Contract or the Official Statement.

(iii) Selection of Refunding Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Refunding Bonds and less than all Outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Refunding Bonds for redemption as so directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Refunding Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

The Purchase Contract may provide that (i) in the event that a portion of any Term Bond is optionally redeemed prior to maturity pursuant to Section 6(b)(i) hereof, the remaining mandatory sinking fund payments with respect to such Term Bond shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect to the portion of such Term Bond optionally redeemed, and (ii) within a maturity, Refunding Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

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

With respect to any Redemption Notice of Refunding Bonds (or portions thereof), unless upon the giving of such notice such Refunding Bonds (or portions thereof) shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District) on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Refunding Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, no portion of the Refunding Bonds shall be subject to redemption on such date and the Refunding Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date initially set for redemption) give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

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

(1) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Refunding Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(2) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service to the Depository.

(3) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service to one of the Information Services.

(4) Such Redemption Notice shall be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Refunding Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Refunding Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Refunding Bonds being redeemed with the proceeds of such transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

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

(vi) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Refunding Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Refunding Bonds to be redeemed as provided in Section 6(b)(i) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof, so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Refunding Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Refunding Bonds shall be held in trust for the account of the Owners of the Refunding Bonds so to be redeemed.

All Refunding Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Refunding Bond purchased by the District shall be cancelled by the Paying Agent.

(vii) Refunding Bonds No Longer Outstanding. When any Refunding Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be irrevocably held in trust as provided in Section 19 hereof for the payment of the redemption price of such Refunding Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Refunding Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Refunding Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Refunding Bonds in an authorized denomination. The ownership of each such Refunding Bond shall be registered in the Bond Register maintained by the Paying Agent in the name of the Nominee, as nominee of the Depository and ownership of the Refunding Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Refunding Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Refunding Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Refunding Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Refunding Bonds, including any Redemption Notice; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Refunding Bonds to be prepaid in the event the District redeems such Refunding Bonds in part; (iv) or the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest on book-entry Refunding Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Refunding Bond is registered in the Bond Register as the absolute Owner of such Refunding Bond for the purpose of payment of principal of and premium and interest on and to such Refunding Bond, for the purpose of giving notices of redemption and other matters with respect to such Refunding Bond, for the purpose of registering transfers with respect to such Refunding Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on book-entry Refunding Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on book-entry Refunding Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, premium, if any, and interest on book-entry Refunding Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word "Nominee" in this Resolution shall refer to such nominee of the Depository.

(1) Delivery of Letter of Representations. In order to qualify the Refunding Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in the Refunding Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the Refunding Bonds for the Depository's book-entry program.

(2) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for the Refunding Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Refunding Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Refunding Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Refunding Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Refunding Bonds shall designate, in accordance with the provisions of this Section 6(c).

(3) Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Refunding Bonds are held in book-entry form and registered in the name of the Nominee, all payments by the District or Paying Agent with respect to principal of and premium, if any, or interest on book-entry Refunding Bonds and all notices with respect to such Refunding Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

(4) Transfer of Refunding Bonds to Substitute Depository.

(A) The Refunding Bonds shall be initially issued as described in the Official Statement. Registered ownership of such Refunding Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its Nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Refunding Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Refunding Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Refunding Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Refunding Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or advance refunding of any Refunding Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Refunding Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Refunding Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Refunding Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Refunding Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Refunding Bonds.

**SECTION 7.** **<u>Execution of Refunding Bonds.</u>** The Refunding Bonds shall be signed by the President of the Board, or by such other member of the Board authorized to sign on behalf of the President, by his or her manual or facsimile signature, and countersigned by the manual or facsimile signature of the Secretary to or the Clerk of the Board, or the designees thereof, all in their official capacities. No Refunding Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Refunding Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying

Agent shall be conclusive evidence that the Refunding Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 8.** **Paying Agent; Transfer and Exchange.** Pursuant to Section 2 hereof, the Board has appointed the Treasurer-Tax Collector of the County to act as Paying Agent for the Bonds.

So long as any of the Refunding Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Refunding Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Refunding Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Refunding Bond for all purposes of this Resolution. Payment of or on account of the Principal of, premium, if any, and interest on any Refunding Bond shall be made only to or upon the order of the Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Refunding Bonds, including interest, to the extent of the amount or amounts so paid.

Any Refunding Bond may be exchanged for Refunding Bonds of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Refunding Bond may be transferred on the Bond Register only upon presentation and surrender of the Refunding Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Refunding Bond or Refunding Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Refunding Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If any Refunding Bond shall become mutilated, the District, at the expense of the Owner of said Refunding Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Refunding Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the Refunding Bond so mutilated, but only upon surrender to the Paying Agent of the Refunding Bond so mutilated. If any Refunding Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Refunding Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Refunding Bond so lost, destroyed or stolen (or if any such Refunding Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Refunding Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Refunding Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If manual signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Refunding Bonds only after the new Refunding Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Refunding Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Refunding Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Refunding Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Refunding Bonds surrendered upon that exchange or transfer.

Any Refunding Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Refunding Bonds that the District may have acquired in any manner whatsoever, and those Refunding Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Refunding Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Refunding Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Refunding Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Refunding Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Refunding Bonds which have been selected or called for redemption in whole or in part.

**SECTION 9. Payment.** Payment of interest on any Refunding Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check or wire transfer to such Owner on the Bond Payment Date at his or her address or bank and account number as it appears on such Bond Register or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The principal of and redemption premium, if any, payable on the Refunding Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The principal of, premiums, if any, and interest on the Refunding Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Refunding Bonds when duly presented for payment at maturity, and to cancel all Refunding Bonds upon payment thereof. Unless as otherwise provided for in the Act regarding crossover refunding bonds, the Refunding Bonds are obligations of the District payable solely from the levy of *ad valorem* property taxes upon all property subject to taxation within the District, which taxes are unlimited as to rate or amount. The Refunding Bonds do not constitute an obligation of the County and no part of any fund of the County is pledged or obligated to the payment of the Refunding Bonds.

**SECTION 10. Form of Refunding Bonds.** The Refunding Bonds shall be in substantially the form attached hereto as Exhibit A, allowing those officials executing the Refunding Bonds to make the insertions and deletions necessary to conform the Refunding Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Refunding Bonds, the Refunding Bonds may be executed and delivered in temporary form exchangeable for definitive Refunding Bonds when ready for delivery. If the Paying Agent delivers temporary Refunding Bonds, it shall execute and deliver definitive Refunding Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Refunding Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Refunding Bonds shall be entitled to the same benefits hereunder as definitive Refunding Bonds.

**SECTION 11. Delivery of Refunding Bonds.** The proper officials of the District shall cause the Refunding Bonds to be prepared and, following their sale, shall have the Refunding Bonds signed and delivered, together with a final transcript of proceedings with reference to the issuance of the Refunding Bonds, to the Underwriter upon payment of the purchase price therefor.

**SECTION 12. Deposit of Proceeds of Refunding Bonds; Escrow Agreement.** An amount of proceeds from the sale of the Refunding Bonds necessary to purchase certain Federal Securities, or to otherwise refund the Refunded Bonds, shall be transferred to the Escrow Agent for deposit in the escrow funds established under the Escrow Agreement (the "Escrow Funds"), which amount, if uninvested, shall be sufficient, or if invested, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the Refunded Bonds all as set forth in a certificate of an Authorized Officer. Premium or proceeds received from the sale of the Refunding Bonds desired to pay all or a portion of the costs of issuing the Refunding Bonds may be deposited in the fund of the District held by a fiscal agent selected thereby and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely for the purpose of paying costs of issuance of the Refunding Bonds.

Any accrued interest received by the District from the sale of the Refunding Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Palomar Community College District, 2017 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund") for the Refunding Bonds and used only for payments of principal of and interest on the Refunding Bonds. The Debt Service Fund shall be held by the County, and may contain subaccounts if the Refunding Bonds are sold in more than one Series. A portion of the premium received by the District from the sale of the Refunding Bonds may be transferred to the Debt Service Fund or applied to the payment of cost of issuance of the Refunding Bonds, or some combination of deposits. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes set forth herein for which the Refunding Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Refunding Bonds. DTC will thereupon make payments of principal of and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District.

Except as required below to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay principal of and interest on the Refunding Bonds when due.

**SECTION 13. Rebate Fund.**

(a) General. If necessary, there shall be created and established a special fund designated the "Palomar Community College District 2017 General Obligation Refunding Bonds Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, as the same may be amended from time to time, and the Treasury Regulations promulgated thereunder (the "Rebate Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and Section 14 of this Resolution and by that certain tax certificate concerning certain matters pertaining to the use and investment of proceeds of the Refunding Bonds, executed and delivered to the District on the date of issuance of the Refunding Bonds, including any and all exhibits attached thereto (the "Tax Certificate").

(b) Deposits.

(i) Within forty-five (45) days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate) (1) the District shall calculate or cause to be calculated with respect to the Refunding Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Rebate Regulations, using as the "computation date" for this purpose the end of such five Bond Years, and (2) the District shall deposit to the Rebate Fund from deposits from the District or from amounts available therefor on deposit in the other funds established hereunder, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(iii) The District shall not be required to calculate the "rebate amount" and the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Refunding Bonds (including amounts treated as the proceeds of the Refunding Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148 (f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations or the small issuer exception of Section 148(f)(4)(D) of the Code, whichever is applicable, and otherwise qualify for the exception of the Rebate Requirement pursuant to whichever of said sections is applicable, or (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Refunding Bonds. Any funds remaining in the Rebate Fund after redemption of all the Refunding Bonds and any amounts described in paragraph (ii) of subsection (d) of this Section, including accrued interest, shall be transferred to the general fund of the District.

(d) Withdrawal for Payment of Rebate. Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(i) not later than sixty (60) days after the end of (a) the fifth (5th) Bond Year, and (b) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Rebate Regulations; and

(ii) not later than sixty (60) days after the payment of all Refunding Bonds, an amount equal to one hundred percent (100%) of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Rebate Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by or on behalf of the District.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amount. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from the District, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) Record Retention. The District shall retain records of all determinations made hereunder until three years after the retirement of the Refunding Bonds.

(i) Survival of Defeasance. Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Refunding Bonds.

**SECTION 14. Security for the Refunding Bonds.** Except as provided in the Act, there shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Refunding Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District and used for the payment of the principal of and interest on the Refunding Bonds when and as the same fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section 14 and Section 53559 of the Act. The Board hereby finds and determines that such *ad valorem* taxes shall be levied specifically to pay the Refunding Bonds being issued to finance and refinance specific projects authorized by the voters of the District at the Election.

The Refunding Bonds shall, pursuant to Government Code Section 53515, be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes for the payment of the Refunding Bonds.

Pursuant to Government Code sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the Refunding Bonds and all amounts on deposit in the Debt Service Fund to the payment of the Refunding Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of the Refunding Bonds to provide security for the payment of the Refunding Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal and interest. DTC will thereupon make payments of principal of and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District.

**SECTION 15.** **Arbitrage Covenant.** The District covenants that it will restrict the use of the proceeds of the Refunding Bonds in such manner and to such extent, if any, as may be necessary, so that the Refunding Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements shall be the sole responsibility of the District.

**SECTION 16.** **Legislative Determinations.** The Board hereby determines that all acts and conditions necessary to be performed thereby or to have been met precedent to and in the issuing of the Refunding Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Refunding Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Refunding Bonds. Furthermore, the Board hereby finds and determines pursuant to Section 53552 of the Act that the prudent management of the fiscal affairs of the District requires that it issue the Refunding Bonds without submitting the question of the issuance of the Refunding Bonds to a vote of the qualified electors of the District.

**SECTION 17.** **Official Statement.** The Preliminary Official Statement relating to the Refunding Bonds, substantially in the form on file with the Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Refunding Bonds. The Authorized Officers, 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 and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as an Authorized Officer executing such final Official Statement shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Refunding Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

**SECTION 18.** **Insurance.** In the event the District purchases bond insurance for the Refunding Bonds, and to the extent that the Bond Insurer makes payment of the principal of or interest on the Refunding Bonds, it shall become the Owner of such Refunding Bonds with the right to payment of principal or interest on the Refunding Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Refunding Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Refunding Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Refunding Bonds maintained by the Paying Agent upon surrender of the Refunding Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 19.** **Defeasance.** All or any portion of the Outstanding maturities of the Refunding Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay all Refunding Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with any amounts transferred from the Debt Service Fund and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Refunding Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Refunding Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Refunding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Refunding Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall mean:

Direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that all such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

**SECTION 20. Other Actions, Determinations and Approvals.**

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

(b) The Board hereby finds and determines that both the total net interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds will be less than the total net interest cost to maturity on the Refunded Bonds plus the principal amount of the Refunded Bonds.

(c) The Board anticipates that each series of the Refunded Bonds will be redeemed on the first respective optional redemption dates therefor following the issuance of the Refunding Bonds.

(d) The Board hereby appoints The Bank of New York Mellon Trust Company, N.A. as Escrow Agent for the Refunding Bonds, or such Escrow Agent as shall be named in the Escrow Agreement, and approves the form of the Escrow Agreement substantially in the form on file with the Secretary to the Board. The Authorized Officers, each alone, are hereby authorized to execute the Escrow Agreement with such changes as they shall approve, such approval to be conclusively evidenced by such individual's execution and delivery thereof.

(e) The Board hereby appoints Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, and Piper Jaffray & Co., as Underwriter, each with respect to the issuance of the Refunding Bonds.

(f) The provisions of this Resolution as they relate to the terms of the Refunding Bonds may be amended by the Purchase Contract and the Official Statement. If the Purchase Contract so provides, the Refunding Bonds may be issued as crossover refunding bonds pursuant to Section 53558(b) of the Government Code. All or a portion of the Refunding Bonds may further be issued on a forward delivery basis, pursuant to a Purchase Contract with such changes therein and modifications thereto necessary to effectuate such forward delivery as the Authorized Officer executing the same shall approve.

**SECTION 21. Resolution to Treasurer.** The Clerk of or Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer of the County immediately following its adoption.

**SECTION 22. Request to County to Levy Tax.** The Board of Supervisors of the County is obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal of and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The District hereby requests the Board of Supervisors of the County to annually levy a tax upon all taxable property in the District located within the respective county sufficient to pay all such principal and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds.

**SECTION 23. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated as of the Date of Delivery, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of Continuing Disclosure Certificate appended to the Preliminary Official Statement on file with the Secretary to the Board, and the Authorized Officers, each alone, are hereby authorized to execute the Continuing Disclosure Certificate with such changes thereto as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such execution and delivery. Noncompliance with the Continuing Disclosure Certificate shall not result in acceleration of the Refunding Bonds.

**SECTION 24. Effective Date.** This Resolution shall take effect immediately upon its passage.

**SECTION 25. Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

**SECTION 26. Recitals.** All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

**PASSED AND ADOPTED** this 16th day of February, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

________________________________________
President, Governing Board
Palomar Community College District

Attest:

________________________________________
Secretary to the Governing Board
Palomar Community College District

SECRETARY'S CERTIFICATE

I, Dr. Joi Lin Blake, Secretary to the Governing Board of the Palomar Community College District, San Diego County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Governing Board of said District duly and regularly and legally held at the regular meeting place thereof on February 16, 2017, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: February __, 2017

______________________________

Secretary to the Governing Board of the Palomar Community College District

## EXHIBIT A

**(Form of Refunding Bond)**

**REGISTERED** **REGISTERED**
**NO.** **$**

**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(SAN DIEGO COUNTY, CALIFORNIA)**
**2017 GENERAL OBLIGATION REFUNDING BONDS**
**(2020 CROSSOVER)**

| INTEREST RATE: | MATURITY DATE: | DATED AS OF: | CUSIP |
|---|---|---|---|
| ___% per annum | August 1, 20__ | _____________, 2017 | ________ |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Palomar Community College District (the "District") in San Diego County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2017. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2017, in which event it shall bear interest from the Date of Delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially the San Diego County Treasurer-Tax Collector. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and to the bank and account number on file at the close of business on the 15th day of the month next preceding that Bond Payment Date.

This bond is one of an authorization of bonds issued by the District pursuant to California Government Code Section 53550 *et seq.* (the "Act") for the purpose of refunding certain of the District's outstanding bonded indebtedness and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Governing Board of the District adopted on February 16, 2017 (the "Bond Resolution"). This bond and the issue of which this bond is one are general obligation bonds of the District payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

The bonds of this issue comprise $________ Principal Amount of current interest bonds, of which this bond is a part (each a "Refunding Bond").

This bond is exchangeable and transferable for a bond of like Series, tenor, maturity and principal amount and in authorized denominations at the designated office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable Redemption Notice is given or to (b) transfer any bond which has been selected or called for redemption in whole or in part.

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

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

| Redemption Date (August 1) | Principal Amount |
|---|---|
| | |
| Total | |

______________
(1) Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000, by any portion of the Refunding Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

If less than all of the Refunding Bonds of any one maturity shall be called for redemption, the particular Refunding Bonds or portions thereof to be redeemed shall be selected as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent in its discretion may determine; provided, however, that the portion of any Refunding Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof. If less than all of the Refunding Bonds stated to mature on different dates shall be called for redemption, the particular Refunding Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order of maturity as directed by the District or, if the Paying Agent is not so directed, in the inverse order of maturity.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Refunding Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Refunding Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]

**IN WITNESS WHEREOF,** the Palomar Community College District, San Diego County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Governing Board of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Governing Board of the District, all as of the date stated above.

**PALOMAR COMMUNITY COLLEGE DISTRICT**

By: _____________(Facsimile Signature)_______________
President of the Governing Board

**COUNTERSIGNED:**

___________(Facsimile Signature)___________
[Secretary to/Clerk of] the Governing Board

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on ________, 2017.

SAN DIEGO COUNTY TREASURER-TAX COLLECTOR, as Paying Agent

By: __________________________________________
Authorized Representative

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): ________________________________________________ this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: ______________________ ___________________________

Signature Guaranteed:

___________________________

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: ________________

Unless this bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

## LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

(Facsimile Signature)
[Secretary to/Clerk of] the Governing Board

(Form of Legal Opinion)

**ESCROW AGREEMENT**
**RELATING TO THE REFUNDING OF A PORTION OF**

$91,498,901.20
PALOMAR COMMUNITY COLLEGE DISTRICT
San Diego County, California
General Obligation Bonds, Election of 2006, Series B
(Tax-Exempt)

$83,500,000.00
PALOMAR COMMUNITY COLLEGE DISTRICT
San Diego County, California
General Obligation Bonds, Election of 2006, Series B-1
(Build America Bonds – Direct Payment to District)
(Federally Taxable)

THIS ESCROW AGREEMENT, dated as of __________ 1, 2017, by and between the Palomar Community College District (the "District"), and The Bank of New York Mellon Trust Company, N.A., acting in its capacity as escrow agent (the "Escrow Agent") pursuant to this Escrow Agreement (the "Agreement");

W I T N E S S E T H:

WHEREAS, the District has previously caused the issuance of (i) $91,498,901.20 Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) (the "Series B Bonds") and (ii) $83,500,000.00 Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "Series B-1 Bonds" and, together with the Series B Bonds, the "Prior Bonds"); and

WHEREAS, the District determined that it is in the District's best interest to advance refund a portion of the Prior Bonds (so refunded, the "Refunded Bonds") all as more particularly described on Schedule B hereto; and

WHEREAS, the District has authorized the issuance of $___________ of its 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Bonds"), the sale of which shall provide proceeds to accomplish such a refunding; and

WHEREAS, the District expects the Bonds to be issued on ___________, 2017 (the "Closing Date"); and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to (i) pay interest on the Bonds coming due on and prior to the Crossover Date (as defined herein) and (ii) the refunding of the Refunded Bonds in accordance with the terms of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys.

(a) As used herein, the term "Investment Securities" means the Investment Securities set forth in Schedule A hereto. The District hereby deposits with the Escrow Agent $_______________, which amount represents the net proceeds of the Bonds, to be held in irrevocable escrow by the Escrow Agent, separate and apart from other funds of the District and the Escrow Agent, in a fund hereby created and established and to be known as the "Palomar Community College District 2017 General Obligation Refunding Bonds Escrow Fund" (referred to herein as the "Escrow Fund") to be applied solely as provided in this Agreement. Such moneys are at least equal to an amount sufficient to purchase the principal amount of the Investment Securities set forth in Schedule A hereto.

(b) The Escrow Agent hereby acknowledges receipt of the cash flow and yield verification report of Causey Demgen & Moore P.C., certified public accountants, dated the Closing Date (the "Verification Report"), relating to the sufficiency of the Investment Securities and cash deposited pursuant hereto to (i) redeem the Refunded Bonds on August 1, 2020 (the "Crossover Date"), at a redemption price equal to 100% of the outstanding principal amount thereof, and (ii) pay the interest due on the Bonds through and including the Crossover Date.

SECTION 2. Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees:

(a) to (i) immediately invest $____________ of the moneys described in Section 1(a) hereof in the Investment Securities set forth in Schedule A hereto and to deposit such Investment Securities in the Escrow Fund and (ii) to hold _____ uninvested as cash therein; and

(b) to make the payments required under Sections 3(a) hereof at the times set forth therein.

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

SECTION 3. Payment of Refunded Bonds.

(a) Payment of the Refunded Bonds. As the principal of the Investment Securities set forth in Schedule A hereof and the investment income and earnings thereon are paid, and together with other monies on deposit in the Escrow Fund, the Escrow Agent shall transfer therefrom to the San Diego County Treasurer-Tax Collector, paying agent for the Bonds and the Refunded Bonds (the "Paying Agent") amounts sufficient to (i) pay the interest on the Bonds due on and prior to the Crossover Date and to (ii) redeem on such date the Refunded Bonds, at a redemption price equal to 100% of the outstanding principal amount thereof;

Such transfers shall constitute the respective payments of interest on the Bonds due on and prior to the Crossover Date and the redemption price of the Refunded Bonds due from the District.

On and prior to the Crossover Date, interest on the Refunded Bonds coming due and payable shall be payable solely from ad valorem property taxes levied by San Diego County (the "County"), and shall not be payable from the Escrow Fund.

(b) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be repaid (without liability for interest) by the Escrow Agent to County on behalf of the District, for deposit in the Debt Service Fund relating to the Bonds. Any moneys remaining in the Escrow Fund established hereunder after August 1, 2020 (aside from unclaimed monies of the Bonds) which are in excess of the amount needed to pay owners of the Refunded Bonds payments of principal and interest and redemption premium, if any, with respect to the Refunded Bonds or to pay any amounts owed to the Escrow Agent shall be immediately transferred by the Escrow Agent to the County, on behalf of the District, and deposited in the Debt Service Fund relating to the Bonds.

(c) Priority of Payments. The Escrow Agent agrees to hold the Escrow Fund hereunder (i) on and prior to the Crossover Date, for the benefit of the registered owners of the Bonds, and (ii) after the Crossover Date, for the benefit of the registered owners of the Refunded Bonds.

SECTION 4. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein.

SECTION 5. Reinvestment. Upon written direction of the District, the Escrow Agent may reinvest any uninvested amounts held as cash under this Agreement in noncallable nonprepayable obligations which are direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America provided (i) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the interest on the Bonds on and prior to the Crossover Date or the redemption price of the Refunded Bonds, as applicable, will not be diminished or postponed thereby, (ii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the Refunded Bonds, (iii) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such reinvestment, the principal of and interest on obligations in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purposes, be sufficient without reinvestment to pay the redemption price of the Refunded Bonds and, if such substitution occurs prior to the Crossover Date, the interest due on the Bonds on and prior to such Crossover Date; and (iv) the Escrow Agent shall receive an opinion of nationally recognized municipal bond counsel that such reinvestment is permissible under this Agreement.

SECTION 6. Indemnity. The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, directors, officers, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of its Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the District shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the breach by the Escrow Agent of the terms of this Agreement. In no event shall the District or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 7. Responsibilities of the Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Investment Securities, the retention of the Investment Securities or the proceeds thereof, the sufficiency of the Investment Securities to accomplish the refunding of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Investment Securities to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability with respect thereto. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or material default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the District.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

SECTION 8. Substitution of Investment Securities. At the written request of the District and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Investment Securities in the Escrow Fund and to substitute noncallable nonprepayable obligations (the “Substitute Investment Securities” ) constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to payment by the United States of America. The foregoing may be effected only if: (i) the substitution of Substitute Investment Securities for the Investment Securities (or Substitute Investment Securities) occurs simultaneously; (ii) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the redemption price of the Refunded Bonds on the Crossover Date and the interest on the Bonds on and prior to the Crossover Date (if such substitution occurs prior to the Crossover Date) will not be diminished or postponed thereby; (iii) the Escrow Agent shall receive the unqualified opinion of nationally recognized bond counsel to the effect that such disposition and substitution would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the Refunded Bonds, and that the conditions of this Section 8 as to the disposition and substitution have been satisfied and that the substitution is permitted by this Agreement; and (iv) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such transaction, the principal of and interest on the Substitute Investment Securities in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purpose, be sufficient without reinvestment to pay the redemption price of the Refunded Bonds on the Crossover Date and the interest on the Bonds on and prior to the Crossover Date (if such substitution occurs prior to the Crossover Date). Any cash from the sale of Investment Securities (including U.S. Treasury Securities) received from the disposition and substitution of Substitute Investment Securities pursuant to this Section 8 to the extent such cash will not be required, in accordance with this Agreement, and as demonstrated in the certification described in subsection (iv) above, at any time for the payment of the redemption price of the Refunded Bonds on the Crossover Date and the interest on the Bonds on and prior to the Crossover Date (if such substitution occurs prior to the Crossover Date), shall be paid to the District as received by the Escrow Agent free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Agreement. Any other substitution of securities in the Escrow Fund not described in the previous sentence must satisfy the requirements of this Section 8. In no event shall the Escrow Agent invest or reinvest moneys held under this Agreement in mutual funds or unit investment trusts.

SECTION 9. Reserved.

SECTION 10. Amendments. This Agreement is made for the benefit of the District and the holders of the Bonds and the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of the holders of the Refunded Bonds and, to the extent such repeal, revocation, alteration or amendment occurs on or prior to the Crossover Date, the Bonds, and the Escrow Agent and the District; provided, however, but only after the receipt by the Escrow Agent of an opinion of nationally recognized municipal bond counsel that the exclusion from gross income of interest on the Bonds or Refunded Bonds will not be adversely affected for federal income tax purposes, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds or the Bonds, as applicable, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond counsel with respect to compliance with this Section 10, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Bonds or Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10. In the event of any conflict with respect to the provisions of this Agreement, this Agreement shall prevail and be binding.

SECTION 11. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 3(b) of this Agreement.

SECTION 12. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 13. Resignation or Removal of Escrow Agent.

(a) The Escrow Agent may resign by giving notice in writing to the District, a copy of which shall be sent to DTC. The Escrow Agent may be removed (1) by (i) filing with the District an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of the Bonds (if prior to the Crossover Date) and the Refunded Bonds then remaining unpaid, (ii) sending notice at least 60 days prior to the effective date of said removal to DTC, and (iii) the delivery of a copy of the instruments filed with the District to the Escrow Agent or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the District or the holders of 51% in aggregate principal amount of the Bonds (if prior to the Crossover Date) and the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Agent becomes vacant due to resignation or removal of the Escrow Agent or any other reason, a successor Escrow Agent may be appointed by the District. The holders of a majority in principal amount of the Bonds (if prior to the Crossover Date) and the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the District, appoint a successor Escrow Agent who shall supersede any Escrow Agent theretofore appointed by the District. If no successor Escrow Agent is appointed by the District or such holders, within 45 days after any such resignation or removal, any such holder or the retiring Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. The responsibilities of the Escrow Agent under this Escrow Agreement will not be discharged until a new Escrow Agent is appointed and until the cash and investments held under this Agreement are transferred to the new Escrow Agent.

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

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 17. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District, except as provided in Section 20 hereof, which shall require no such prior written consent.

SECTION 19. Rating Agencies. The District agrees to provide to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York, 10071, prior notice of each amendment entered into pursuant to Section 10 hereof and a copy of such proposed amendment, and to forward a copy (as soon as possible) of (i) each amendment hereto entered into pursuant to Section 10 hereof, and (ii) any action relating to severability or contemplated by Section 14 hereof.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

[REMAINDER OF PAGE LEFT BLANK]

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

PALOMAR COMMUNITY COLLEGE DISTRICT

By:_______________________________________

Assistant Superintendent/Vice President, Finance and Administrative Services

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

By:_______________________________________

Authorized Officer

# SCHEDULE A

"Investment Securities" are defined to be and shall the following:

SCHEDULE B

REFUNDED BONDS

$91,498,901.20
PALOMAR COMMUNITY COLLEGE DISTRICT
San Diego County, California
General Obligation Bonds, Election of 2006, Series B
(Tax-Exempt)

**Date of Original Issuance: November 12, 2010**

| Maturity (August 1) | Accretion Rate | Denominational Amount | Accreted Value as of Redemption Date | CUSIP | Bond Number |
|---|---|---|---|---|---|
| 2033 | 6.630% | $3,478,585.10 | | 697511BT9 | CAB No. 18 |
| 2034 | 6.680 | 3,642,543.30 | | 697511BU6 | CAB No. 19 |
| 2035 | 6.720 | 2,070,753.70 | | 697511BV4 | CAB No. 20 |

$83,500,000.00
PALOMAR COMMUNITY COLLEGE DISTRICT
San Diego County, California
General Obligation Bonds, Election of 2006, Series B-1
(Build America Bonds – Direct Payment to District)
(Federally Taxable)

**Date of Original Issuance: November 12, 2010**

| Maturity (August 1) | Interest Rate | Original Principal Amount | Principal Amount to be Redeemed | CUSIP | Bond Number |
|---|---|---|---|---|---|
| 2045 | 7.194% | $83,500,000 | | 697511BZ5 | No. 1 |

PRELIMINARY OFFICIAL STATEMENT DATED __________, 2017

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.

**NEW ISSUE—FULL BOOK-ENTRY**

**RATINGS: Moody's: "___"; S&P: "_____"**
**See "MISCELLANEOUS – Ratings" herein**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain opinions and representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds 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 and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

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

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.*

The Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "New Money Bonds") were authorized at an election of the District held on November 7, 2006 at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $694,000,000 principal amount of general obligation bonds of the District. The New Money Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs associated with the issuance of the New Money Bonds.

The New Money Bonds are general obligations of the District payable solely from *ad valorem* taxes levied and collected by San Diego County (the "County"). The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the County subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal of the New Money Bonds when due.

The Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Refunding Bonds") are being issued by the District to (i) advance refund, on a crossover basis, all or a portion of the District's outstanding (a) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) and (b) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable), and (ii) pay the costs associated with the issuance of the Refunding Bonds. The Refunding Bonds and the New Money Bonds are collectively referred to herein as the "Bonds."

**Prior to August 1, 2020 (the "Crossover Date"), the Refunding Bonds shall be secured by and payable solely from proceeds of the Refunding Bonds deposited into an escrow fund established therefor.** From and after the Crossover Date, the Refunding Bonds shall, without any further action on the part of the District or the Owners or Beneficial Owners of the Refunding Bonds, constitute general obligations of the District payable solely from *ad valorem* property taxes. From and after the Crossover Date, the Board of Supervisors of the County shall be empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds such that interest thereon shall accrue from the date of their delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2017. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the Treasurer-Tax Collector of the County as the designated paying agent, bond registrar and transfer agent (collectively, the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

**The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates as described herein.***

**MATURITY SCHEDULE***
**(see inside front cover)**

*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the Underwriter by Nossaman LLP. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ___________, 2017.*

**[Piper Jaffray Logo]**

Dated: ____________, 2017

* Preliminary, subject to change.

## MATURITY SCHEDULE FOR THE NEW MONEY BONDS

**Base CUSIP†: 697511**

**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$__________ Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | Maturity (August 1) |
|---|---|---|---|---|

**$______________ ___% Term Bonds due August 1, 20__ Yield _____ %(1) CUSIP†___**

(1) Yield to the par call date of August 1, 20__.*

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter nor the District are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Niether the Underwriter nor the District are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

## MATURITY SCHEDULE FOR THE REFUNDING BONDS

**Base CUSIP†: 697511**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

**$__________ Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | CUSIP† |
|---|---|---|---|---|

**$______________ ___% Term Bonds due August 1, 20__ Yield _____ %(1) CUSIP†___**

___________________

(1) Yield to the par call date of August 1, 20__.*

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter nor the District are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Niether the Underwriter nor the District are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

**PALOMAR COMMUNITY COLLEGE DISTRICT**



**DISTRICT ADMINISTRATION**

Joi Lin Blake, Ed.D.
*Superintendent/President*

Ron Ballesteros-Perez
*Assistant Superintendent/Vice President, Finance and Administrative Services*

Carmen Martinez-Coniglio
*Director of Fiscal Services*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**
Stradling Yocca Carlson & Rauth
A Professional Corporation
*San Francisco, California*

**Paying Agent**
San Diego County Treasurer-Tax Collector
*San Diego, California*

**Escrow Agent**
The Bank of New York Mellon Trust Company, N.A.
*Dallas, Texas*

**Verification Agent**
Causey Demgen & Moore P.C.
*Denver Colorado*

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**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "New Money Bonds"), and (ii) Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Refunding Bonds" and, together with the New Money Bonds, the "Bonds").

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

### The District

The Palomar Community College District (the "District") was founded in 1946 and serves an area of approximately 2,555 square miles in northern San Diego County (the "County"). The District operates Palomar College (the "College"), which has its main campus in the City of San Marcos. The College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). The District also operates an education center in the City of Escondido, and four additional outreach sites serving the northern part of the City of San Diego and communities in unincorporated portions of the County, including Mt. Carmel, Fallbrook, Camp Pendleton and Pauma Valley. For fiscal year 2016-17, the District has a full-time equivalent student ("FTES") count of ______, and taxable property within the District has an assessed valuation of $109,746,198,416.

The District is governed by a five-member Governing Board (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent/President, who is appointed by the Board and is responsible for the day-to-day operations of the District and supervision of other senior personnel. Currently, Dr. Joi Lin Blake serves as the Superintendent/President of the District.

For additional information regarding the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "PALOMAR COMMUNITY COLLEGE DISTRICT" herein. For information regarding the District's assessed valuation and the levy of taxes for the repayment of the Bonds, see "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

* Preliminary, subject to change.

### Purpose of the Bonds

***New Money Bonds.*** The proceeds of the sale of the New Money Bonds will be used to finance the acquisition, construction, modernization, and equipping of District sites and facilities as approved by the voters of the District at an election held on November 7, 2006, and to pay the costs associated with the issuance of the New Money Bonds.

***Refunding Bonds.*** The proceeds of the Refunding Bonds will be used to advance refund, on a crossover basis, all or a portion of the District's outstanding (a) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) and (b) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (together, the "Refunded Bonds"), and to pay the costs associated with the issuance of the Refunding Bonds.

Concurrently with the issuance of the Refunding Bonds, the District will enter into an escrow agreement (the "Escrow Agreement") with the Escrow Agent (defined herein), pursuant to which the District will deposit the net proceeds of the Refunding Bonds into the Escrow Fund (defined herein) held pursuant thereto, such proceeds to be used to purchase certain non-callable Federal Securities (defined herein), the maturing principal of which, together with interest and earnings thereon, and any other proceeds of the Refunding Bonds held as cash, will be sufficient to pay (i) the debt service due on the Refunding Bonds prior to August 1, 2020 (the "Crossover Date"), and (ii) the principal of the Refunded Bonds on the Crossover Date, such date being the first optional redemption date therefor.

See "THE BONDS – Application and Investment of Bond Proceeds" herein.

### Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California (the "State") Government Code (the "Government Code") and pursuant to resolutions adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

### Security and Sources of Payment for the Bonds

***New Money Bonds.*** The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County (the "County Board") is empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except as certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the New Money Bonds.

***Refunding Bonds.*** Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, the Refunding Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners thereof, constitute general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. From and after the Crossover Date, the County Board shall be empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Refunding Bonds.

For more complete information regarding the District's financial condition and taxation of property within the District, see "THE BONDS – Security and Sources of Payment," "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" and "PALOMAR COMMUNITY COLLEGE DISTRICT" herein.

## Description of the Bonds

***Form and Registration***. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of interests in the Bonds (the "Beneficial Owners") through the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Bonds, but will instead receive credit balances on the books of their respective Nominees (defined herein). See "THE BONDS — Book-Entry Only System" herein. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions (defined herein).

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," or "Holders" of the Bonds (other than under the caption "TAX MATTERS," and in APPENDIX B) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

***Denominations.*** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

***Redemption***.* The Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on February 1, 2027 or on any date thereafter, as a whole or in part. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS— Redemption" herein.

***Payments***. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery, and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2017. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants to the Beneficial Owners of the Bonds. The Treasurer-Tax Collector of San Diego County (the "Treasurer") has been appointed as Paying Agent for the Bonds.

## Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel ("Bond Counsel"), based on 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 Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the Owner (defined herein) of the Bond is excluded from gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

* Preliminary, subject to change.

**Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ______________, 2017.

**Bondowner's Risks**

The New Money Bonds are general obligations of the District payable from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). **Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund.** From and after the Crossover Date, the Refunding Bonds shall constitute general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

**Continuing Disclosure**

The District will covenant for the benefit of Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Securities and Exchange Commision Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

**Forward-Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

**Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, acting as Bond Counsel and Disclosure Counsel to the District will receive compensation from the District contingent upon the sale and delivery of the Bonds. The Treasurer-Tax Collector of San Diego County has been appointed as the Paying Agent with respect to the Bonds (the "Paying Agent"). Certain matters will be passed on for the Underwriter by Nossaman LLP, Irvine, California. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification agent (the "Verification Agent") for the Refunding Bonds and the Refunded Bonds.

### Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent/Vice President, Finance and Administrative Services, Palomar Community College District, 1140 West Mission Road, San Marcos, California 92069; Phone (760) 744-1150. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions.

## THE BONDS

### Authority for Issuance

***New Money Bonds.*** The New Money Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on February 16, 2017 (the "New Money Resolution").

The District received authorization for the New Money Bonds at an election held on November 7, 2006, by more than fifty-five percent of the votes cast by eligible voters within the District, to issue not-to-exceed $694,000,000 of general obligation bonds (the "Authorization"). The New Money Bonds represent the fifth and final series of Bonds under the Authorization.

***Refunding Bonds***. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board on February 16, 2017 (the "Refunding Resolution," and, together with the New Money Resolution, the "Resolutions").

**Security and Sources of Payment**

***New Money Bonds.*** The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board will be empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the New Money Bonds when due.

***Refunding Bonds.*** **Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund.** From and after the Crossover Date, the Refunding Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Refunding Bonds, constitute general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. From and after the Crossover Date, with respect to the Refunding Bonds, the County Board will be empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds when due.

***General.*** *Ad valorem* property taxes levied to pay the Bonds will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest thereon when due, as described above. The levy of *ad valorem* property taxes for payment of the Bonds may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve for any of the Bonds, and the District can make no representations that the County will do so. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein), each of which is required to be segregated and maintained by the County and which is designated for the payment of the respective series of Bonds to which such Debt Service Fund relates, and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Funds, none of the Bonds are a debt of the County.

See "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein for information on the District's tax base.

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

The moneys in the Debt Service Funds, to the extent necessary to pay principal of and interest on the New Money Bonds, as the same become due and payable, and, from and after the Crossover Date, the Refunding Bonds, as the same become due and payable, will be transferred to the Paying Agent. Prior to the Crossover Date, funds for the payment of the Refunding Bonds will be remitted to the Paying Agent from the Escrow Fund established for the Refunding Bonds. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* taxes levied by the County to repay the New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, as described above, will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE – Assessed Valuations" herein.

**General Provisions**

The Bonds will be issued in fully registered book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. DTC will act as securities depository of the Bonds. See "THE BONDS – Book Entry-Only System" herein.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on February 1 and August 1 of each year commencing August 1, 2017. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date (the "Record Date") to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2017, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent the owner of such Bond (an "Owner" or "Bondowner") thereof as of the close of business on the Record Date, such interest to be paid by wire transfer to such Owner on the Bond Payment Date, at his or her bank and account number as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender at the principal office of the Paying Agent. The principal, interest, and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

**Application and Investment of Bond Proceeds**

The proceeds of the sale of the New Money Bonds will be used to finance the acquisition, construction, modernization, and equipping of District sites and facilities as approved by the voters of the District at an election held on November 7, 2006, and to pay the costs associated with the issuance of the New Money Bonds.

The proceeds from the sale of the New Money Bonds shall be paid to the County to the credit of the District's General Obligation Bonds, Election of 2006, Series D Building Fund (the "Building Fund") and shall be applied only for the purposes approved by the voters of the District pursuant to the Authorization. Any interest earnings on moneys held in the Building Fund shall be retained therein. Any premium received by the County from the sale of the New Money Bonds shall be kept separate and apart in the fund held by the County and designated as the "Palomar Community College District General Obligation Bonds, Election of 2006, Series D Debt Service Fund (the "New Money Bonds Debt Service Fund") and used only for payment of principal of and interest on the New Money Bonds. Any excess proceeds of the New Money Bonds not needed for the authorized purposes for which the New Money Bonds are being issued shall be transferred to the New Money Bonds Debt Service Fund and applied to the payment of principal of and interest on the New Money Bonds. If, after payment in full of the New Money Bonds, there remain excess moneys in the New Money Bonds Debt Service Fund, any such excess amounts shall be transferred to the General Fund of the District.

Money in the Building Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State or as permitted by the New Money Resolution. The moneys in the Building Fund and the Debt Service Funds are expected to be invested through the San Diego County Investment Pool. See "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

**Refunding Plan**

The proceeds from the sale of the Refunding Bonds will be used by the District to advance refund, on a crossover basis, the Refunded Bonds and to pay the costs associated with the issuance of the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds shall be deposited with The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "Escrow Agent"), to the credit of the "Palomar Community College District 2017 General Obligation Refunding Bonds (2020 Crossover) Escrow Fund" (the "Escrow Fund"). Pursuant to the Escrow Agreement, an amount deposited in the Escrow Fund will be used to purchase non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the debt service due on the Refunding Bonds prior to the Crossover Date and (ii) the principal of the Refunded Bonds to be redeemed on the Crossover Date (such date being the first optional redemption date therefor). **Prior to the Crossover Date, the Refunded Bonds will remain general obligations of the District payable solely**

**from *ad valorem* property taxes.** Amounts deposited under the Escrow Agreement are not available to pay any other obligations of the District.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the principal of the Refunded Bonds on the Crossover Date, and the debt service due on the Refunding Bonds prior to such date, will be verified by the Verification Agent. See "LEGAL MATTERS – Escrow Verification" herein.

The accrued interest and any surplus moneys in the Escrow Fund, when received by the District from the sale of the Refunding Bonds or following the redemption of the Refunded Bonds, shall be kept separate and apart in the fund held by the County and designated as the "Palomar Community College District 2017 General Obligations Refunding Bonds (2020 Crossover) Debt Service Fund (the "Refunding Bonds Debt Service Fund" and, together with the New Money Bonds Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Bonds Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District as provided and permitted by law.

Money in the Refunding Bonds Debt Service Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State or as permitted by the Refunding Resolution. Moneys in the Refunding Bonds Debt Service Fund are expected to be invested through the San Diego County Investment Pool. See "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

**REFUNDED BONDS***
**Palomar Community College District**
**General Obligation Bonds, Election of 2006, Series B**
**(Tax-Exempt)**

| Maturity Date (August 1) | Denominational Amount | Accreted Value at the Redemption Date | Accretion Rate | Redemption Date | Redemption Price (per $5,000 of Maturity Value) |
|---|---|---|---|---|---|
| 2033 | $3,478,585.10 | | 6.630% | 8/1/2020 | $2,141.50 |
| 2034 | 3,642,543.30 | | 6.680 | 8/1/2020 | 1,992.75 |
| 2035 | 2,070,753.70 | | 6.720 | 8/1/2020 | 1,855.20 |

**REFUNDED BONDS***
**Palomar Community College District**
**General Obligation Bonds, Election of 2006, Series B-1**
**(Build America Bonds – Direct Payment to District)**
**(Federally Taxable)**

| Maturity Date (August 1) | Original Principal Amount | Principal Amount to be Redeemed | Interest Rate | Redemption Date | Redemption Price (% of Par Amount) |
|---|---|---|---|---|---|
| 2045 | $83,500,000 | $83,500,000 | 7.194% | 8/1/2020 | 100% |

* Preliminary, subject to change.

## Annual Debt Service

***New Money Bonds***. [*] The following table summarizes the annual debt service requirements of the District for the New Money Bonds (assuming no optional redemptions):

| Year Ending August 1 | Annual Principal Payment | Annual Interest Payment[(1)] | Total Annual Debt Service Payment |
|---|---|---|---|
| Total | | | |

[(1)] Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2017.

[*] Preliminary, subject to change.

***Refunding Bonds.****[*] The following table shows the debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions are made):

| Year Ending August 1 | Annual Principal Payment | Annual Interest Payment[(1)(2)] | Total Annual Debt Service |
|---|---|---|---|
| Total | | | |

[(1)] Interest payments on the Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2017.
[(2)] Interest on the Refunding Bonds, prior to the Crossover Date, is payable from amounts on deposit in the Escrow Fund. From and after the Crossover Date, such interest shall be payable from *ad valorem* property taxes levied and collected by the County on taxable property within the boundaries of the District. See "THE BONDS – Security and Sources of Payment – Refunding Bonds" herein.

See "PALOMAR COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the total annual debt service requirements for all of the District's outstanding general obligation bonds.

[*] Preliminary, subject to change.

**Redemption***

***Optional Redemption.*** * The Bonds maturing on or before August 1, 2026, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2027 may be redeemed before maturity at the option of the District, from any source of available funds, in whole, or in part, at the direction of the District, on any day on or after February 1, 2027 at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium.

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

| Redemption Date (August 1) | Principal Amount |
|---|---|

(1) Final Maturity

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

***Selection of Bonds for Redemption***. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

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

* Preliminary, subject to change.

together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) provide such Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"); or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such transfer.

***Conditional Notice of Redemption.*** With respect to any notice of optional redemption of Bonds as described above, unless upon the giving of such notice such Bonds (or portions thereof) shall be deemed to have been defeased as described in "—Defeasance" herein, such notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on such Bonds (or portions thereof) to be redeemed, and that, if such moneys shall not have been so received, said notice shall be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received.

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

***Effect of Redemption Notice.*** Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in "—Defeasance" herein, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and will be surrendered to the Paying Agent for cancellation.

**Book-Entry Only System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has an S&P (as defined herein) rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated by reference herein.

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

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

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

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

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

**Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

*In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.*

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal amount, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

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

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

**Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: By irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District, an amount of cash which together with amounts transferred from the Debt Service Funds is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date; or

(b) Government Obligations: By irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District, noncallable, nonprepayable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the respective Debt Service Funds together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

## ESTIMATED SOURCES AND USES OF FUNDS*

***New Money Bonds.*** The proceeds of the New Money Bonds are expected to be applied as follows:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $ |
| Original Issue Premium | |
| Total Sources | $ |
| **Uses of Funds** | |
| Costs of Issuance(1) | $ |
| Deposit to Building Fund | |
| Deposit to Debt Service Fund | |
| Total Uses | $ |

(1) Reflects all costs of issuance, including the underwriting discount, legal fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent.

***Refunding Bonds.*** The proceeds of the Refunding Bonds are expected to be applied as follows:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $ |
| Original Issue Premium | |
| Total Sources | $ |
| **Uses of Funds** | |
| Costs of Issuance(1) | $ |
| Deposit to Escrow Fund | |
| Total Uses | $ |

(1) Reflects all costs of issuance, including the underwriting discount, legal fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent, the Verification Agent and the Escrow Agent.

## TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE

*The information in this section describes* ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. Prior to the Crossover Date, the Refunding Bonds shall be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

### *Ad Valorem* Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both District and County taxing purposes.

* Preliminary, subject to change.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus any additional amount determined by the tax collecting authority of the County. After the second installment of taxes on the secured roll is delinquent, the tax collecting authority of the County will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax collecting authority of the County.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts and community college districts (collectively, "K-14 school districts") will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

**Assessed Valuations**

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the

State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed and re-assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District has a total assessed valuation for fiscal year 2016-17 of $109,746,198,416. Shown in the following table are the actual assessed valuations for the District for the period 2007-08 through 2016-17.

**ASSESSED VALUATIONS**
**Fiscal Years 2007-08 through 2016-17**
**Palomar Community College District**

| | Local Secured | Utility | Unsecured | Total |
|---|---|---|---|---|
| 2007-08 | $90,718,081,684 | $197,918,241 | $2,350,870,708 | $93,266,870,633 |
| 2008-09 | 92,981,484,262 | 194,925,039 | 2,441,308,216 | 95,617,717,517 |
| 2009-10 | 89,226,352,816 | 204,700,348 | 2,582,408,777 | 92,013,461,941 |
| 2010-11 | 87,931,255,069 | 310,163,170 | 2,489,593,259 | 90,731,011,498 |
| 2011-12 | 88,483,374,972 | 303,856,110 | 2,581,120,396 | 91,368,351,478 |
| 2012-13 | 87,429,392,177 | 327,831,628 | 2,611,473,560 | 90,368,697,365 |
| 2013-14 | 90,212,986,818 | 283,081,139 | 2,839,119,803 | 93,335,187,760 |
| 2014-15 | 96,336,862,934 | 279,510,374 | 2,975,965,831 | 99,592,339,139 |
| 2015-16 | 101,526,368,551 | 295,353,762 | 2,885,769,357 | 104,707,491,670 |
| 2016-17 | 106,403,876,340 | 288,797,966 | 3,053,524,110 | 109,746,198,416 |

*Source: California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Refunding Bonds from and after the Crossover Date and with respect to the New Money Bonds at all times that the New Money Bonds are outstanding. See "THE BONDS – Security and Sources of Payment" herein.

***Drought.*** On January 17, 2014, the State Governor (the "Governor") declared a state-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; the State's rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain temporary conservation measures, which were implemented by means of an emergency regulation adopted by the Water Board on May 5, 2015. The temporary conservation measures have been extended and amended by subsequent executive orders of the Governor and Water Board regulations. Most recently, on May 9, 2016, the Governor issued an executive order ordering the

Department of Water Resources, the Water Board and the California Public Utilities Commission to update and extend temporary water restrictions through the end of January 2017, and to take actions to transition to permanent, long-term improvements in water use. Following the Governor's executive order, on May 18, 2016, the Water Board adopted a localized "stress test" approach of water conservation, under which local urban water agencies are required to ensure a three-year supply of water assuming three years of drought conditions. Agencies that project a water shortage at the end of the three-year period under the stress test are required to implement conservation measures through January 2017 equal to the percentage of water shortage projected.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

**Appeals and Adjustments of Assessed Valuations**

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

### Assessed Valuation and Parcels by Land Use

The following is an analysis of the District's fiscal year 2016-17 assessed valuation (excluding utility and unsecured property) by land use.

**ASSESSED VALUATION AND PARCELS BY LAND USE**
**Fiscal Year 2016-17**
**Palomar Community College District**

| **Non-Residential:** | **2016-17 Assessed Valuation [(1)]** | **% of Total** | **No. of Parcels** | **% of Total** |
|---|---|---|---|---|
| Agricultural/Rural | $1,699,849,086 | 1.60% | 8,754 | 3.09% |
| Commercial | 10,627,784,942 | 9.99 | 3,913 | 1.38 |
| Vacant Commercial | 408,248,932 | 0.38 | 991 | 0.35 |
| Industrial | 6,875,585,375 | 6.46 | 2,715 | 0.96 |
| Vacant Industrial | 290,171,272 | 0.27 | 502 | 0.18 |
| Recreational/Open Space | 464,448,098 | 0.44 | 4,277 | 1.51 |
| Government/Social/Institutional | 312,719,395 | 0.29 | 987 | 0.35 |
| Subtotal Non-Residential | $20,678,807,100 | 19.43% | 22,139 | 7.80% |
| | | | | |
| Residential: | | | | |
| Single Family Residence | $68,976,754,533 | 64.83% | 159,919 | 56.37% |
| Condominium/Townhouse | 8,535,518,722 | 8.02 | 31,225 | 11.01 |
| Mobile Home | 1,228,550,070 | 1.15 | 10,967 | 3.87 |
| Mobile Home Park | 298,614,058 | 0.28 | 147 | 0.05 |
| 2-4 Residential Units | 1,093,308,487 | 1.03 | 3,854 | 1.36 |
| 5+ Residential Units/Apartments | 3,948,069,422 | 3.71 | 954 | 0.34 |
| Miscellaneous Residential | 35,958,785 | 0.03 | 2,369 | 0.84 |
| Timeshare | 249,910,722 | 0.23 | 34,087 | 12.02 |
| Vacant Residential | 1,358,384,441 | 1.28 | 18,019 | 6.35 |
| Subtotal Residential | $85,725,069,240 | 80.57% | 261,541 | 92.20% |
| | | | | |
| Total | $106,403,876,340 | 100.00% | 283,680 | 100.00% |

(1) Local secured assessed valuation; excluding tax-exempt property.
*Source: California Municipal Statistics, Inc.*

### Assessed Valuation of Single Family Homes

The following table displays the fiscal year 2016-17 assessed valuations of single family residential parcels within the District.

**ASSESSED VALUATION OF SINGLE FAMILY HOMES**
**Fiscal Year 2016-17**
**Palomar Community College District**

| | No. of Parcels | 2016-17 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| Single Family Residential | 159,919 | $68,976,754,533 | $431,323 | $374,627 |

| 2016-17 Assessed Valuation | No. of Parcels [1] | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $49,999 | 1,622 | 1.014% | 1.014% | $63,463,200 | 0.092% | 0.092% |
| 50,000 - 99,999 | 6,316 | 3.949 | 4.964 | 475,389,376 | 0.689 | 0.781 |
| 100,000 - 149,999 | 6,909 | 4.320 | 9.284 | 871,356,149 | 1.263 | 2.044 |
| 150,000 - 199,999 | 11,006 | 6.882 | 16.166 | 1,942,074,058 | 2.816 | 4.860 |
| 200,000 - 249,999 | 15,050 | 9.411 | 25.577 | 3,398,184,163 | 4.927 | 9.787 |
| 250,000 - 299,999 | 15,718 | 9.829 | 35.406 | 4,320,370,806 | 6.264 | 16.050 |
| 300,000 - 349,999 | 15,738 | 9.841 | 45.247 | 5,110,640,713 | 7.409 | 23.459 |
| 350,000 - 399,999 | 14,609 | 9.135 | 54.383 | 5,459,900,276 | 7.916 | 31.375 |
| 400,000 - 449,999 | 13,401 | 8.380 | 62.762 | 5,675,428,764 | 8.228 | 39.603 |
| 450,000 - 499,999 | 10,990 | 6.872 | 69.635 | 5,197,029,434 | 7.534 | 47.137 |
| 500,000 - 549,999 | 8,743 | 5.467 | 75.102 | 4,572,207,167 | 6.629 | 53.766 |
| 550,000 - 599,999 | 7,683 | 4.804 | 79.906 | 4,399,916,872 | 6.379 | 60.145 |
| 600,000 - 649,999 | 6,283 | 3.929 | 83.835 | 3,909,310,702 | 5.668 | 65.812 |
| 650,000 - 699,999 | 5,186 | 3.243 | 87.078 | 3,485,168,667 | 5.053 | 70.865 |
| 700,000 - 749,999 | 4,409 | 2.757 | 89.835 | 3,179,591,682 | 4.610 | 75.475 |
| 750,000 - 799,999 | 3,327 | 2.080 | 91.915 | 2,565,361,948 | 3.719 | 79.194 |
| 800,000 - 849,999 | 2,680 | 1.676 | 93.591 | 2,200,711,077 | 3.191 | 82.384 |
| 850,000 - 899,999 | 2,018 | 1.262 | 94.853 | 1,758,742,542 | 2.550 | 84.934 |
| 900,000 - 949,999 | 1,550 | 0.969 | 95.822 | 1,426,691,105 | 2.068 | 87.003 |
| 950,000 - 999,999 | 1,076 | 0.673 | 96.495 | 1,045,256,671 | 1.515 | 88.518 |
| 1,000,000 and greater | 5,605 | 3.505 | 100.000 | 7,919,959,161 | 11.482 | 100.000 |
| Total | 159,919 | 100.000% | | $68,976,754,533 | 100.000% | |

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
*Source: California Municipal Statistics, Inc.*

### Alternative Method of Tax Apportionment - Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions the unpaid secured property taxes as of June 30 of the current fiscal year (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the current year's *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax delinquency data for the prior fiscal years are not available.

## Principal Taxpayers

The following table lists the major taxpayers in the District in terms of their 2016-17 secured assessed valuations.

**LARGEST 2016-17 LOCAL SECURED TAXPAYERS**
**Fiscal Year 2016-17**
**Palomar Community College District**

| | Property Owner | Primary Land Use | 2016-17 Assessed Valuation | % of Total [1] |
|---|---|---|---|---|
| 1. | Kilroy Realty LP | Office Building | $429,704,497 | 0.40% |
| 2. | Sorrento West Properties Inc. | Industrial | 424,049,936 | 0.40 |
| 3. | BEX Portfolio LLC | Apartments | 215,683,068 | 0.20 |
| 4. | North County Fair LLC | Shopping Center | 186,605,794 | 0.18 |
| 5. | SMBC Leasing and Finance Inc. | Office Building | 176,028,841 | 0.17 |
| 6. | Cymer Inc. | Office Building | 160,879,560 | 0.15 |
| 7. | Pacific Carmel Mountain Holdings LP | Office Building | 158,431,325 | 0.15 |
| 8. | Bernardo Summit LLC | Industrial | 155,725,000 | 0.15 |
| 9. | 4S Ranch Apartment Holdings Inc. | Apartments | 153,266,292 | 0.14 |
| 10. | Conrad Prebys Trust | Apartments | 144,092,869 | 0.14 |
| 11. | KR Office 3-9 LP | Office Building | 111,056,738 | 0.10 |
| 12. | Costco Wholesale Corp. | Office Building | 108,933,927 | 0.10 |
| 13. | Scripps Summit Investments LLC | Office Building | 106,601,249 | 0.10 |
| 14. | HCPLS Poway I LLC | Office Building | 96,589,988 | 0.09 |
| 15. | Alliance I DE LLC | Apartments | 94,000,000 | 0.09 |
| 16. | Prominence Willmark Communities Inc. | Apartments | 93,280,458 | 0.09 |
| 17. | Drawbridge Discovery Corporate | Office Building | 90,419,139 | 0.08 |
| 18. | Camden USA Inc. | Apartments | 90,196,148 | 0.08 |
| 19. | Point Office Partners LLC | Office Building | 88,185,441 | 0.08 |
| 20. | Waterleaf LL LLC | Apartments | 87,308,675 | 0.08 |
| | | | $3,171,038,945 | 2.98% |

(1) 2016-17 Local Secured Assessed Valuation: $106,403,876,340.
*Source: California Municipal Statistics, Inc.*

**Tax Rates**

The table below demonstrates the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in two representative tax rate areas in the District (each a "TRA"), during the five-year period from 2012-13 through 2016-17.

**TOTAL TYPICAL TAX RATES (TRAs 4-13 and 8-141)**
**Fiscal Years 2012-13 through 2016-17**
**Palomar Community College District**

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|---|---|
| **TRA 4-13 within the City of Escondido[(1)]** | | | | | |
| General | 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% |
| Palomar Pomerado Healthcare District | .02350 | .02350 | .02350 | .02350 | .02350 |
| Palomar Community College District | .01365 | .01260 | .01288 | .01769 | .01757 |
| Escondido Elementary School District | .03367 | .02762 | .02979 | .04774 | .04152 |
| Escondido Union High School District | .02724 | .02789 | .02979 | .03056 | .03083 |
| City of Escondido | .03923 | .03720 | .03591 | .03044 | .02876 |
| Metropolitan Water District | .00350 | .00350 | .00350 | .00350 | .00350 |
| Total | 1.14079% | 1.13231% | 1.12725% | 1.15343% | 1.14568% |
| **TRA 8-141 within the City of San Diego[(2)]** | | | | | |
| General | 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% |
| Palomar Pomerado Healthcare District | .02350 | .02350 | .02350 | .02350 | .02350 |
| Palomar Community College District | .01365 | .01260 | .01288 | .01769 | .01757 |
| City of San Diego | .00500 | .02762 | .02979 | .00500 | .00500 |
| Metropolitan Water District | .00350 | .02789 | .02979 | .00350 | .00350 |
| Total | 1.04565% | .03720 | .03591 | .04969 | .04957 |

(1) 2016-17 assessed valuation of taxable property within TRA 4-13 is $2,015,224,779, representing 1.84% of the District's total assessed valuation.
(2) 2016-17 assessed valuation of taxable property within TRA 8-141 is $2,948,588,351, representing 2.69% of the District's total assessed valuation.
*Source: California Municipal Statistics, Inc.*

### Assessed Valuation by Jurisdiction

The following table lists the jurisdictions comprising the District in terms of their 2016-17 secured assessed valuations.

**ASSESSED VALUATION BY JURISDICTION[(1)]**
**Fiscal Year 2016-17**
**Palomar Community College District**

| Jurisdiction: | Assessed Valuation in District | % of District | Assessed Valuation of Jurisdiction | % of Jurisdiction in District |
|---|---|---|---|---|
| City of Carlsbad | $3,017,409,898 | 2.75% | $29,539,229,155 | 10.21% |
| City of Escondido | 14,205,952,141 | 12.94 | $14,205,952,141 | 100.00% |
| City of Oceanside | 5,713,280,335 | 5.21 | $20,909,283,045 | 27.32% |
| City of Poway | 9,788,816,723 | 8.92 | $9,788,816,723 | 100.00% |
| City of San Diego | 26,004,537,364 | 23.70 | $221,006,039,954 | 11.77% |
| City of San Marcos | 11,267,028,787 | 10.27 | $11,269,118,523 | 99.98% |
| City of Santee | 181,819 | 0.00 | $5,325,555,641 | 0.00% |
| City of Vista | 10,243,994,169 | 9.33 | $10,243,994,169 | 100.00% |
| Unincorporated San Diego County | 29,504,997,180 | 26.88 | $66,728,286,138 | 44.22% |
| Total District | $109,746,198,416 | 100.00% | | |
| San Diego County | $109,746,198,416 | 100.00% | $467,262,672,018 | 23.49% |

(1) Before deduction of redevelopment incremental valuation.
*Source: California Municipal Statistics, Inc.*

### Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective for debt issued as of January 15, 2017. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The following table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

## STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
## Palomar Community College District

2016-17 Assessed Valuation: $109,746,198,416

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 1/15/17 |
|---|---|---|
| Metropolitan Water District | 4.140% | $3,844,611 |
| **Palomar Community College District** | **100.000** | **504,710,855** (1) |
| Bonsall Unified School District | 100.000 | 14,034,498 |
| Poway Unified School District School Facilities Improvement District No. 2002-1 and 2007-1 | 99.983 | 324,044,755 |
| San Diego Unified School District | 0.462 | 13,004,922 |
| San Marcos Unified School District and School Facilities Improvement District | 96.986-97.227 | 270,557,094 |
| Vista Unified School District | 97.415 | 93,742,340 |
| Escondido Union High School District | 100.000 | 91,357,802 |
| Escondido Union School District | 100.000 | 93,634,622 |
| Fallbrook Union School District | 100.000 | 21,634,476 |
| Other School Districts | Various | 6,932,167 |
| City of Escondido | 100.000 | 60,460,000 |
| Palomar Pomerado Healthcare District | 98.433 | 436,516,757 |
| Grossmont Healthcare District | 0.003 | 7,917 |
| Community Facilities Districts | Various | 776,797,218 |
| 1915 Act Bonds (Estimate) | Various | 14,707,533 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $2,725,987,567 |
| | | |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | |
| San Diego County General Fund Obligations | 23.487% | $68,688,906 |
| San Diego County Pension Obligation Bonds | 23.487 | 142,218,482 |
| San Diego County Superintendent of Schools Obligations | 23.487 | 3,085,017 |
| **Palomar Community College District Certificates of Participation** | **100.000** | **3,375,000** |
| Bonsall Unified School District Certificates of Participation | 100.000 | 7,810,000 |
| Poway Unified School District Certificates of Participation | 97.919 | 60,728,256 |
| Ramona Unified School District Certificates of Participation | 100.000 | 25,335,000 |
| San Marcos Unified School District Certificates of Participation | 97.227 | 52,272,470 |
| Escondido Union High School District Certificates of Participation | 100.000 | 57,425,000 |
| Escondido Union School District Certificates of Participation and Benefit Obligations | 100.000 | 25,730,000 |
| Other School District Certificates of Participation | Various | 3,330,209 |
| City of Oceanside Certificates of Participation and Pension Obligation Bonds | 27.073 | 12,798,194 |
| City of Poway Certificates of Participation | 100.000 | 13,795,000 |
| City of San Diego General Fund Obligations | 11.766 | 68,432,821 |
| City of San Marcos General Fund Obligations | 99.981 | 4,164,209 |
| City of Vista General Fund Obligations | 100.000 | 93,165,000 |
| Other City General Fund Obligations | Various | 8,144,226 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $650,497,790 |
| | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): | | $553,310,000 |
| | | |
| COMBINED TOTAL DEBT | | $3,929,795,357 (2) |

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:
**Direct Debt ($504,710,855) ..................................................................0.46%**
Total Overlapping Tax and Assessment Debt .........................................2.48%
**Total Direct Debt ($508,085,855) .......................................................0.46%**
Combined Total Debt.............................................................................3.58%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($16,865,838,514):
Total Overlapping Tax Increment Debt...................................................3.28%

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*Source: California Municipal Statistics, Inc.*

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal of and interest on the New Money Bonds, and from and after the Crossover Date, the principal of and interest on the Refunding Bonds, are payable from the proceeds of an* ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the principal of and interest on the New Money Bonds, and from and after the Crossover Date, the principal of and interest on the Refunding Bonds, was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

### Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. 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 XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. 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. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

Article XIIIA 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 XIIIA 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 June 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 measures are included in the proposition. In addition, Article XIIIA 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.

**Legislation Implementing Article XIIIA**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the counties 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, subject to redevelopment agency, if any, 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 local agency 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.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

**Unitary Property**

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

So long as the 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 school financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

**Article XIIIB of the California Constitution**

Article XIIIB of the State Constitution ("Article XIIIB"), 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 XIIIB 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 State 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 of the school district from the preceding fiscal year.

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

The appropriations of an entity of local government subject to Article XIIIB 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 State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB 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 XIIIB 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 XIIIC and Article XIIID of the California Constitution**

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

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIIC 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 any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

**Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26 ("Proposition 26"). Proposition 26 amends Article XIIIC 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 XIIID. 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.

**Propositions 98 and 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB 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 State Legislature or a court might not interpret the Accountability Act to require a different percentage of 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.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB 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 State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such district's minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such 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 exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB 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) 40.9% 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 XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("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 State per capita personal income. Under Test 3, K-14 school districts 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" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

**Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

**Propositions 30 and 55**

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases 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 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 the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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 DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 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.

**Jarvis vs. 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). 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 State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

**Proposition 1A and Proposition 22**

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 ("Proposition 22"), 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 Legislative Analyst's Office (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.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. The District can make no representations regarding what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

**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 2015-16 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 State 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 State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State 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 a an emergency within the meaning of Article XIIIB 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 Funding 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.

**Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities. The District makes no represenation that it will either pursue or qualify for Proposition 51 state facilities funding.

***K-12 School Facilities.*** Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

***Community College Facilities.*** Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The table below shows the expected use of bond funds under Proposition 51:

**PROPOSITION 51**
**Use of Bond Funds**
**(In Millions)**

| | |
|---|---|
| **K-12 Public School Facilities** | |
| New Construction | $3,000 |
| Modernization | 3,000 |
| Career Technical Education Facilities | 500 |
| Charter School Facilities | 500 |
| Subtotal | $7,000 |
| | |
| **Community College Facilities** | $2,000 |
| **Total** | $9,000 |

**Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 98, 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 District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

*The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from the proceeds of an* ad valorem *property tax which is required to be levied by the County in an amount sufficient for the payment thereof.*

### Major Revenues

***General****.* State community college districts (other than 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, the lottery (which generally is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

Senate Bill 361 ("SB 361") established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the statewide governing board of the State community colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also 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 noncredit FTES; and (c) set at $3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. The minimum funding per FTES for CDCP was increased to match the minimum funding per credit FTES as a part of the State's fiscal year 2014-15 budget. Each such minimum funding rate is subject to cost of living adjustments (a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the State Chancellor (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the current system.

The table below shows the District's FTES figures for the last eight fiscal years, along with a projection for the 2016-17 fiscal year.

**FULL TIME EQUIVALENT STUDENTS[(1)]**
**Fiscal Years 2008-09 through 2016-17**
**Palomar Community College District**

| Fiscal Year | Funded FTES | Unfunded FTES[(2)] | Total FTES |
|---|---|---|---|
| 2008-09 | 20,183 | 278 | 20,461 |
| 2009-10 | 19,438 | 1,520 | 20,958 |
| 2010-11 | 19,797 | 454 | 20,251 |
| 2011-12 | 18,291 | 1,077 | 19,368 |
| 2012-13 | 18,531 | -- | 18,531 |
| 2013-14 | 18,802 | -- | 18,802 |
| 2014-15 | | | |
| 2015-16 | | | |
| 2016-17[(3)] | | | |

Note: FTES amounts rounded to the nearest whole number. As a result, total FTES figures may not add.
(1) One FTES is equivalent to 525 student contract 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. Reflects resident FTES counts only; non-resident students pay full tuition and are excluded from State funding formula calculations.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) Projected.
*Source: Palomar Community College District.*

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's revenue limit.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

### Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies, school districts and community college districts. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for community college districts, the legislation provides for schools to receive other State general fund revenues.

**Budget Procedures**

On or before September 15 of each year, the Board of Trustees of a 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 State Legislature. The Governor's proposed 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 State 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. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have 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 a 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 full-time equivalent student 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.

See "PALOMAR COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

**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 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 school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" ("Test 3") 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 cost of living adjustment ("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 XIIIB).

***Calculating Minimum Funding Guarantee***. There are currently three tests which determine the minimum level of K-14 funding. 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 percent. 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 (FTES) 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.

**State Dissolution of Redevelopment Agencies**

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABx1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABx1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

**State Assistance**

*California community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter guaranty the accuracy or completeness of this information and neither the District nor the Underwriter have independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The New Money Bonds and, from and after the Crossover Date, the Refunding Bonds, are payable solely from the proceeds of an* ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

***2016-17 Budget.*** On June 27, 2016, the Governor signed into the law the State budget for fiscal year 2016-17 (the "2016-17 Budget"). The following information is drawn from the Department of Finance's summary of the 2016-17 Budget and the LAO's review of the 2016-17 Budget.

The 2016-17 Budget projects, for fiscal year 2015-16, total general fund revenues and transfers of $117 billion and total expenditures of $115.6 billion. The State is projected to end the 2015-16 fiscal year with total available reserves of $7.3 billion, including $3.9 billion in the traditional general fund reserve and $3.4 billion in the BSA. For fiscal year 2016-17, the 2016-17 Budget projects a growth in State general fund revenues driven primarily by total general fund revenues of $120.3 billion and authorizes expenditures of $122.5 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of $8.5 billion, including $1.8 billion in the traditional general fund reserve and $6.7 billion in the BSA.

As a result of higher general fund revenue estimates for fiscal years 2015-16 and 2016-17, and after accounting for expenditures controlled by constitutional funding requirements such as Proposition 2 and Proposition 98, the 2016-17 Budget allocates over $6 billion in discretionary funding for various purposes. These include (i) additional deposits of $2 billion to the BSA (reflected in the discussion above) and $600 million to the State's discretionary budget reserve fund, (ii) approximately $2.9 billion in one-time funding for various purposes including infrastructure, affordable housing and public safety programs, and (iii) $700 million in on-going funding commitments for higher education (California State University and the University of California systems), corrections and rehabilitation and State courts.

As required by Proposition 2, the 2016-17 Budget applies $1.3 billion towards the repayment of existing State liabilities, including loans from special funds, State and University of California pension and retiree health benefits and settle-up payments to K-14 school districts resulting from an underfunding of the Proposition 98 minimum funding guarantee in a prior fiscal year.

With respect to education funding, the 2016-17 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2014-15 and 2015-16, as a result of increased revenue estimates. The 2016-17 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.9 billion, an increase of $2.8 billion over the revised level from the prior fiscal year. Significant features with respect to community college funding include the following:

- *Base Allocations* – An increase of $114.3 million to base allocations to support 2% growth in student enrollment. The 2016-17 Budget also provides $75 million to support increased operating expenses, including in the areas of facilities, employee and retirement benefits and professional development.
- *Local Property Tax Adjustments* – Funding levels reflect decreases of $198.4 million in Proposition 98 funding in fiscal year 2016-17 for community college districts, as a result of higher offsetting property tax receipts. The 2016-17 Budget's funding levels also reflect an increase of $31.7 million in Proposition 98 funding, allocable to fiscal year 2015-16, to address an anticipated shortfall in redevelopment agency property taxes for community college apportionments.
- *Career Technical Education (CTE)* – $200 million in Proposition 98 funding to expand access to workforce-aligned CTE through existing regional adult education consortia composed of school districts, community college districts and other stakeholders. The 2016-17 Budget also provides $48 million to support the Career Pathways Trust Program, which provides grant awards to community college districts to develop, enhance and expand career technical education programs that build upon existing regional capacity to meet labor demands.
- *Student Success* – $30 million in one-time funding for grants that support basic skills instruction aimed at improving students' transition to college-level courses. The 2016-17 Budget also provides $15 million in one-time Proposition 98 grant funding to support coordinated student outreach by local educational agencies and community college districts aimed at increasing college preparation, access, and success.
- *Innovation Awards* - $25 million in Proposition 98 funding for awards to community college districts that develop innovations in curriculum and instruction, prior learning assessments and access to financial aid.
- *On-line Education* – $20 million in one-time Proposition 98 funding to support the development of online courses available through the Online Course Exchange, a program which allows students to enroll in online courses across participating community colleges without requiring students to complete separate application and matriculation processes.
- *Telecommunications and Technology* – An increase of $15 million in Proposition 98 funding, including $5 million in ongoing funding, to expand broadband capacity across community college campuses.
- *Zero-Textbook-Cost-Degrees* – An increase of $5 million in Proposition 98 funding to support the creation of degree, certificate and credentialing programs that use only freely accessible, openly licensed educational resources.

- *Deferred Maintenance and Instructional Equipment* –$184.6 million in one-time Proposition 98 funding for deferred facility maintenance, instructional equipment, or specified water conservation projects.
- *Mandates* - $105.5 million in one-time Proposition 98 funding to reduce the existing backlog of unpaid reimbursement claims to community college districts for the cost of State-mandated programs. The funding would be provided to local educational agencies on a per-student basis, and would be available to be used at local discretion.
- *Proposition 39* - Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires that, for a five-year period starting in fiscal year 2013-14, and requires that a portion of these additional revenues be used allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The 2016-17 Budget allocates $49.3 million to support community college energy efficiency projects and clean energy job development programs, an increase of $10.5 million from the prior-year level.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

***Governor's Proposed 2017-18 Budget.*** On January 10, 2017, the Governor released his proposed State budget for fiscal year 2017-18 (the "Proposed Budget"). The following information is drawn from the Department of Finance's summary of the Proposed Budget and the LAO's overview of the Proposed Budget.

Following several years of increases, the Governor reports that the three main sources of State revenues—income, sales and corporation taxes—are showing weakness. Consequently, the Proposed Budget includes a revised revenue forecast for fiscal years 2015-16 and 2016-17 that is $3.2 billion lower for than what was included in the current State budget. The Governor attributes the change in expectations to a pattern of shortfalls in monthly revenue collections and a growth in lower-income workers, which results in decreased revenues due to the State's progressive tax structure. The Governor also identifies some increases in State general fund spending relative to the 2016-17 Budget, most significant among those being an increase in Medi-Cal costs of approximately $1.8 billion. As a result, absent corrective action, the Governor projects that the State would face a general fund deficit of approximately $1.6 billion in fiscal year 2017-18, as well as comparable deficits in future years.

To close the projected deficit, the Proposed Budget includes $3.2 billion in remedial budgetary measures designed to reduce State general fund spending in a variety of areas. Significantly, the Proposed Budget would lower, by $1.7 billion, the existing Proposition 98 funding appropriations for fiscal years 2015-16 and 2016-17 which, as a result of the drop in State revenues, are projected to overappropriate the minimum funding guarantee. As a result, the Proposed Budget also shifts, on a one-time basis (i) $310 million of previously appropriated discretionary K-12 funding from the 2015-16 fiscal year to the 2016-17 fiscal year, and (ii) $859.1 million in Local Control Funding Formula payments to school districts from June 2017 to July 2017. These shifts would bring Proposition 98 spending in line with the revised funding guarantees described below. Other significant remedial measures include eliminating a $400 million set aside for affordable housing and $300 million in previously approved funding for the replacement and renovation of State office buildings.

Assuming the implementation of these measures, the Proposed Budget projects, for fiscal year 2016-17, total general fund revenues and transfers of $118.8 billion and total expenditures of $122.8 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of $7.7 billion, including $980 million in the traditional general fund reserve and $6.7 billion in the BSA. For fiscal year 2017-18, the Proposed Budget projects total general fund revenues of $124 billion and authorizes expenditures of $122.5 billion. The State is projected to end the 2017-18 fiscal year with total available reserves of $8.8 billion, including $980 million in the traditional general fund reserve and $7.9 billion in the BSA.

As a result of the revised State revenue estimates discussed above, the Proposed Budget adjusts the minimum funding guarantee for fiscal year 2015-16 to $68.7 billion, a decrease of $379 million from the level set by the 2016-17 Budget. Similarly, for fiscal year 2016-17, the minimum funding guarantee is revised at $71.4 billion, reflecting a decrease of $506 million from the level set by the 2016-17 Budget. For fiscal year 2017-18, the Proposed Budget sets the minimum funding guarantee at $73.5 billion, including $51.4 billion from the State general fund, reflecting a year-to-year increase of $2.1 billion (or 3%). Fiscal year 2017-18 is projected to be "Test 3" year, with the increase in the minimum guarantee driven primarily by an increase in per capital State general fund revenues.

Significant proposals with respect to community college funding include the following:

- *Base Allocations* –$94.1 million and $79.3 million to fund, respectively, a 1.48% COLA and a 1.34% growth in enrollment. The Proposed Budget would also provide $23.6 million to support increased operating expenses. Funding increases provided in the Proposed Budget are offset by unused enrollment growth provided in fiscal year 2015-16 and offsetting increased property tax revenues.
- *Student Fees* – The Proposed Budget would keep student fees flat, at $46 per unit.
- *Student Success* – $150 million to support the development of detailed, term-by-term roadmaps for students to complete academic programs, accompanied by early academic planning and ongoing student support services.
- *Deferred Maintenance* – $43.7 million in one-time Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.
- *Innovation Awards* – $20 million in one-time Proposition 98 funding to provide innovation grants to incentivize the development and implementation of innovative practices in various functional areas.
- *On-line Education* – $10 million in Proposition 98 funding to provide system-wide access to the learning management system for the On-line Education Initiative ("OEI"). The OEI is a collaborative effort among California community colleges intended to increase both access to and success in high-quality online courses.
- *Library Systems* – $6 million in one-time Proposition 98 funding to facilitate the development of and access to an integrated, cloud-based library system.
- *Proposition 39* - $3 million in Proposition 39 corporate tax revenues to fund energy efficiency projects.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference

***Future Actions.*** The District 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 District 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 District 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. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy ad valorem property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

## PALOMAR COMMUNITY COLLEGE DISTRICT

*The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the General Fund of the District. Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from the proceeds of an* ad valorem *property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### General Information

The District was founded in 1946 and serves an area of approximately 2,555 square miles in northern San Diego County. The District operates the College, which has its main campus in the City of San Marcos. The College is fully accredited by the ACCJC. The District also operates an education center in the City of Escondido, and four additional outreach sites serving the northern part of the City of San Diego and communities in unincorporated portions of the County, including Mt. Carmel, Fallbrook, Camp Pendleton and Pauma Valley. For fiscal year 2016-17, the District has a projected FTES count of ______, and taxable property within the District has an assessed valuation of $109,746,198,416.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent financial reports of the District may be obtained by contacting: Palomar Community College District, Attention: Assistant Superintendent/Vice President, Finance and Administrative Services, 1140 West Mission Road, San Marcos, California 92069; (760) 744-1150.

### Administration

The District is governed by a five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years. Current members of the Board, together with their offices and the dates their terms expire, are listed below.

| Board Member | Office | Term Expires |
|---|---|---|
| Nancy Ann Hensch | President | November 2020 |
| Paul P. McNamara | Vice President | November 2018 |
| John J. Halcòn, Ph.D. | Secretary | November 2020 |
| Mark Evilsizer | Trustee | November 2018 |
| Nina Deerfield | Trustee | November 2020 |

Biographical information on senior administrators of the District is included below.

***Joi Lin Blake, Ed.D., Superintendent/President***. Dr. Blake was appointed Superintendent/President of the District on June 17, 2016 after serving as the President of the College of Alameda for over a year. Dr. Blake has over 30 years of administrative experience in education, including serving in administrative positions at Skyline College, San Diego Mesa College, Southwestern College and as a Policy Assistant at the U.S. Department of Education. Dr. Blake received her Bachelor of Arts degree in Health Science from San Francisco State University, Master of Arts degree in Vocational Rehabilitation

Counseling from San Diego State University and her Doctor of Education degree in Educational Leadership from San Diego State University.

***Ron Ballesteros-Perez, Assistant Superintendent/Vice President, Finance and Administrative Services.*** Mr. Ballesteros-Perez began working for Palomar College on June 18, 2012, following seven years with San Diego Mesa College. Mr. Ballesteros-Perez has over 20 years of experience in education, including holding administrative and accounting positions with the San Diego County Office of Education and as Director of Finance and Business Services at Highline College in Seattle. Mr. Ballesteros-Perez received his Bachelor of Science degree in business administration from Wayland Baptist University and Master of Arts degree in organizational leadership from Chapman University.

**Labor Relations**

The District currently employs ___ certificated employees, ___ classified employees and ___ managerial employees. The District also employs ___ part-time faculty and employees. District employees, except supervisors, management and some part-time employees, are represented by the three bargaining units as noted below:

**BARGAINING UNITS**
**Palomar Community College District**

| Bargaining Unit | Number of Budgeted Employees | Expiration Date of Current Labor Agreement |
|---|---|---|
| Palomar Faculty Federation, CFT/AFT Local 6161 | | June 30, 20__ |
| Council of Classified Employees, CCE/AFT Local 4522 | | June 30, 20__ |

_Source: Palomar Community College District._

**Retirement Programs**

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

***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 recently 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 will increase over a three-year phase-in period in accordance with the following schedule:

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

| Effective Date | STRS Members Hired Prior to January 1, 2013 | STRS Members Hired After January 1, 2013 |
|---|---|---|
| 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 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)**

| Effective Date | K-14 school districts |
|---|---|
| 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.

The District's contribution to STRS was $3,116,366 for fiscal year 2012-13, $3,377,399 for fiscal year 2013-14, $3,376,746 for fiscal year 2014-15 and $4,464,345 for fiscal year 2015-16. The District has budgeted $__________ as its contribution for fiscal year 2016-17.

The State also contributes to STRS, currently in an amount equal to 4.891% of teacher payroll for fiscal year 2015-16. 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. Pursuant to AB 1469, the State contribution rate will increase over a three year period to a total of 6.328% in fiscal year 2016-17. 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. 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, 2014 included 1,580 public agencies and 1,513 K-14 school districts. 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 PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16 and 13.888% in fiscal year 2016-17. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal years 2015-16 and 2016-17. See "— California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS was $3,107,842 for fiscal year 2012-13, $3,301,750 for fiscal year 2013-14, $3,745,361 for fiscal year 2014-15 and $3,149,867 for fiscal year 2015-16. The District has budgeted $_________ as its contribution for fiscal year 2016-17.

***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; (ii) PERS: 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**
**(Dollar Amounts in Millions)[1]**
**Fiscal Years 2010-11 through 2014-15**

STRS

| Fiscal Year | Accrued Liability | Value of Trust Assets (MVA)[2] | Unfunded Liability (MVA)[2][3] | Value of Trust Assets (AVA)[4] | Unfunded Liability (AVA)[4] |
|---|---|---|---|---|---|
| 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 |

PERS

| Fiscal Year | Accrued Liability | Value of Trust Assets (MVA)[2] | Unfunded Liability (MVA)[2] | Value of Trust Assets (AVA)[4] | Unfunded Liability (AVA)[4] |
|---|---|---|---|---|---|
| 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 | --[5] | --[5] |
| 2014-15[6] | 73,325 | 56,814 | 16,511 | --[5] | --[5] |

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(6) On April 19, 2016, the PERS Finance & Administration Committee approved the K-14 school district contribution rate for fiscal year 2016-17 and released certain actuarial information to be incorporated into the June 30, 2015 actuarial valuation to be released in summer 2016.

*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. The following are certain of the actuarial assumptions adopted by the STRS Board with respect to the STRS Defined Benefit Program Actuarial Valuation for fiscal year 2014-15: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," 7.50% investment rate of return (net of investment and administrative expenses), 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. According to the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2015, the future revenue from contributions and appropriations for the STRS Defined Benefit Program was projected to be sufficient to finance its obligations. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board.

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 the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

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 to 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 will first be 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 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 to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. 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 (the "Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2016, the District's collective net STRS and PERS pension liability is shown in table below. See "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto for more information.

| Pension Plan | Collective Net Pension Liability | Collective Deferred Outflow of Resources | Collective Deferred inflow of Resources | Collective Pension Expense |
|---|---|---|---|---|
| CalSTRS | $61,617,589 | $9,708,639 | $10,907,368 | $4,457,563 |
| CalPERS | 38,144,438 | 11,640,123 | 11,826,793 | 3,318,676 |
| | $99,762,027 | $21,348,762 | $22,734,161 | $7,776,239 |

***PARS Supplemental Early Retirement Plan.*** In June 2015, the District entered into a PARS Supplemental Early Retirement Plan for employees retiring as of June 30, 2015, and met certain eligibility requirements. Future payments are as follows:

| **Fiscal Year Ending June 30** | **Amount** |
|---|---|
| 2017 | $1,269,126 |
| 2018 | 1,269,126 |
| 2019 | 1,269,126 |
| 2020 | 1,269,126 |
| Total | $5,076,504 |

### Other Post-Employment Benefits

***Benefits Plan.*** The District administers a single-employer defined benefit health care plan (the "Plan") providing health and dental benefits to eligible retirees, spouses/registered domestic partners and dependents. Benefit provisions are established by the District in conjunction with its bargaining units, and are renegotiated every three years. Eligibility requirements vary by employee class (academic, classified, administration), and the length of coverage provided depends on years of total service to the District, with varying minimum service requirements applying to each employee class. As of June 30, 2016, membership in the Plan consisted of 446 retirees receiving benefits and 681 active Plan members.

***Funding Policy.*** The District currently funds the costs of Plan benefits on a pay-as-you-go basis sufficient to cover the cost of current insurance premiums for eligible retirees. For fiscal year 2013-14, the District contributed $6,205,434 towards the Plan benefits. For fiscal year 2014-15, the District contributed $5,140,471 towards the Plan benefits. For fiscal year 2015-16, the District contributed $5,832,306 towards the Plan benefits. For fiscal year 2016-17, the District has budgeted $__________ to contribute towards the Plan benefits.

The District has established an irrevocable trust (the "OPEB Trust") to prefund the District's AAL (as defined herein) through a program sponsored by the Community College League of California. As of June 30, 2016, the value of assets in the OPEB Trust had a market value of $_________.

In addition to the OPEB Trust, the District maintains a Retiree Benefits Fund ("Fund 69") into which surplus funds, from time to time, are deposited. As of June 30, 2016, Fund 69 had a balance of approximately $__________. Funds on deposit in the Retiree Benefits Fund are eligible to be deposited into the OPEB Trust; however, Fund 69 has not been irrevocably pledged to the payment of post-employment benefits and as such may be accessed by the District for other purposes.

***Accrued Liability.*** The District has implemented *Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its liability with respect to the Plan benefits. The most recent of these studies, dated as of ___________ (the "Study") concluded that the actuarial accrued liability ("AAL") for Plan benefits, as of an ______________ valuation date, was $__________. The Study also calculated that the annual required contribution ("ARC") for the year beginning ______________ was $_________, taking into account segregated assets on deposit in the OPEB Trust with an actuarial value, as of _____________, of $_________. The ARC is the amount that would be necessary to fund value of future benefits earned by current employees (the "Normal Cost") and amortize the AAL in accordance with GASB 45.

As of June 30, 2016, the District recognized a net long-term balance sheet liability (the "Net OPEB Obligation") of $2,565,567 with respect to the Other Post-Employment Benefits, based on its contributions towards the ARC for fiscal year 2015-16, as adjusted by the annual change to the ARC and interest accrued on the prior fiscal year's Net OPEB Obligation. See also "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

**Risk Management**

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance and participation in certain public entity risk pools, as described below.

The District participates in four joint powers agreements (each, a "JPA") for various insurance coverages, as described below. The JPAs are not considered component units of the District for financial reporting purposes. The San Diego County School Fringe Benefits Consortium ("the Consortium") serves various K-14 school districts in San Diego, Imperial and Riverside Counties. The Consortium uses the accumulated purchasing power of its participating districts in negotiating price discounts and other concessions in the procurement of various pre-tax retirement plans. The Statewide Association of Community Colleges ("SWACC") provides property and liability coverage to various community college districts in California. SWACC is governed by a board consisting of one representative from each of the founding member districts. The Schools Association for Excess Risk ("SAFER") arranges for and provides self-funded or excess liability coverage to various K-14 school districts. The Statewide Educational Wrap-Up Program ("SEWUP") is a consolidated construction insurance program covering job-site construction risk.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years.

**General Fund Budgeting**

The table on the following page shows the District's general fund budgets for fiscal years 2012-13 through 2016-17, the District's actual ending results for fiscal years 2012-13 through 2015-16, and the District's projected ending results for fiscal year 2016-17. For further information, see also "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

## GENERAL FUND BUDGETING
## Palomar Community College District
## Fiscal Years 2012-13 through 2016-17[1]

| | Fiscal Year 2012-13 | | Fiscal Year 2013-14[1] | | Fiscal Year 2014-15 | | Fiscal Year 2015-16 | | Fiscal Year 2016-17 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES:** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Projected[2]** |
| Federal | $8,084,108 | $7,069,838 | $9,114,052 | $6,288,864 | $7,274,331 | $6,654,374 | $9,554,603 | $7,326,878 | $4,889,621 | |
| State | 43,304,520 | 36,023,794 | 36,783,669 | 43,534,300 | 44,070,433 | 46,990,870 | 58,131,919 | 55,214,215 | 40,581,638 | |
| Local | 64,538,940 | 70,566,395 | 74,958,740 | 71,138,497 | 74,388,399 | 78,903,933 | 70,986,145 | 85,000,242 | 86,972,511 | |
| **TOTAL REVENUES** | 115,927,568 | 113,660,027 | 120,856,461 | 120,961,661 | 125,733,163 | 132,549,177 | 138,672,667 | 147,541,335 | 132,443,770 | |
| **EXPENDITURES:** | | | | | | | | | | |
| Academic Salaries | 45,044,770 | 43,604,781 | 44,969,560 | 47,158,775 | 47,303,185 | 48,312,099 | 46,952,698 | 47,481,517 | 49,367,840 | |
| Classified Salaries | 30,184,588 | 29,729,306 | 30,076,946 | 29,876,406 | 30,261,114 | 31,297,674 | 30,033,147 | 31,008,218 | 30,646,566 | |
| Employee Benefits | 28,454,388 | 27,263,253 | 28,393,957 | 27,344,976 | 27,807,042 | 27,389,696 | 28,768,589 | 32,026,680 | 32,245,669 | |
| Supplies and Materials | 2,104,015 | 1,756,098 | 1,807,517 | 1,929,168 | 2,002,573 | 2,150,618 | 2,761,014 | 2,309,624 | 2,495,838 | |
| Other Operating Expenses and Services | 12,192,781 | 11,793,218 | 10,920,844 | 11,952,917 | 11,491,109 | 14,691,387 | 14,710,488 | 15,718,044 | 14,947,602 | |
| Capital Outlay | 1,699,710 | 1,595,012 | 816,839 | 1,032,881 | 4,267,998 | 4,157,068 | 4,970,339 | 4,135,129 | 4,046,139 | |
| **TOTAL EXPENDITURES** | 119,680,252 | 115,741,668 | 116,985,663 | 119,295,123 | 123,133,021 | 127,998,542 | 128,196,275 | 132,679,212 | 133,749,654 | |
| **EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES** | (3,752,684) | (2,081,641) | 3,870,798 | 1,666,538 | 2,600,142 | 4,550,635 | 10,476,392 | 14,862,123 | (1,305,884) | |
| **OTHER FINANCING SOURCES (USES)** | 1,884,910 | 1,981,802 | 1,933,185 | 1,907,112 | 1,999,248 | 3,927,751 | 3,888,740 | 3,845,332 | 2,115,738 | |
| **OTHER OUTGO** | 4,331,058 | 4,695,249 | 6,581,534 | 5,472,214 | 6,689,289 | 7,765,935 | 13,220,711 | 8,599,639 | 14,645,235 | |
| **NET INCREASE (DECREASE) IN FUND BALANCES** | (6,198,832) | (4,795,088) | (777,551) | (1,898,564) | (2,089,899) | 712,451 | 1,144,421 | 10,107,816 | (13,835,381) | |
| **BEGINNING FUND BALANCE:** | | | | | | | | | | |
| **Net Beginning Balance, July 1** | 23,132,481 | 23,132,481 | 18,337,393 | 18,337,393 | 16,436,683 | 16,436,683 | 17,149,134 | 17,149,134 | 30,580,511 | |
| **Prior Year Adjustments** | -- | -- | -- | (2,146) | -- | -- | -- | 3,323,561 | -- | |
| **Adjusted Beginning Balance** | -- | -- | -- | 18,335,247 | -- | 16,436,683 | -- | 20,472,695 | -- | |
| **ENDING FUND BALANCE, JUNE 30** | $16,933,649 | $18,337,393 | $17,559,842 | $16,436,683 | $14,346,784 | $17,149,134 | $18,293,555 | $30,580,511 | $16,745,130 | |

(1) Budget for fiscal years 2012-13 through 2016-17 and actuals for fiscal years 2012-13 through 2015-16 from the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited statements of total revenues, expenditures and changes in fund balances for the District's governmental funds for fiscal years 2011-12 through 2015-16, see "PALOMAR COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.

(2) Projected results for fiscal year 2016-17 as of ___________, 2017.

*Source: Palomar Community College District.*

## Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

## Comparative Financial Statements

The table on the following page displays the District's revenues, expenses and changes in net assets for its primary government funds during fiscal years 2011-12 through 2015-16.

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## SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## Fiscal Years 2011-12 through 2015-16
## Palomar Community College District

| | Fiscal Year 2011-12 | Fiscal Year 2012-13 | Fiscal Year 2013-14 | Fiscal Year 2014-15 | Fiscal Year 2015-16 |
|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | |
| Student tuition and fees | $20,588,232 | $25,350,691 | $26,129,521 | $26,971,986 | $25,614,386 |
| Less: Scholarship discounts and allowances | (7,155,193) | (10,298,549) | (10,749,142) | (10,910,740) | (10,655,601) |
| Net tuition and fees | 13,433,039 | 15,052,142 | 15,380,379 | 16,061,246 | 14,958,785 |
| Other operating revenues | -- | -- | -- | 93,191 | 112,551 |
| Grants and contracts – non-capital | | | | | |
| Federal | 22,982,811 | 24,938,986 | 24,879,425 | -- | -- |
| State | 8,390,682 | 7,746,875 | 9,744,931 | -- | -- |
| Local | 2,781,599 | 2,770,684 | 2,001,790 | -- | -- |
| **TOTAL OPERATING REVENUES** | 47,588,131 | 50,508,687 | 52,006,525 | 16,154,437 | 15,071,336 |
| **OPERATING EXPENSES** | | | | | |
| Salaries | 75,081,526 | 74,535,199 | 78,243,816 | 80,901,353 | 79,689,522 |
| Employee benefits | 32,502,501 | 34,035,381 | 36,181,308 | 40,384,426 | 31,949,615 |
| Supplies, materials and other operating expenses and services | 24,517,486 | 23,090,869 | 30,589,714 | 23,566,666 | 28,316,009 |
| Student financial aid | 17,652,775 | 18,618,612 | 19,633,317 | 20,069,828 | 20,293,436 |
| Equipment, maintenance, and repairs | -- | -- | -- | 11,173,581 | 11,052,490 |
| Depreciation | 4,176,216 | 5,194,867 | 7,388,303 | 5,681,183 | 6,657,477 |
| **TOTAL OPERATING EXPENSES** | 153,930,504 | 155,474,928 | 172,036,458 | 181,777,037 | 177,958,549 |
| **OPERATING INCOME (LOSS)** | (106,342,373) | (104,966,241) | (120,029,933) | (165,622,600) | (162,887,213) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| State apportionments, non-capital | 28,486,549 | 12,374,247 | 17,594,528 | 29,779,740 | 31,780,630 |
| Local property taxes | 65,770,446 | 68,065,086 | 67,878,984 | 58,826,507 | 66,475,944 |
| Taxes levied for other specific purposes | -- | -- | -- | 14,993,817 | 21,046,798 |
| Federal grants | -- | -- | -- | 25,007,748 | 25,196,306 |
| State grants | -- | -- | -- | 16,155,242 | 20,386,844 |
| Other local revenues | 3,854,885 | 4,027,458 | 3,459,573 | -- | -- |
| State taxes and other revenues | 4,143,395 | 17,083,480 | 19,764,916 | 5,145,514 | 4,953,267 |
| Investment income | -- | -- | -- | 778,590 | 1,686,423 |
| Interest expense | (17,256,910) | (16,943,143) | (18,187,022) | (7,366,472) | (22,037,932) |
| Investment income on capital asset-related debt, net | -- | -- | -- | 57,565 | 191,378 |
| Interest and investment income – non-capital | 1,372,260 | (291,808) | 993,697 | -- | -- |
| Transfer from fiduciary funds | -- | -- | -- | 197,580 | 207,661 |
| Transfer to fiduciary funds | -- | -- | -- | (34,265) | (32,000) |
| Other non-operating revenue | -- | -- | -- | 4,797,729 | 1,191,015 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 86,370,625 | 84,315,320 | 91,504,676 | 148,339,295 | 151,046,334 |
| **LOSS BEFORE OTHER REVENUES (EXPENSES)** | (19,971,748) | (20,650,921) | (28,525,257) | (17,283,305) | (11,840,879) |
| **INCOME BEFORE OTHER REVENUES** | | | | | |
| State revenues, capital | 759,170 | 98,222 | 668,282 | 532,456 | 11,245,527 |
| Local property taxes and other revenue, capital | 2,162,926 | 2,291,965 | 2,147,640 | 2,556,469 | 4,311,768 |
| Loss on disposal of fixed asset | (23,993) | -- | -- | -- | -- |
| **TOTAL OTHER REVENUES (EXPENSES)** | 2,898,103 | 2,390,187 | 2,815,922 | 3,088,925 | 15,557,295 |
| **CHANGE IN NET ASSETS** | (17,073,645) | (18,260,734) | (25,709,335) | (14,194,380) | 3,716,416 |
| **NET ASSETS, BEGINNING OF YEAR** | 144,836,081 | 127,762,436 | 120,428,074 | 92,424,849 | (24,758,037) |
| **ADJUSTMENT FOR RESTATEMENT** | -- | 10,926,372[1] | (2,293,890)[2] | (102,988,506)[3] | -- |
| **NET ASSETS, END OF YEAR** | $127,762,436 | $120,428,074 | $92,424,849 | $(24,758,037) | $(21,041,621) |

(1) Adjustment reflects the implementation by the District of GASB Statement No. 62, requiring the capitalization of interest as part of the historical cost of constructing certain business-type activity assets.

(2) Adjustment reflects the implementation by the District of GASB Statement No. 65, which reclassifies certain items previously reported as assets and liabilities, and is effective beginning with fiscal year 2013-14. Specifically, the restatement reflects the reclassification of amortized District debt issuance costs.

(3) Adjustment reflects the implementation by the District of GASB Statement No. 68, which required recording a prior period adjustment for net pension liability and the correction of an error in the prior year's financial statements.

*Source: Palomar Community College District.*

### District Debt Structure

***Long-Term Debt***. General long-term debt of the District as of June 30, 2016 consisted of the following:

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|---|---|---|---|---|
| Bonds Payable: | | | | |
| General obligation bonds | $595,248,207 | $7,502,090 | $6,795,556 | $595,954,741 |
| Lease revenue bonds | 4,350,000 | -- | 525,000 | 3,825,000 |
| Total Bonds | 599,598,207 | 7,502,090 | 7,320,556 | 599,779,741 |
| Other Obligations: | | | | |
| Compensated absences | 2,640,131 | 212,403 | -- | 2,852,534 |
| Load banking | 522,348 | 153,684 | 160,241 | 515,791 |
| PARS supplemental early retirement obligation | 6,345,630 | -- | 1,269,126 | 5,076,504 |
| Net OPEB obligation | 1,588,689 | 6,839,184 | 5,862,306 | 2,565,567 |
| Aggregate net pension obligation | 84,411,063 | 15,350,964 | -- | 99,762,027 |
| Total Other Liabilities | 95,507,861 | 22,556,235 | 7,291,673 | 110,772,423 |
| Total Long-Term Obligations | $695,106,068 | $30,058,325 | $14,612,229 | $710,552,164 |

*Source: Palomar Community College District.*

***General Obligation Bonds.*** Pursuant to the Authorization, the District has issued four series of bonds, totaling $554,998,901.20 in principal amount. The proceeds of such bonds have been used to renovate, construct and equip District sites and facilities. The District has also issued one series of refunding bonds to refinance a portion of the bonds issued pursuant to the Authorization. The following table summarizes the outstanding general obligation bond issuances by the District, not including the Bonds.

**OUTSTANDING GENERAL OBLIGATION BONDS**
**Palomar Community College District**

| Issuance | Initial Principal Amount | Principal Outstanding[1] | Date of Delivery |
|---|---|---|---|
| Election of 2006, Series A | $160,000,000.00 | $4,160,000.00 | May 2, 2007 |
| Election of 2006, Series B | 91,498,901.20 | 89,380,854.50 | November 12, 2010 |
| Election of 2006, Series B-1 | 83,500,000.00 | 83,500,000.00 | November 12, 2010 |
| 2015 Refunding Bonds | 115,675,000.00 | 114,100,000.00 | January 28, 2015 |
| Election of 2006, Series C | 220,000,000.00 | 213,570,000.00 | April 8, 2015 |

(1) As of January 1, 2017.

The table below shows the annual debt service requirements of the District's outstanding bonded indebtedness, including the Bonds (and assuming no further optional redemptions).

| Year Ending (Aug. 1) | Series A Bonds[1] | Series B Bonds[2][3] | Series B-1 Bonds[2][3][4] | 2015 Refunding Bonds[1] | Series C Bonds[2] | New Money Bonds[2] | Refunding Bonds[2][5] | Total Debt Service |
|---|---|---|---|---|---|---|---|---|
| 2017 | $4,368,000.00 | $880,000.00 | $6,006,990.00 | $5,665,900.00 | $16,859,850.00 | | | |
| 2018 | -- | 1,175,000.00 | 6,006,990.00 | 9,575,900.00 | 10,601,700.00 | | | |
| 2019 | -- | 1,575,000.00 | 6,006,990.00 | 9,774,500.00 | 9,689,900.00 | | | |
| 2020 | -- | 1,780,000.00 | 6,006,990.00 | 10,011,250.00 | 10,237,700.00 | | | |
| 2021 | -- | 3,000,000.00 | 6,006,990.00 | 10,230,500.00 | 9,883,300.00 | | | |
| 2022 | -- | 3,640,000.00 | 6,006,990.00 | 10,452,000.00 | 10,112,800.00 | | | |
| 2023 | -- | 4,315,000.00 | 6,006,990.00 | 10,689,500.00 | 10,339,800.00 | | | |
| 2024 | -- | 5,125,000.00 | 6,006,990.00 | 10,926,000.00 | 10,483,800.00 | | | |
| 2025 | -- | 5,030,000.00 | 6,006,990.00 | 11,165,250.00 | 11,523,300.00 | | | |
| 2026 | -- | 7,278,020.00 | 6,006,990.00 | 11,410,750.00 | 10,393,050.00 | | | |
| 2027 | -- | 7,778,020.00 | 6,006,990.00 | 11,655,750.00 | 10,958,800.00 | | | |
| 2028 | -- | 8,478,020.00 | 6,006,990.00 | 11,918,750.00 | 11,378,300.00 | | | |
| 2029 | -- | 9,478,020.00 | 6,006,990.00 | 12,177,250.00 | 11,562,300.00 | | | |
| 2030 | -- | 10,278,020.00 | 6,006,990.00 | 12,434,750.00 | 11,996,300.00 | | | |
| 2031 | -- | 10,967,407.50 | 6,006,990.00 | 12,714,500.00 | 12,572,050.00 | | | |
| 2032 | -- | 13,277,407.50 | 6,006,990.00 | 12,988,500.00 | 11,681,050.00 | | | |
| 2033 | -- | 26,277,407.50 | 6,006,990.00 | -- | 12,599,800.00 | | | |
| 2034 | -- | 28,277,407.50 | 6,006,990.00 | -- | 12,737,600.00 | | | |
| 2035 | -- | 29,277,407.50 | 6,006,990.00 | -- | 13,513,000.00 | | | |
| 2036 | -- | 30,280,007.50 | 6,006,990.00 | -- | 14,360,000.00 | | | |
| 2037 | -- | 30,023,027.50 | 6,006,990.00 | -- | 16,464,200.00 | | | |
| 2038 | -- | 31,285,907.50 | 6,006,990.00 | -- | 17,208,600.00 | | | |
| 2039 | -- | 32,680,687.50 | 6,006,990.00 | -- | 17,903,800.00 | | | |
| 2040 | -- | 22,249,387.50 | 6,006,990.00 | -- | 29,860,000.00 | | | |
| 2041 | -- | 23,358,962.50 | 6,006,990.00 | -- | 30,995,000.00 | | | |
| 2042 | -- | 24,572,331.26 | 6,006,990.00 | -- | 32,114,750.00 | | | |
| 2043 | -- | 10,513,875.00 | 27,006,990.00 | -- | 27,909,250.00 | | | |
| 2044 | -- | 5,482,175.00 | 33,996,250.00 | -- | 28,008,750.00 | | | |
| 2045 | - | 4,058,206.26 | 35,374,020.00 | -- | -- | | | |
| Total | $4,368,000.00 | $392,391,705.02 | $252,559,000.00 | $173,791,050.00 | $433,948,750.00 | | | |

(1) Interest payments thereon due May 1 and November 1 of each year, with principal payable on May 1.

(2) Interest payments thereon due February 1 and August 1 of each year, with principal payable on August 1.

(3) Includes debt service on the Refunded Bonds expected to be refunded by the Refunding Bonds. Prior to the Crossover Date, the Refunded Bonds will continue to be an obligation of the District payable solely from *ad valorem* property taxes.

(4) The Series B-1 Bonds were designated as federally-taxable "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code (as defined herein) apply thereto. The District expects to receive cash subsidy payments ("Subsidy Payments") from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each respective semi-annual interest payment date. Such Subsidy Payments are required to be deposited, as and when received, in the debt service fund for such bonds, to be used as a credit against future debt service thereon. Subsidy Payments are subject to reduction (each, a "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 6.9% through the end of the current federal fiscal year (September 30, 2017). In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County is empowered to levy an ad valorem property tax sufficient to pay principal of and interest on such bonds.

(5) Includes debt service on the Refunding Bonds prior to the Crossover Date, payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, debt service on the Refunding Bonds is payable solely from *ad valorem* property taxes.

***Lease Revenue Bonds.*** On July 18, 2001, the California Community College Financing Authority issued $11,845,000 of its Lease Revenue Bonds, Series 2001A (the "2001 Authority Bonds") on behalf of four community college districts, including the District, for purposes of financing the cost of certain capital facilities. Of the total principal amount of the 2001 Authority Bonds, $3,095,000 was attributable to the District. On October 1, 2010, the Authority issued $8,255,000 of its 2010 Refunding Lease Revenue Bonds (the "2010 Authority Bonds," and together with the 2001 Authority Bonds, the "Lease Revenue Bonds") on behalf of three community college district, including the District, for the purposes of refinancing certain, then-outstanding lease revenue bonds of the Authority attributable to such districts. Of the total principal amount of the 2010 Authority Bonds, $3,780,000 was attributable to the District.

The Lease Revenue Bonds were each issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, consisting of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of California (commencing with Section 6584). Each series of the Lease Revenue Bonds are payable from lease payments to be made by the participating districts, pursuant to lease-purchase agreements (each, a "Lease") by and between each district and the Authority, in exchange for use and possession of certain real estate assets of each district. Pursuant to its Lease, each district has covenanted that it will take such action as may be necessary to include the lease payments and other payments due under such district's Lease in its annual budgets and to make the necessary annual appropriations therefor. Each district's obligation to make lease payments is subject to abatement in the event of the taking of, damage to or loss of use and possession of the property that is the subject of its Lease.

The following table shows the District's annual lease payment requirements in connection with the Lease Revenue Bonds.

| Year Ending (October 1) | 2001 Authority Bonds(1) | 2010 Authority Bonds(2) |
|---|---|---|
| 2017 | $204,600.00 | $498,700.00 |
| 2018 | 204,850.00 | 499,900.00 |
| 2019 | 204,850.00 | 365,650.00 |
| 2020 | 204,600.00 | -- |
| 2021 | 204,100.00 | -- |
| 2022 | 203,350.00 | -- |
| 2023 | 206,600.00 | -- |
| 2024 | 204,287.50 | -- |
| 2025 | 206,693.76 | -- |
| 2026 | 203,537.50 | -- |
| 2027 | 205,100.00 | -- |
| 2028 | 201,900.00 | -- |
| 2029 | 203,443.76 | -- |
| 2030 | 204,475.00 | -- |
| 2031 | 204,993.76 | -- |
| Total | $3,067,381.28 | $1,364,250.00 |

(1) Lease payments reflecting interest on the 2001 Authority Bonds will be made semiannually on April 1 and October 1. Lease payments reflecting principal of the Lease Revenue Bonds are made on April 1 of each year

(2) Lease payments reflecting interest on the 2010 Authority Bonds will be made semiannually on April 1 and October 1. Lease payments reflecting principal of the Lease Revenue Bonds are made on October 1 of each year.

## TAX MATTERS

In the opinion of Bond 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 Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds 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 (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (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 a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds 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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, 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 INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. 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 BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, 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 BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificates of the District relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Copies of the proposed forms of opinions of Bond Counsel for the respective series of Bonds are attached hereto as APPENDIX A.

## LIMITATION ON REMEDIES; BANKRUPTCY

***General.*** State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

***Statutory Lien.*** Pursuant to Section 53515 of the Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or its Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

***Special Revenues.*** If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

***Possession of Tax Revenues; Remedies.*** The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the San Diego County Investment Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" and "THE BONDS – Refunding Plan" herein and "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

***Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights.*** The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## LEGAL MATTERS

### Legality for Investment in California

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

### Continuing Disclosure

***Current Undertaking.*** In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than March 31 each year, commencing with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

***Prior Undertakings.*** [TO COME]

### Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

### Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### Legal Opinions

The legal opinions of Bond Counsel, approving the validity of each of the Bonds, will be supplied to the original, respective purchasers thereof without cost. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

### Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assumptions provided to them by the Underwriters relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay (i) the debt service due on the Refunding Bonds prior to the Crossover Date and (ii) the principal of the Refunded Bonds on the Crossover Date, such date being the first optional redemption date therefor, and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

## MISCELLANEOUS

### Ratings

The Bonds have been assigned ratings of "___" and "___" by Moody's and S&P, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich, New York, NY 10007; S&P Global Ratings, 55 Water Street, 45th Floor, New York, NY 10041. 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 agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds on EMMA. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

### Financial Statements

The District's financial statements with required supplemental information for the year ended June 30, 2016, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated ___________, 2016 of _____________ (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

**Underwriting**

Piper Jaffray & Co. (the "Underwriter"), has agreed, pursuant to a contract of purchase by and between the District and the Underwriter, to purchase all of the New Money Bonds for a purchase price of $__________ (equal to the principal amount of the New Money Bonds of $__________, plus original issue premium of $__________, minus an underwriting discount of $__________); and to purchase all of the Refunding Bonds for a purchase price of $__________ (equal to the principal amount of the Refunding Bonds of $__________, plus original issue premium of $__________, minus an underwriting discount of $__________.)

The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the inside cover pages of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

[REMAINDER OF PAGE LEFT BLANK]

## ADDITIONAL INFORMATION

This Official Statement supplies information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their 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 in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

**PALOMAR COMMUNITY COLLEGE DISTRICT**

By:______________________________________________

Joi Lin Blake, Ed.D.
Superintendent/President

**APPENDIX A**

**FORMS OF OPINIONS OF BOND COUNSEL**

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the New Money Bonds substantially in the following form:*

[Closing Date]

Governing Board
Palomar Community College District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, the requisite fifty-five percent or more vote of the qualified electors of the Palomar Community College District (the "District") voting at an election held on November 7, 2006, and a resolution (the "Resolution") adopted by the Governing Board of the Palomar Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated

redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (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 a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds 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 Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds substantially in the following form:*

[Closing Date]

Governing Board
Palomar Community College District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution (the "Resolution") adopted by the Governing Board of the Palomar Community College District (the "District").

2. The Bonds, prior to August 1, 2020 (the "Crossover Date"), will be secured by and payable solely from proceeds of the Bonds on deposit in an escrow fund established therefor. From and after the Crossover Date, the Bonds shall constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will

accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (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 a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds 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 Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

# APPENDIX B

## THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

## APPENDIX C

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Palomar Community College District (the "District") in connection with the issuance of (i) $__________ Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D, and (ii) $__________ Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (together, the "Bonds"). The Bonds are being issued pursuant to resolutions of the Governing Board of the District each adopted on February 16, 2017 (together, the "Resolutions"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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 by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"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.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than March 31 each year, commencing with the report for the 2016-17 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriters. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) The current fiscal year assessed valuation of taxable property within the District;

(E) Secured tax levy collections and delinquencies, except to the extent that the Teeter Plan, as adopted by San Diego County, applies to the tax levy for general obligation bonds of the District;

(F) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. 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).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the 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 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 District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Holders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. 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 Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District.

The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this

Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Date: ____________, 2017

PALOMAR COMMUNITY COLLEGE DISTRICT

By___________________________________________

Assistant Superintendent/Vice President, Finance and Administrative Services

**EXHIBIT A**

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: PALOMAR COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: $__________ General Obligation Bonds, Election of 2006, Series D

$__________ 2017 General Obligation Refunding Bonds (2020 Crossover)

Date of Issuance: ____________, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

PALOMAR COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

## APPENDIX D

## ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITIES OF ESCONDIDO, SAN DIEGO AND SAN MARCOS AND SAN DIEGO COUNTY

*The following information regarding the City of Escondido ("Escondido"), the City of San Diego ("San Diego"), the City of San Marcos ("San Marcos," and together with Escondido and San Diego, the "Cities") and San Diego County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of any of the Cities, the County or the State of California (the "State").*

### General

***The City of Escondido.*** Escondido is located in a vast valley of the coastal mountain ranges of Southern California. Meaning "hidden" in Spanish and surrounded by avocado and citrus groves, Escondido lies 18 miles inland from the coast, 30 miles northeast of San Diego and 100 miles south of the City of Los Angeles. Escondido was incorporated on October 8, 1888 and operates under general law government with five council members elected at large. The mayor presides over the city council.

***The City of San Diego.*** San Diego lies adjacent to the border of Mexico in southern California and is 120 miles south of the City of Los Angeles. San Diego is the eighth largest city in the United States and the second largest city in California. San Diego lies atop approximately 200 deep canyons and hills separating it from the multiple mesas, which form indentations of natural open space and preserves that are scattered throughout San Diego, giving it a hilly topography and differing wild habitats. San Diego was incorporated on March 28, 1950. It is governed by a mayor, who serves the chief executive officer, and a nine member city council.

***The City of San Marcos.*** San Marcos is located in the foothills of northern San Diego County, approximately 35 minutes from downtown San Diego. San Marcos is bordered by the Cities of Escondido, Encinitas, Carlsbad and Vista. San Marcos encompasses a total area of 24.4 square miles including miles of hiking trails in the hills of its various 35 outdoor parks, and is also the home of California State University San Marcos. San Marcos was incorporated on January 28, 1963 and operates under council-manager form of government. San Marcos is governed by a mayor and four city council members elected to four-year terms.

***San Diego County.*** The County is located in the southwestern corner of California. It is bordered by the Pacific Ocean on the west, Imperial County to the east, Riverside and Orange Counties to the north and by the Mexican border to the south. The County is the second most populous county in the State. Topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east that rise to an elevation of 6,500 feet. The eastern slopes of these mountains form the outer rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, which is subsequently amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

## Population

The following table below shows historical population figures for the Cities, the County and the State from 2007 through 2016.

**POPULATION ESTIMATES**
**2007 through 2016**
**Cities of Escondido, San Diego and San Marcos, San Diego County and State of California**

| Year[1] | City of Escondido | City of San Diego | City of San Marcos | County of San Diego | State of California |
|---|---|---|---|---|---|
| 2007 | 139,566 | 1,266,978 | 79,273 | 2,998,477 | 36,399,676 |
| 2008 | 140,785 | 1,279,505 | 82,116 | 3,032,689 | 36,704,375 |
| 2009 | 142,161 | 1,294,031 | 82,879 | 3,064,436 | 36,966,713 |
| 2010[2] | 143,911 | 1,301,617 | 83,781 | 3,095,313 | 37,253,956 |
| 2011 | 145,261 | 1,311,855 | 84,677 | 3,120,688 | 37,536,835 |
| 2012 | 146,781 | 1,325,917 | 85,563 | 3,153,951 | 37,881,357 |
| 2013 | 148,522 | 1,345,358 | 87,591 | 3,194,778 | 38,239,207 |
| 2014 | 149,362 | 1,361,463 | 90,397 | 3,230,278 | 38,567,459 |
| 2015 | 149,973 | 1,379,456 | 92,076 | 3,263,848 | 38,907,642 |
| 2016 | 150,760 | 1,391,676 | 93,295 | 3,288,612 | 39,255,883 |

(1) As of January 1.
(2) As of April 1.
*Source: State Department of Finance.*

## Personal Income

The following table summarizes 10 years of per capita personal income for the County, State and United States from 2006 through 2015.

**PER CAPITA PERSONAL INCOME[1]**
**2006 through 2015**
**San Diego County, State of California, and United States**

| Year | San Diego County | State of California | United States |
|---|---|---|---|
| 2006 | $44,150 | $41,693 | $38,144 |
| 2007 | 44,912 | 43,182 | 39,821 |
| 2008 | 45,383 | 43,786 | 41,082 |
| 2009 | 43,269 | 41,588 | 39,376 |
| 2010 | 43,995 | 42,411 | 40,277 |
| 2011 | 46,374 | 44,852 | 42,453 |
| 2012 | 47,961 | 47,614 | 44,266 |
| 2013 | 48,938 | 48,125 | 44,438 |
| 2014 | 51,174 | 49,985 | 46,049 |
| 2015 | 53,298 | 52,651 | 47,669 |

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
*Source: U.S. Department of Commerce, Bureau of Economic Analysis.*

**Employment**

With respect to the Cities, County, and State, the following table summarizes the civilian labor force, employment and unemployment for the years 2011 through 2015.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
**2011 through 2015**
**Cities of Escondido, San Diego and San Marcos, San Diego County and State of California**

| Year | Area | Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|---|
| 2011 | City of Escondido | 68,300 | 61,200 | 7,100 | 10.3% |
| | City of San Diego | 678,700 | 611,900 | 66,800 | 9.8 |
| | City of San Marcos | 37,400 | 34,400 | 3,100 | 8.2 |
| | San Diego County | 1,524,600 | 1,367,200 | 157,300 | 10.3 |
| | State of California | 18,419,500 | 16,260,100 | 2,159,400 | 11.7 |
| 2012 | City of Escondido | 69,000 | 62,700 | 6,300 | 9.1% |
| | City of San Diego | 688,000 | 628,200 | 59,800 | 8.7 |
| | City of San Marcos | 38,300 | 35,600 | 2,800 | 7.2 |
| | San Diego County | 1,542,800 | 1,402,000 | 140,800 | 9.1 |
| | State of California | 18,554,800 | 16,630,100 | 1,924,700 | 10.4 |
| 2013 | City of Escondido | 68,900 | 63,500 | 5,400 | 7.8% |
| | City of San Diego | 692,400 | 640,800 | 51,600 | 7.5 |
| | City of San Marcos | 39,200 | 36,800 | 2,400 | 6.2 |
| | San Diego County | 1,547,000 | 1,425,900 | 121,100 | 7.8 |
| | State of California | 18,671,600 | 17,002,900 | 1,668,700 | 8.9 |
| 2014 | City of Escondido | 68,700 | 64,200 | 4,400 | 6.4% |
| | City of San Diego | 695,800 | 653,300 | 42,500 | 6.1 |
| | City of San Marcos | 40,300 | 38,300 | 2,000 | 5.0 |
| | San Diego County | 1,549,800 | 1,450,300 | 99,500 | 6.4 |
| | State of California | 18,811,400 | 17,397,100 | 1,414,300 | 7.5 |
| 2015 | City of Escondido | 69,300 | 65,700 | 3,600 | 5.2% |
| | City of San Diego | 702,500 | 667,800 | 34,700 | 4.9 |
| | City of San Marcos | 40,800 | 39,200 | 1,700 | 4.1 |
| | San Diego County | 1,563,800 | 1,482,500 | 81,300 | 5.2 |
| | State of California | 18,981,800 | 17,798,600 | 1,183,200 | 6.2 |

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
*Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2015 Benchmark.*

**Industry**

The Cities are included in the San Diego-Carlsbad Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for calendar years 2011 through 2015. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends within the communities served by the District.

**INDUSTRY EMPLOYMENT & LABOR FORCE**
**2011 through 2015[(1)]**
**San Diego-Carlsbad Metropolitan Statistical Area**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Total Farm | 9,800 | 9,800 | 9,800 | 9,400 | 9,100 |
| Mining, Logging and Construction | 55,600 | 57,400 | 61,300 | 64,300 | 69,900 |
| Manufacturing: | 96,000 | 97,800 | 99,000 | 101,600 | 105,300 |
| Wholesale Trade | 41,500 | 43,500 | 43,900 | 43,700 | 44,000 |
| Retail Trade | 133,400 | 137,200 | 141,300 | 144,300 | 146,800 |
| Transportation, Warehousing & Utilities | 26,100 | 27,300 | 27,200 | 27,000 | 28,200 |
| Information | 24,200 | 24,500 | 24,300 | 24,400 | 23,900 |
| Financial Activities | 67,400 | 69,700 | 70,800 | 69,400 | 71,400 |
| Professional & Business Services | 207,700 | 213,900 | 221,600 | 224,900 | 230,900 |
| Education & Health Services | 167,900 | 174,500 | 181,000 | 186,000 | 193,200 |
| Leisure & Hospitality | 155,600 | 161,700 | 168,600 | 177,000 | 184,000 |
| Other Services | 47,700 | 49,200 | 49,300 | 52,000 | 53,000 |
| Government | 229,000 | 227,800 | 229,500 | 231,900 | 235,900 |
| Total (all industries) | 1,261,800 | 1,294,300 | 1,327,500 | 1,355,900 | 1,395,500 |

(1) Annual averages, unless otherwise specified.
Note: Items may not add to total due to independent rounding.
*Source: California Employment Development Department, Labor Market Information Division. March 2015 Benchmark.*

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**Largest Employers**

The following tables list the most recently available data concerning the ten largest employers located in the Cities and the County.

**LARGEST EMPLOYERS**
**2015**
**City of Escondido**

| Rank | Employer | Employees | Description |
|---|---|---|---|
| 1. | Palomar Medical Center | 4,411 | Health care and hospital |
| 2. | Escondido Union School District | 1,898 | Primary education |
| 3. | Welk Group Inc. | 1,500 | Vacation homes and resorts |
| 4. | San Diego Safari Park | 1,188 | Zoo |
| 5. | City of Escondido | 1,035 | City government |
| 6. | Escondido Union High School District | 887 | Secondary education |
| 7. | Home Depot[(1)] | 3338 | Retail construction materials |
| 7. | Toyota of Escondido | 320 | Automobile sales and repair |
| 9. | ARS National Services Inc. | 300 | Collection agency |
| 10. | Nordstrom | 280 | Retail clothing |

*(1) Employee Count was confirmed for one of the only two Home Depot locations.*
*Source: City of Escondido "Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.*

**PRINCIPAL EMPLOYERS**
**2016**
**City of San Diego**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | Naval Base San Diego | 38,455 | National Security |
| 2. | University of California, San Diego | 29,986 | Educational Services |
| 3. | Sharp Healthcare | 17,807 | Health Services |
| 4. | County of San Diego | 17,384 | Public Administration |
| 5. | San Diego Unified School District | 14,120 | Educational Services |
| 6. | Qualcomm, Inc. | 11,600 | Communications |
| 7. | City of San Diego | 11,387 | Public Administration |
| 8. | Scripps Health | 10,853 | Health Services |
| 9. | Kaiser Permanente | 8,385 | Health Services |
| 10. | San Diego Community College District | 5,580 | Educational Services |

*Source: City of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

**PRINCIPAL EMPLOYERS[(1)]**
**2016**
**City of San Marcos**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | Hunter Industries Inc. | 740 | Irrigation manufacturing |
| 2. | United Parcel Service | 484 | Package shipping and delivery |
| 3. | Southern CA Permanente Med Group | 403 | Medical center |
| 4. | Wal-Mart Stores, Inc. | 350 | Retail and grocery |
| 5. | Costco Wholesale | 350 | Wholesale retail and grocery |
| 6. | 24 Hour Fitness | 318 | Personal fitness center |
| 7. | Lusardi Construction Co. | 300 | Construction |
| 8. | RB III Associates Inc. | 259 | Apparel & Textile Products |
| 9. | Fluid Components Intl LLC | 245 | Instrumentation manufacturing |
| 10. | University Aux. & Researches Services | 230 | Educational services |

(1) Private employers only.
*Source: City of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

**PRINCIPAL EMPLOYERS**
**2016**
**San Diego County**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | University of California, San Diego | 30,671 | Educational Services |
| 2. | Sharp HealthCare | 17,809 | Health Services |
| 3. | County of San Diego | 17,034 | Public Administration |
| 4. | Scripps Health | 14,863 | Health Services |
| 5. | City of San Diego | 11,347 | City government and Services |
| 6. | Kaiser Permanente | 8,406 | Health Services |
| 7. | UC San Diego Health | 7,438 | Health Services |
| 8. | San Diego Community College District | 5,902 | Educational Services |
| 9. | General Atomics Aeronautical Systems, Inc. | 5,480 | Transportation Equipment |
| 10. | Rady Children's Hospital – San Diego | 5,129 | Health Services |

*Source: County of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

**Retail Trade**

The following tables show a five-year history of taxable sales for the Cities and the County:

**TAXABLE SALES**
**2004 through 2014**
**City of Escondido**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 2,414 | $1,728,265 | 3,706 | $2,132,167 |
| 2011 | 2,549 | 1,940,690 | 3,830 | 2,403,036 |
| 2012 | 2,621 | 2,170,967 | 3,888 | 2,649,357 |
| 2013 | 2,618 | 2,257,769 | 3,849 | 2,762,499 |
| 2014 | 2,621 | 2,332,789 | 3,860 | 2,888,844 |

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

**TAXABLE SALES**
**2004 through 2014**
**City of San Diego**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 23,690 | $13,062,313 | 35,480 | $17,878,932 |
| 2011 | 24,375 | 14,191,502 | 35,948 | 19,497,504 |
| 2012 | 24,891 | 15,027,152 | 36,378 | 20,544,652 |
| 2013 | 25,638 | 15,737,000 | 37,045 | 21,494,505 |
| 2014 | 26,522 | 16,262,595 | 38,088 | 22,272,059 |

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

**TAXABLE SALES**
**2004 through 2014**
**City of San Marcos**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 1,259 | 911,067 | 2,202 | $1,152,121 |
| 2011 | 1,273 | 964,587 | 2,199 | 1,200,846 |
| 2012 | 1,246 | 1,050,496 | 2,179 | 1,305,707 |
| 2013 | 1,305 | 1,104,949 | 2,203 | 1,385,350 |
| 2014 | 1,393 | 1,110,115 | 2,284 | 1,401,751 |

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

**TAXABLE SALES**
**2010 through 2014**
**San Diego County**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 55,462 | $29,475,489 | 83,194 | $41,623,636 |
| 2011 | 56,723 | 31,985,292 | 83,971 | 45,090,382 |
| 2012 | 57,143 | 34,153,236 | 84,267 | 47,947,035 |
| 2013 | 58,466 | 35,948,594 | 85,143 | 50,297,331 |
| 2014 | 59,705 | 37,257,495 | 86,671 | 52,711,639 |

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

### Construction

The following tables show a five-year history of the building permits and valuations for the Cities and the County from years 2011 through 2015.

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of Escondido**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $25,357 | $7,971 | $11,239 | $11,413 | $29,365 |
| Non-residential | 13,568 | 20,134 | 23,179 | 31,440 | 15,299 |
| Total | $38,925 | $28,104 | $34,417 | $42,853 | $44,664 |
| New Housing Units | | | | | |
| Single Units | 32 | 6 | 57 | 40 | 20 |
| Multiple Units | 112 | 36 | 11 | 12 | 142 |
| Total | 144 | 42 | 68 | 52 | 162 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of San Diego**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $435,696 | $772,750 | $1,190,100 | $678,295 | $1,415,107 |
| Non-residential | 869,036 | 979,147 | 1,055,989 | 1,450,401 | 1,353,053 |
| Total | $1,304,732 | $1,751,897 | $2,246,089 | $2,128,696 | $2,768,160 |
| New Housing Units | | | | | |
| Single Units | 467 | 547 | 819 | 722 | 1,306 |
| Multiple Units | 2,148 | 3,299 | 4,603 | 1,823 | 5,097 |
| Total | 2,615 | 3,846 | 5,422 | 2,545 | 6,403 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of San Marcos**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $79,033 | $115,950 | $142,990 | $45,094 | $90,403 |
| Non-residential | 36,713 | 24,539 | 32,346 | 29,923 | 25,103 |
| Total | $115,746 | $140,489 | $175,336 | $75,017 | $115,506 |
| New Housing Units | | | | | |
| Single Units | 163 | 147 | 267 | 94 | 78 |
| Multiple Units | 244 | 406 | 549 | 6 | 536 |
| Total | 407 | 553 | 816 | 100 | 614 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**San Diego County**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $1,304,638 | $1,435,880 | $2,060,249 | $1,818,853 | $2,447,048 |
| Non-residential | 1,072,380 | 952,317 | 1,425,426 | 1,920,627 | 4,309,544 |
| Total | $2,377,018 | $2,388,197 | $3,485,675 | $3,739,480 | $6,756,582 |
| New Housing Units | | | | | |
| Single Units | 2,252 | 1,865 | 2,539 | 2,276 | 3,136 |
| Multiple Units | 2,968 | 3,687 | 5,803 | 4,327 | 6,869 |
| Total | 5,220 | 5,552 | 8,342 | 6,603 | 10,005 |

*Source: Construction Industry Research Board.*

**APPENDIX E**

**SAN DIEGO COUNTY INVESTMENT POOL**

*The following information concerning the San Diego County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. Neither the District nor the Underwriter has made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter makes any representation 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. Additional information regarding the Investment Pool may be obtained from the Treasurer at https://www.countytreasurer.org/; however, the information presented on such website is not incorporated herein by any reference.*

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NEW MONEY

**PALOMAR COMMUNITY COLLEGE DISTRICT**

DATE: February 16, 2017

TO: Governing Board

FROM: Ron Ballesteros-Perez
Assistant Superintendent/Vice President, Finance and Administrative Services

RE: Resolution # 16-21520 A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES D, AND ACTIONS RELATED THERETO

BACKGROUND

An election was held in the Palomar Community College District on November 7, 2006 for the issuance and sale of general obligation bonds ("Bonds") of the District for various purposes in the maximum amount of $694,000,000 ("Proposition M"). The District has previously sold four series of bonds under Proposition M. The District now desires to issue the fifth and final series of Bonds under Proposition M in an amount not-to-exceed $139,000,000.

(a) Bond Resolution. This Resolution authorizes the issuance of general obligation bonds (the "Bonds") in one or more series of federally taxable or federally tax-exempt bonds, specifies the basic terms, parameters and forms of the Bonds, and approves the form of Purchase Contract and form of Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Bonds to be issued ($139,000,000). Section 4 of the Resolution states the maximum underwriter's discount (.5%) with respect to the Bonds, the maximum legal interest rate on the Bonds, and authorizes the Bonds to be sold at a negotiated sale to Piper Jaffray & Co. (the "Underwriter"). The resolution also approves Stradling Yocca Carlson & Rauth to act as Bond Counsel and Disclosure Counsel in connection with the Bonds. The Resolution authorizes the issuance of current interest bonds only; capital appreciation bonds are not authorized.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, the Underwriter will agree to buy the Bonds from the District. 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 Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) Form of Preliminary Official Statement. The Preliminary Official Statement ("POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad* *valorem* tax levy), (v) information with respect to the District's tax base (upon which such *ad valorem* taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure from any public agency issuing debt a covenant that such public agency will annually file "material financial information and operating data" with respect to such public agency through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (a federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligations). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances.

FISCAL IMPACT

There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

RECOMMENDATION

Staff recommends approval of Resolution # 16-21520 A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES D, AND ACTIONS RELATED THERETO

**PALOMAR COMMUNITY COLLEGE DISTRICT**

**RESOLUTION NO. 16-21520**

**A RESOLUTION OF THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT, SAN DIEGO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF PALOMAR COMMUNITY COLLEGE DISTRICT (SAN DIEGO COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES D, AND ACTIONS RELATED THERETO**

**WHEREAS,** a duly called election (the "Bond Election") was held in the Palomar Community College District (the "District"), San Diego County, California (the "County") on November 7, 2006 and thereafter canvassed pursuant to law; and

**WHEREAS,** at the Bond Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum amount of $694,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

**WHEREAS,** pursuant to the Authorization, the District has previously caused the issuance of the following bonds pursuant to the Authorization: (i) $160,000,000 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series A, (ii) $91,498,901.20 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt), (iii) $83,500,000 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable), and (iv) $160,000,000 of Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series C; and

**WHEREAS**, at this time this Governing Board (the "Board") has determined that it is necessary and desirable to issue an additional series of bonds under the Authorization in an aggregate principal amount not-to-exceed $139,000,000, and to be styled as "Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D" (the "Bonds"); and

**WHEREAS,** pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Government Code"), the Bonds are authorized to be issued by the District for the purposes set forth in the ballot submitted to the voters at the Bond Election; and

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

**WHEREAS,** this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

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

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE GOVERNING BOARD OF THE PALOMAR COMMUNITY COLLEGE DISTRICT AS FOLLOWS:**

**SECTION 1.** **Authorization for Issuance of the Bonds.** To raise money for the purposes authorized by the voters of the District at the Bond Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code in one or more Series of Taxable or Tax-Exempt Current Interest Bonds, with appropriate series designations if more than one Series is issued, all as more fully set forth in the executed Purchase Contract (as defined herein). The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (defined herein), shall be payable upon such terms and provisions as shall be set forth herein, and shall be in an aggregate principal amount not-to-exceed $139,000,000.

**SECTION 2.** **Paying Agent.** This Board hereby appoints the Paying Agent, as defined in Section 5 hereof, to act as paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. This Board hereby authorizes the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

**SECTION 3.** **Terms and Conditions of Sale.** The Bonds shall be sold upon the direction of the Superintendent/President or the Assistant Superintendent/Vice President, Finance and Administrative Services, or such other officers or employees of the District as the Superintendent/President or the Assistant Superintendent/Vice President, Finance and Administrative Services may designate for such purpose (collectively, the "Authorized Officers"), and pursuant to such terms and conditions set forth in the Purchase Contract. The Board hereby authorizes the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter (as defined herein) to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds.

**SECTION 4.** **Approval of Purchase Contract.** The form of a contract for purchase and sale of the Bonds (the "Purchase Contract") by and between the District and the Underwriter, substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and requested to execute such Purchase Contract; provided, however, (i) that the maximum interest rates on the Bonds shall not exceed the maximum rate permitted by law; and (ii) the underwriting discount on the Bonds, excluding original issue discount and reimbursable expenses of the Underwriter, shall not exceed .5% of the aggregate principal amount of Bonds actually issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to $139,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied. The Board estimates that the costs associated with the issuance of the Bonds, excluding compensation to the Underwriter, will equal approximately 1.5% of the principal amount of the Bonds.

**SECTION 5.** **Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **"Beneficial Owner"** means, when used with reference to book-entry Bonds registered pursuant to Section 6 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

(b) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds.

(c) **"Bond Payment Date"** means, unless otherwise provided by the Purchase Contract, February 1 and August 1 of each year commencing August 1, 2017 with respect to interest on the Bonds, and August 1 of each year commencing August 1, 2018, with respect to the principal payments on the Bonds.

(d) **"Bond Register"** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(e) **"Code"** means the Internal Revenue Code of 1986, as amended. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(f) **"Continuing Disclosure Certificate"** means that certain contractual undertaking of the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and relating to the Bonds, dated as of the date of issuance thereof, as amended from time to time in accordance with the provisions thereof.

(g) **"County"** means San Diego County, California.

(h) **"Current Interest Bonds"** means bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(i) **"Dated Date"** means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Purchase Contract or Official Statement.

(j) **"Depository"** means the entity acting as securities depository for the Bonds pursuant to Section 6(c) hereof.

(k) **"DTC"** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.

(l) **"Fair Market Value"** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(m) **"Holder" or "Owner"** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 6 hereof.

(n) **"Information Services"** means the Municipal Securities Rulemaking Board' s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

(o) **"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.

(p) **"Nominee"** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(q) **"Non-AMT Bonds"** means obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, that are legal investments pursuant to Section 53601 of the Government Code.

(r) **"Official Statement"** means the Official Statement for the Bonds, as described in Section 17 hereof.

(s) **"Outstanding"** means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Bonds canceled at or prior to such date;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 19 of this Resolution.

(t) **"Participants"** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(u) **"Paying Agent"** means the San Diego County Treasurer-Tax Collector, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds.

(v) **"Permitted Investments"** means (i) any lawful investments permitted by Section 16429.1 and Section 53601 of the Government Code, including Non-AMT Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the County investment pool described above, and (vi) State and Local Government Series Securities.

(w) **"Qualified Non-AMT Mutual Fund"** means stock in a regulated investment company to the extent that at least 95% of the income of such regulated investment company is interest that is excludable from gross income under Section 103 of the Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

(x) **"Qualified Permitted Investments"** means (i) Non-AMT Bonds, (ii) Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by an opinion of Bond Counsel to the effect that such investment would not adversely affect the tax-exempt status of the Bonds, and (iv) Permitted Investments of proceeds of the Bonds, and interest earned on such proceeds, held not more than thirty days pending reinvestment or Bond redemption. A guaranteed investment contract or similar investment agreement (e.g. a forward supply contract, GIC, repo, etc.) does not constitute a Qualified Permitted Investment.

(y) **"Record Date"** means the close of business on the 15th day of the month preceding each Bond Payment Date.

(z) **"Series"** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof and identified as a separate series of bonds.

(aa) **"S&P"** means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(bb) **“Taxable Bonds”** means any Bonds the interest on which is not excludable from gross income for federal income tax purposes.

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

(dd) **“Term Bonds”** means those Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(ee) **“Transfer Amount”** means, for purposes of exchanging Outstanding Bonds pursuant to Section 8 hereof, the principal amount thereof.

(ff) **“Treasurer”** means the Treasurer-Tax Collector of the County or other comparable officer of the County.

(gg) **“Underwriter”** means Piper Jaffray & Co., as underwriter of the Bonds.

**SECTION 6. Terms of the Bonds.**

(a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be issued as fully registered Current Interest Bonds registered as to both principal and interest, in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of DTC.

Each Bond shall be dated as of the Dated Date, and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional or mandatory sinking fund redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, and if not so directed by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

The Purchase Contract may provide that (i) in the event that any portion of a Term Bond is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect to such Bond shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect to the portion of such Bond optionally redeemed, or (ii) within a maturity, Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Redemption Notice. When optional redemption is authorized pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

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

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

(b) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.

(c) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

(d) Such Redemption Notice shall be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such transfer. Such Redemption

Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

With respect to any notice of optional redemption of Bonds (or portions thereof) pursuant to Section 6(b)(i) hereof, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

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

(v) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

(vi) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination. The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, and all or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal of, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of principal of, premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not

inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 6(c).

3. Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Bonds are held in book entry form and registered in the name of the Nominee, all payments by the District or the Paying Agent with respect to principal of, premium, if any, or interest on the Bonds and all notices with respect to such Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise required or instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Bonds.

**SECTION 7.** **Execution of the Bonds.** The Bonds shall be signed by the President of the Board, or any other member of the Board authorized to sign on behalf of the President, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, or the designee thereof, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 8.** **Paying Agent; Transfer and Exchange.** Pursuant to Section 2 hereof, the Board has appointed the Treasurer-Tax Collector of the County to act as Paying Agent for the Bonds.

So long as any of the Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the principal of, premium, if any, and interest on any Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for a Bond of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the District. In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent.

Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

**SECTION 9. Payment.** Payment of interest on any Bond shall be made on any Bond Payment Date to the person appearing on the Bond Register of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check or wire transfer to such Owner on the Bond Payment Date at his or her address or to the bank and account number on file with the Paying Agent for that purpose on or before the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The principal of, premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are obligations of the District payable solely from the levy of *ad valorem* property taxes upon all property within the District subject to taxation, which taxes shall be without limit as to rate or amount. The Bonds do not constitute an obligation of the County except as provided in this Resolution, and no part of any fund of the County is pledged or obligated to the payment of the Bonds.

**SECTION 10. Form of Bonds.** The Bonds shall be in substantially the form as set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Bonds, the Bonds may be executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. If the Paying Agent delivers temporary Bonds, it shall execute and deliver definitive Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds.

**SECTION 11. Delivery of Bonds.** The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the Underwriter upon payment of the purchase price therefor.

**SECTION 12. Deposit of Proceeds of Bonds.** (a) The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the principal amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the "Palomar Community College District General Obligation Bonds, Election of 2006, Series D Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued, and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the District at the Bond Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. The Building Fund may contain subaccounts if the Bonds are issued in more than one Series. The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and designated as the "Palomar Community College District General Obligation Bonds, Election of 2006, Series D Debt Service Fund" (the "Debt Service Fund") for the Bonds and used for payment of principal of and interest on the Bonds, and for no other purpose. The Debt Service Fund may contain subaccounts if the Bonds are issued in more than one Series. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Bonds, or from the principal amount of the Bonds received from the Underwriter. To the extent costs of issuance are paid from such principal amount, the District may direct that a portion thereof, in an amount not-to-exceed 2.0% of such principal amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose.

(b) Moneys in the Debt Service Fund and the Building Fund shall be invested in Permitted Investments. If, at the time of issuance, the District determines to issue the Bonds as Tax-Exempt Bonds without regard to the Code's "temporary period" restrictions, all investment of Bond proceeds shall be subject to paragraph (1) below; and the District, in consultation with the County, may provide for an agent to assist the County in investing funds pursuant to paragraph (1) below. If the District fails to direct the County or its agent, as the case may be, the County or its agent shall invest or cause the funds in the Building Fund to be invested in Qualified Permitted Investments, subject to the provisions of paragraph (1) below, until such time as the District provides written direction to invest such funds otherwise. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The interest earned on the moneys deposited to the Building Fund shall be applied as set forth in subparagraph (1)(C) below:

(1) <u>Covenant Regarding Investment of Proceeds</u>.

(A) <u>Permitted Investments</u>. Beginning on the delivery date, and at all times until expenditure for authorized purposes, not less than 95% of the proceeds of the Bonds deposited in the Building Fund, including investment earnings thereon, will be invested in Qualified Permitted Investments. Notwithstanding the preceding provisions of this Section, for purposes of this paragraph, amounts derived from the disposition or redemption of Qualified Permitted Investments and held pending reinvestment or redemption for a period of not more than 30 days may be invested in Permitted Investments. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years.

(B) Recordkeeping and Monitoring Relating to Building Fund.

i. Information Regarding Permitted Investments. The District hereby covenants that it will record or cause to be recorded with respect to each Permitted Investment in the Building Fund the following information: purchase date; purchase price; information establishing the Fair Market Value of such Permitted Investment; face amount; coupon rate; periodicity of interest payments; disposition price; disposition date; and any accrued interest received upon disposition.

ii. Information in Qualified Non-AMT Mutual Funds. The District hereby covenants that, with respect to each investment of proceeds of the Bonds in a Qualified Non-AMT Mutual Fund pursuant to paragraph (1)(A) above, in addition to recording, or causing to be recorded, the information set forth in paragraph (1)(B)(i) above, it will retain a copy of each IRS information reporting form and account statement provided by such Qualified Non-AMT Mutual Fund.

iii. Monthly Investment Fund Statements. The District covenants that it will obtain, at the beginning of each month following the delivery date, a statement of the investments in the Building Fund detailing the nature, amount and value of each investment as of such statement date.

iv. Retention of Records. The District hereby covenants that it will retain the records referred to in paragraph (1)(B)(i) and each IRS information reporting form referred to in paragraph (1)(B)(ii) with its books and records with respect to the Bonds until three years following the last date that any obligation comprising the Bonds is retired.

(C) Interest Earned on Permitted Investments. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund.

Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the principal of and interest on the Bonds when due.

**SECTION 13. Rebate Fund.** The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the "Palomar Community College District General Obligation Bonds, Election of 2006, Series D Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the "Tax Certificate").

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

**SECTION 14. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District and use for the payment of the principal of and interest on the Bonds when and as the falls due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* tax in accordance with this Section 14. Pursuant to Section 53515 of the Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes for the payment thereof.

Pursuant to Government Code sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection *ad valorem* taxes for the payment of the Bonds and all amounts on deposit in the Debt Service Fund to the payment of the Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal and interest. DTC will thereupon make payments of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to California Education Code Section 15234.

**SECTION 15. Arbitrage Covenant.** The District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed thereunder or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

**SECTION 16. Conditions Precedent.** The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

**SECTION 17.** **Official Statement.** The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Clerk of or Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, 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 and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds, and such Underwriter is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

**SECTION 18.** **Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal of and interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of such principal or interest, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 19.** **Defeasance.** All or any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

**SECTION 20.** **Nonliability of County.** Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the full faith and credit of the County, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied to pay the principal of or interest on the Bonds, which taxes shall be unlimited as to rate or amount.

**SECTION 21.** **Reimbursement of County's Costs.** The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

**SECTION 22.** **Request to Couny to Levy Tax.** The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests such Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all such principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds.

**SECTION 23.** **Other Actions.** (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, and Piper Jaffray & Co., as Underwriter, each with respect to the issuance of the Bonds.

(c) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Bonds may be amended by the Purchase Contract and the Official Statement.

**SECTION 24.** **Resolution to Treasurer.** The Clerk of or Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer of the County immediately following its adoption.

**SECTION 25.** **Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated as of the Date of Delivery, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of Continuing Disclosure Certificate appended to the Preliminary Official Statement on file with the Secretary to the Board, and the Authorized Officers, each alone, are hereby authorized to execute the Continuing Disclosure Certificate with such changes thereto as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such execution and delivery. Noncompliance with the Continuing Disclosure Certificate shall not result in acceleration of the Bonds.

**SECTION 26.** **Effective Date.** This Resolution shall take effect immediately upon its passage.

**SECTION 27.** **Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

**SECTION 28.** **Recitals.** All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

**PASSED AND ADOPTED** this 16th day of February, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

____________________________________
President, Governing Board
Palomar Community College District

Attest:

____________________________________
Secretary to the Governing Board
Palomar Community College District

SECRETARY'S CERTIFICATE

I, Dr. Joi Lin Blake, Secretary to the Governing Board of the Palomar Community College District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Governing Board of the District duly and legally held at the regular meeting place thereof on February 16, 2017, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: February ___, 2017

____________________________________

Secretary to the Governing Board
Palomar Community College District

## EXHIBIT A

## FORM OF BONDS

| | |
|---|---|
| REGISTERED | REGISTERED |
| NO. | $ |

PALOMAR COMMUNITY COLLEGE DISTRICT
(SAN DIEGO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES D

| INTEREST RATE: | MATURITY DATE: | DATED AS OF: | CUSIP |
|---|---|---|---|
| ___% per annum | August 1, 20___ | _______, 2017 | |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Palomar Community College District (the "District") in San Diego County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2017. This Bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2017, in which event it shall bear interest from the Dated Date. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially the San Diego County Treasurer-Tax Collector. Principal is payable upon presentation and surrender of this Bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this Bond (or one or more predecessor bonds) as shown and to the bank and account number on file at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date.

This Bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (as defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 7, 2006 (the "Election"), upon the question of issuing bonds in the amount of $694,000,000 and the resolution of the Governing Board of the District adopted on February 16, 2017 (the "Bond Resolution"). This Bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This Bond and the issue of which this Bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

The Bonds of this issue comprise $________ principal amount of current interest bonds, of which this bond is a part (each a "Bond").

This Bond is exchangeable and transferable for a Bond of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) transfer any Bond which has been selected or called for redemption in whole or in part.

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

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

| Redemption Date (August 1) | Principal Amount |
|---|---|

(1) Maturity.

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

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or any integral multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent as directed by the District, and if not so directed, in the inverse order of maturity.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay of principal and interest on the Bonds when due.

This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the Palomar Community College District, San Diego County, California, has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Governing Board of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Governing Board of the District, all as of the date stated above.

PALOMAR COMMUNITY COLLEGE DISTRICT

By: (Facsimile Signature)
President of the Governing Board

COUNTERSIGNED:

(Facsimile Signature)
[Secretary to/Clerk of] the Governing Board

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on ________, 2017.

SAN DIEGO COUNTY TREASURER-TAX COLLECTOR, as Paying Agent

______________________________
Authorized Officer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): ______________________________________________ this Bond and irrevocably constitutes and appoints attorney to transfer this Bond on the books for registration thereof, with full power of substitution in the premises.

Dated: ______________________ ___________________________

Signature Guaranteed:

___________________________

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within Bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: ________________

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

(Facsimile Signature)
[Secretary to/Clerk of] the Governing Board

(Form of Legal Opinion)

**$___________**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**PURCHASE CONTRACT**

___________, 2017

Governing Board
Palomar Community College District
1140 West Mission Road
San Marcos, California 92069

Ladies and Gentlemen:

The undersigned, Piper Jaffray & Co. (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with the Palomar Community College District (the "District"), which, upon the acceptance hereof thereby, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., Pacific Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Resolution (as defined herein).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds (as defined herein) pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, and the Underwriter has financial and other interests that differ from those of the District (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, fiduciary of or financial advisor to the District, (iii) the Underwriter has not assumed a financial advisory or a fiduciary responsibility in favor of the District with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters) or (y) any other obligation to the District except the obligations expressly set forth in this Purchase Contract, and (iv) the District has consulted with its own legal, accounting, tax, financial, and other professional advisors to the extent it has deemed appropriate in connection with the offering of the Bonds. The District acknowledges that it previously received from the Underwriter its letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosure and that it has provided the Underwriter with an acknowledgement of such letter.

1. **Purchase and Sale of the Bonds**. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of $___________ aggregate principal amount of the District's General Obligation Bonds, Election of 2006, Series D (the "Bonds"). The Bonds shall be dated the date of delivery thereof (the "Date of Delivery"), shall bear interest from such date,

payable semiannually on each February 1 and August 1, commencing August 1, 2017, and shall be paid at maturity as shown in Appendix A hereto. The final maturity dates, interest rates, yields (or yields to redemption, as applicable) and redemption provisions of the Bonds are shown in Appendix A hereto, which appendix is incorporated by reference herein.

The Underwriter shall purchase the Bonds at a price of $___________ (consisting of the principal amount of the Bonds of $____________, plus net original issue premium of $___________, less Underwriter's discount of $_______).

2. **The Bonds.** The Bonds shall be dated the Date of Delivery. The Bonds shall mature on the dates and in the years shown on Appendix A hereto, shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of the resolution adopted by the Governing Board of the District on February 16, 2017 (the "Resolution"), and Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolution. The Bonds shall bear CUSIP numbers, and shall be in fully registered book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds shall initially be in authorized denominations of Five Thousand Dollars ($5,000) principal amount, or any integral multiple thereof.

3. **Use of Documents**. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, the Continuing Disclosure Certificate (as defined herein), this Purchase Contract, the Preliminary Official Statement (as defined herein), the Official Statement, the Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

4. **Public Offering of the Bonds**. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside front cover pages 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 Bonds. On or prior to the Closing (as defined herein), the Underwriter shall certify to the District in writing, in form and substance satisfactory to the District and to Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel with respect to the Bonds ("Bond Counsel"): (i) that as of the date of sale, all of the Bonds were reasonably expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public; and (iii) that the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or was reasonably expected to be sold to the general public.

5. **Review of Official Statement**. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds dated ____________, 2017 (the "Preliminary Official Statement"). The District represents that it has duly authorized and prepared the Preliminary Official Statement for use by the Underwriter in connection with the sale of the Bonds, and that it has deemed the Preliminary Official Statement to be final as of

its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, redemption provisions, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule l5c2-12 of the Securities and Exchange Commission (the "SEC") promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

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

The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing.

6. **Closing**. At 9:00 A.M., Pacific time, on __________, 2017, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver or cause to be delivered to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase prices of the Bonds identified in Section 1 above in immediately available funds to the account or accounts designated by the District.

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

(a) Due Organization. The District is a community college district, duly organized and validly existing under the laws of the State of California (the "State"), with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract and the Continuing Disclosure Certificate, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Continuing Disclosure Certificate and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract, assuming the due authorization, execution and delivery by the other parties hereto, and the Continuing Disclosure Certificate, constitute valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and the Official Statement.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract and the Continuing Disclosure Certificate, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, which have not been taken or obtained, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Continuing Disclosure Certificate, the Resolution and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under the State Constitution or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) No Default. The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District is or any of its property or assets are otherwise subject, in any material respect, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing; and the execution and delivery of the Bonds, this Purchase Contract and the Continuing Disclosure Certificate and the adoption of the Resolution and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District is or to which any of its property or assets are otherwise subject 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 property or assets of the District to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Resolution.

(g) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the collection of *ad valorem* property taxes contemplated by the Resolution, and the application thereof to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, this Purchase Contract, or the Continuing Disclosure Certificate; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from State personal income taxation.

(h) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor any other person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

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

(j) Continuing Disclosure. In accordance with the requirements of the Rule, at or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Official Statement as Appendix C. Except as otherwise disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events.

(k) Official Statement Accurate and Complete. The Preliminary Official Statement, as of the date thereof, did 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 the light of the circumstances under which they were made, not misleading. As of the date hereof and on the date of Closing, the Official Statement (including any supplements or amendments pursuant to Section 8(f) of this Purchase Contract) 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 the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter specifically for inclusion therein.

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

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

8. **Covenants of the District**. The District covenants and agrees with the Underwriter that:

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

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page, inside cover pages and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriter not later than seven (7) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing to enable the Underwriter to comply with MSRB Rule G-32;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is ninety (90) days following the Closing;

(e) References. References herein to the Preliminary Official Statement and the Official Statement include the cover, inside front cover pages, and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (as defined herein) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District, at its own expense, shall prepare and furnish to the Underwriter such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If the Official Statement is supplemented or amended, 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. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, at its own expense, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract, the “End of the Underwriting Period” is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing.

9. **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:

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

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

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

10. **Conditions to Closing**. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are, and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

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

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

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

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

(1) legislation enacted by the Congress of the United States, or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof,

or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

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

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

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

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

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

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

(7) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch

status by any national rating service to the underlying rating of the outstanding indebtedness of the District;

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

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

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of, or interest on the Bonds;

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

(12) the suspension by the SEC of trading in the outstanding securities of the District.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive copies of the following documents satisfactory in form and substance to the Underwriter:

(1) Opinion of Bond Counsel. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, and addressed to the District in substantially the form set forth in the Preliminary Official Statement and Official Statement as Appendix A;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the opinion described in Section 10(e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel addressed to the District, and the Underwriter, dated as of the date of Closing, substantially to the following effect:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions “INTRODUCTION,” “THE BONDS,” “LEGAL MATTERS - Continuing Disclosure – Current Undertaking” and “TAX MATTERS,” to the extent they purport to summarize certain provisions of the Bonds, the

Resolution, the Continuing Disclosure Certificate, and the form and content of Bond Counsel's approving opinion regarding the treatment of interest on the Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices B, D, or E to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the 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 Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting;" and (vii) any information with respect to the rating on the Bonds and the rating agency referenced therein, including but not limited to information under the caption "MISCELLANEOUS – Ratings;"

(ii) the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by all the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as such enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that Bond

Counsel need not express any opinion with respect to (i) any information contained in Appendices B, D, or E to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “MISCELLANEOUS – Underwriting;” and (vi) any information with respect to the rating on the Bonds and the rating agency referenced therein, including but not limited to information under the caption “MISCELLANEOUS – Ratings”);

(5) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Continuing Disclosure Certificate and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing, and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution, (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in the light of the circumstances under which they were made not misleading, and (vii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to the best knowledge of such officials, threatened against the District, contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District or the due adoption of the Resolution;

(6) Arbitrage. A nonarbitrage and tax certificate of the District in form satisfactory to Bond Counsel, with respect to the Bonds;

(7) Ratings. Evidence satisfactory to the Underwriter that (i) the Bonds shall have been given the rating of “___” by Moody’s Investors Service and “___” by S&P Global Ratings, and (ii) that any such rating has not been revoked or downgraded;

(8) Resolution. A certificate, together with fully executed copies of the Resolution, of the Secretary to or Clerk of the Governing Board of the District to the effect that:

(i) such copies are true and correct copies of the Resolution; and

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

(9) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

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

(11) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(12) Underwriter's Counsel Opinion. An opinion of Nossaman LLP, Irvine, California, as counsel to the Underwriter, dated as of the Closing and in a form and substance satisfactory to the Underwriter; and

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 herein, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 12(c) and 14 hereof.

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

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

12. **Expenses.** (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid), and the Underwriter shall be under no obligation to pay, costs of issuance of the Bonds from proceeds thereof, including but not limited to the following (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for the Bond rating; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent and Fiscal Agent (as defined herein); (vii) expenses for meals, travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby directs the Underwriter to wire at the Closing a portion of the purchase price of the Bonds not-to-exceed $___________ to The Bank of New York Mellon Trust Company, N.A., as fiscal agent to the District (the "Fiscal Agent"), for the payment of costs of issuance of the Bonds. In the event that following payment of the expenses set forth above, there is any portion remaining, such remaining amount shall be deposited into the Building Fund (as defined in the Resolution) for the Bonds. The District acknowledges that it has had an 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 Bonds.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, fees and expenses of counsel to the Underwriter, and other expenses (except those expressly provided above) without limitation, except travel and related expenses in connection with the Bond rating.

(c) The District shall reimburse the Underwriter for actual expenses incurred or paid for by the Underwriter on behalf of the District in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, transportation, lodging, and meals for District employees and representatives; provided, however, that (i) reimbursement for such expenses shall not exceed an ordinary and reasonable amount for such expenses and (ii) such expenses are either (A) not related to the entertainment of any person and not prohibited from being reimbursed from the proceeds of an offering of municipal securities under the MSRB Rule G-20 or (B) to be paid from the District's general fund and not from the proceeds of the Bonds or any other municipal securities. Such reimbursement may be in the form of inclusion in the expense component of the Underwriter's discount, or direct reimbursement as a cost of issuance.

(d) Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in subsection 12(a)(vii) above that are attributable to District personnel.

13. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Palomar Community College District, 1140

West Mission Road, San Marcos, California 92069, attention: Assistant Superintendent/Vice President, Finance and Administrative Services, or if to the Underwriter, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, attention: Trennis L. Wright, Vice President.

14. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract, when accepted by the District in writing as heretofore specified, shall constitute the entire agreement between the District and the Underwriter. This Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

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

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16. **Applicable Law**. This Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.**, as Underwriter

By: ________________________________________
Authorized Officer

The foregoing is hereby agreed to and accepted at __________ p.m. Pacific time, this __th day of ____________, 2017:

**PALOMAR COMMUNITY COLLEGE DISTRICT**

By: ________________________________________
Ron Ballesteros-Perez
Assistant Superintendent/Vice President, Finance
and Administrative Services

## EXHIBIT A

**$______________**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$_________ Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield |
|---|---|---|---|

**$_________ – ________% Term Bonds due August 1, 20__ – Yield: ________%**[1]

[1] Yield to call at par on February 1, 2027.

### Redemption Provisions

***Optional Redemption.*** The Bonds maturing on or before August 1, 2026 are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after February 1, 2027, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

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

| Redemption Date (August 1) | Principal Amount to be Redeemed |
|---|---|

[1] Maturity.

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

**NEW ISSUE—FULL BOOK-ENTRY**

**RATINGS: Moody's: "___"; S&P: "_____"**
**See "MISCELLANEOUS – Ratings" herein**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain opinions and representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds 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 and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

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

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.*

The Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "New Money Bonds") were authorized at an election of the District held on November 7, 2006 at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $694,000,000 principal amount of general obligation bonds of the District. The New Money Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs associated with the issuance of the New Money Bonds.

The New Money Bonds are general obligations of the District payable solely from *ad valorem* taxes levied and collected by San Diego County (the "County"). The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the County subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal of the New Money Bonds when due.

The Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Refunding Bonds") are being issued by the District to (i) advance refund, on a crossover basis, all or a portion of the District's outstanding (a) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) and (b) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable), and (ii) pay the costs associated with the issuance of the Refunding Bonds. The Refunding Bonds and the New Money Bonds are collectively referred to herein as the "Bonds."

**Prior to August 1, 2020 (the "Crossover Date"), the Refunding Bonds shall be secured by and payable solely from proceeds of the Refunding Bonds deposited into an escrow fund established therefor.** From and after the Crossover Date, the Refunding Bonds shall, without any further action on the part of the District or the Owners or Beneficial Owners of the Refunding Bonds, constitute general obligations of the District payable solely from *ad valorem* property taxes. From and after the Crossover Date, the Board of Supervisors of the County shall be empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds such that interest thereon shall accrue from the date of their delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2017. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the Treasurer-Tax Collector of the County as the designated paying agent, bond registrar and transfer agent (collectively, the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

**The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates as described herein.***

**MATURITY SCHEDULE***
**(see inside front cover)**

*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the Underwriter by Nossaman LLP. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ___________, 2017.*

**[Piper Jaffray Logo]**

Dated: ____________, 2017

* Preliminary, subject to change.

## MATURITY SCHEDULE FOR THE NEW MONEY BONDS

**Base CUSIP†: 697511**

**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$__________ Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | Maturity (August 1) |
|---|---|---|---|---|

**$_____________ ___% Term Bonds due August 1, 20__ Yield _____ %(1) CUSIP†___**

---

(1) Yield to the par call date of August 1, 20__.*

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter nor the District are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Niether the Underwriter nor the District are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

## MATURITY SCHEDULE FOR THE REFUNDING BONDS

**Base CUSIP†: 697511**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

**$__________ Serial Bonds**

| Maturity (August 1) | Principal Amount | Interest Rate | Yield | CUSIP† |
|---|---|---|---|---|

**$______________ ___% Term Bonds due August 1, 20__ Yield _____ %(1) CUSIP†___**

___________________

(1) Yield to the par call date of August 1, 20__.*

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter nor the District are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Niether the Underwriter nor the District are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

## PALOMAR COMMUNITY COLLEGE DISTRICT

### GOVERNING BOARD

Nancy Ann Hensch
*President*
Paul P. McNamara
*Vice President*
John J. Halcòn, Ph.D.
*Secretary*
Mark Evilsizer
*Trustee*
Nina Deerfield
*Trustee*

### DISTRICT ADMINISTRATION

Joi Lin Blake, Ed.D.
*Superintendent/President*

Ron Ballesteros-Perez
*Assistant Superintendent/Vice President, Finance and Administrative Services*

Carmen Martinez-Coniglio
*Director of Fiscal Services*

### PROFESSIONAL SERVICES

**Bond Counsel and Disclosure Counsel**
Stradling Yocca Carlson & Rauth
A Professional Corporation
*San Francisco, California*

**Paying Agent**
San Diego County Treasurer-Tax Collector
*San Diego, California*

**Escrow Agent**
The Bank of New York Mellon Trust Company, N.A.
*Dallas, Texas*

**Verification Agent**
Causey Demgen & Moore P.C.
*Denver Colorado*

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**$139,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**General Obligation Bonds, Election of 2006, Series D**

**$111,000,000***
**PALOMAR COMMUNITY COLLEGE DISTRICT**
**(San Diego County, California)**
**2017 General Obligation Refunding Bonds**
**(2020 Crossover)**

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "New Money Bonds"), and (ii) Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Refunding Bonds" and, together with the New Money Bonds, the "Bonds").

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

### The District

The Palomar Community College District (the "District") was founded in 1946 and serves an area of approximately 2,555 square miles in northern San Diego County (the "County"). The District operates Palomar College (the "College"), which has its main campus in the City of San Marcos. The College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). The District also operates an education center in the City of Escondido, and four additional outreach sites serving the northern part of the City of San Diego and communities in unincorporated portions of the County, including Mt. Carmel, Fallbrook, Camp Pendleton and Pauma Valley. For fiscal year 2016-17, the District has a full-time equivalent student ("FTES") count of ______, and taxable property within the District has an assessed valuation of $109,746,198,416.

The District is governed by a five-member Governing Board (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent/President, who is appointed by the Board and is responsible for the day-to-day operations of the District and supervision of other senior personnel. Currently, Dr. Joi Lin Blake serves as the Superintendent/President of the District.

For additional information regarding the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "PALOMAR COMMUNITY COLLEGE DISTRICT" herein. For information regarding the District's assessed valuation and the levy of taxes for the repayment of the Bonds, see "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

* Preliminary, subject to change.

## Purpose of the Bonds

***New Money Bonds.*** The proceeds of the sale of the New Money Bonds will be used to finance the acquisition, construction, modernization, and equipping of District sites and facilities as approved by the voters of the District at an election held on November 7, 2006, and to pay the costs associated with the issuance of the New Money Bonds.

***Refunding Bonds.*** The proceeds of the Refunding Bonds will be used to advance refund, on a crossover basis, all or a portion of the District's outstanding (a) General Obligation Bonds, Election of 2006, Series B (Tax-Exempt) and (b) General Obligation Bonds, Election of 2006, Series B-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (together, the "Refunded Bonds"), and to pay the costs associated with the issuance of the Refunding Bonds.

Concurrently with the issuance of the Refunding Bonds, the District will enter into an escrow agreement (the "Escrow Agreement") with the Escrow Agent (defined herein), pursuant to which the District will deposit the net proceeds of the Refunding Bonds into the Escrow Fund (defined herein) held pursuant thereto, such proceeds to be used to purchase certain non-callable Federal Securities (defined herein), the maturing principal of which, together with interest and earnings thereon, and any other proceeds of the Refunding Bonds held as cash, will be sufficient to pay (i) the debt service due on the Refunding Bonds prior to August 1, 2020 (the "Crossover Date"), and (ii) the principal of the Refunded Bonds on the Crossover Date, such date being the first optional redemption date therefor.

See "THE BONDS – Application and Investment of Bond Proceeds" herein.

## Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California (the "State") Government Code (the "Government Code") and pursuant to resolutions adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

## Security and Sources of Payment for the Bonds

***New Money Bonds.*** The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County (the "County Board") is empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except as certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the New Money Bonds.

***Refunding Bonds.*** Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, the Refunding Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners thereof, constitute general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. From and after the Crossover Date, the County Board shall be empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of the principal of and interest on the Refunding Bonds.

For more complete information regarding the District's financial condition and taxation of property within the District, see "THE BONDS – Security and Sources of Payment," "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" and "PALOMAR COMMUNITY COLLEGE DISTRICT" herein.

**Description of the Bonds**

***Form and Registration***. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of interests in the Bonds (the "Beneficial Owners") through the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Bonds, but will instead receive credit balances on the books of their respective Nominees (defined herein). See "THE BONDS — Book-Entry Only System" herein. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions (defined herein).

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," or "Holders" of the Bonds (other than under the caption "TAX MATTERS," and in APPENDIX B) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

***Denominations.*** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

***Redemption***.* The Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on February 1, 2027 or on any date thereafter, as a whole or in part. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS— Redemption" herein.

***Payments***. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery, and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2017. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants to the Beneficial Owners of the Bonds. The Treasurer-Tax Collector of San Diego County (the "Treasurer") has been appointed as Paying Agent for the Bonds.

**Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel ("Bond Counsel"), based on 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 Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount, and the amount of original issue discount that accrues to the Owner (defined herein) of the Bond is excluded from gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

* Preliminary, subject to change.

### Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about ______________, 2017.

### Bondowner's Risks

The New Money Bonds are general obligations of the District payable from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). **Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from amounts on deposit in the Escrow Fund.** From and after the Crossover Date, the Refunding Bonds shall constitute general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

### Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with Securities and Exchange Commision Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

### Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, acting as Bond Counsel and Disclosure Counsel to the District will receive compensation from the District contingent upon the sale and delivery of the Bonds. The Treasurer-Tax Collector of San Diego County has been appointed as the Paying Agent with respect to the Bonds (the "Paying Agent"). Certain matters will be passed on for the Underwriter by Nossaman LLP, Irvine, California. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification agent (the "Verification Agent") for the Refunding Bonds and the Refunded Bonds.

**Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent/Vice President, Finance and Administrative Services, Palomar Community College District, 1140 West Mission Road, San Marcos, California 92069; Phone (760) 744-1150. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions.

## THE BONDS

**Authority for Issuance**

***New Money Bonds.*** The New Money Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on February 16, 2017 (the "New Money Resolution").

The District received authorization for the New Money Bonds at an election held on November 7, 2006, by more than fifty-five percent of the votes cast by eligible voters within the District, to issue not-to-exceed $694,000,000 of general obligation bonds (the "Authorization"). The New Money Bonds represent the fifth and final series of Bonds under the Authorization.

***Refunding Bonds***. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board on February 16, 2017 (the "Refunding Resolution," and, together with the New Money Resolution, the "Resolutions").

**Security and Sources of Payment**

***New Money Bonds.*** The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board will be empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the New Money Bonds when due.

***Refunding Bonds.*** **Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund.** From and after the Crossover Date, the Refunding Bonds shall, without further action on the part of the District or the Owners or Beneficial Owners of the Refunding Bonds, constitute general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. From and after the Crossover Date, with respect to the Refunding Bonds, the County Board will be empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds when due.

***General.*** *Ad valorem* property taxes levied to pay the Bonds will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest thereon when due, as described above. The levy of *ad valorem* property taxes for payment of the Bonds may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve for any of the Bonds, and the District can make no representations that the County will do so. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein), each of which is required to be segregated and maintained by the County and which is designated for the payment of the respective series of Bonds to which such Debt Service Fund relates, and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Funds, none of the Bonds are a debt of the County.

See "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein for information on the District's tax base.

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

The moneys in the Debt Service Funds, to the extent necessary to pay principal of and interest on the New Money Bonds, as the same become due and payable, and, from and after the Crossover Date, the Refunding Bonds, as the same become due and payable, will be transferred to the Paying Agent. Prior to the Crossover Date, funds for the payment of the Refunding Bonds will be remitted to the Paying Agent from the Escrow Fund established for the Refunding Bonds. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* taxes levied by the County to repay the New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, as described above, will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE – Assessed Valuations" herein.

**General Provisions**

The Bonds will be issued in fully registered book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. DTC will act as securities depository of the Bonds. See "THE BONDS – Book Entry-Only System" herein.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on February 1 and August 1 of each year commencing August 1, 2017. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date (the "Record Date") to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2017, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent the owner of such Bond (an "Owner" or "Bondowner") thereof as of the close of business on the Record Date, such interest to be paid by wire transfer to such Owner on the Bond Payment Date, at his or her bank and account number as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender at the principal office of the Paying Agent. The principal, interest, and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

**Application and Investment of Bond Proceeds**

The proceeds of the sale of the New Money Bonds will be used to finance the acquisition, construction, modernization, and equipping of District sites and facilities as approved by the voters of the District at an election held on November 7, 2006, and to pay the costs associated with the issuance of the New Money Bonds.

The proceeds from the sale of the New Money Bonds shall be paid to the County to the credit of the District's General Obligation Bonds, Election of 2006, Series D Building Fund (the "Building Fund") and shall be applied only for the purposes approved by the voters of the District pursuant to the Authorization. Any interest earnings on moneys held in the Building Fund shall be retained therein. Any premium received by the County from the sale of the New Money Bonds shall be kept separate and apart in the fund held by the County and designated as the "Palomar Community College District General Obligation Bonds, Election of 2006, Series D Debt Service Fund (the "New Money Bonds Debt Service Fund") and used only for payment of principal of and interest on the New Money Bonds. Any excess proceeds of the New Money Bonds not needed for the authorized purposes for which the New Money Bonds are being issued shall be transferred to the New Money Bonds Debt Service Fund and applied to the payment of principal of and interest on the New Money Bonds. If, after payment in full of the New Money Bonds, there remain excess moneys in the New Money Bonds Debt Service Fund, any such excess amounts shall be transferred to the General Fund of the District.

Money in the Building Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State or as permitted by the New Money Resolution. The moneys in the Building Fund and the Debt Service Funds are expected to be invested through the San Diego County Investment Pool. See "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

**Refunding Plan**

The proceeds from the sale of the Refunding Bonds will be used by the District to advance refund, on a crossover basis, the Refunded Bonds and to pay the costs associated with the issuance of the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds shall be deposited with The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "Escrow Agent"), to the credit of the "Palomar Community College District 2017 General Obligation Refunding Bonds (2020 Crossover) Escrow Fund" (the "Escrow Fund"). Pursuant to the Escrow Agreement, an amount deposited in the Escrow Fund will be used to purchase non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the debt service due on the Refunding Bonds prior to the Crossover Date and (ii) the principal of the Refunded Bonds to be redeemed on the Crossover Date (such date being the first optional redemption date therefor). **Prior to the Crossover Date, the Refunded Bonds will remain general obligations of the District payable solely**

**from *ad valorem* property taxes.** Amounts deposited under the Escrow Agreement are not available to pay any other obligations of the District.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the principal of the Refunded Bonds on the Crossover Date, and the debt service due on the Refunding Bonds prior to such date, will be verified by the Verification Agent. See "LEGAL MATTERS – Escrow Verification" herein.

The accrued interest and any surplus moneys in the Escrow Fund, when received by the District from the sale of the Refunding Bonds or following the redemption of the Refunded Bonds, shall be kept separate and apart in the fund held by the County and designated as the "Palomar Community College District 2017 General Obligations Refunding Bonds (2020 Crossover) Debt Service Fund (the "Refunding Bonds Debt Service Fund" and, together with the New Money Bonds Debt Service Fund, the "Debt Service Funds") and used only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Bonds Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District as provided and permitted by law.

Money in the Refunding Bonds Debt Service Fund may be invested in any one or more investments generally permitted to school districts under the laws of the State or as permitted by the Refunding Resolution. Moneys in the Refunding Bonds Debt Service Fund are expected to be invested through the San Diego County Investment Pool. See "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

**REFUNDED BONDS***
**Palomar Community College District**
**General Obligation Bonds, Election of 2006, Series B**
**(Tax-Exempt)**

| Maturity Date (August 1) | Denominational Amount | Accreted Value at the Redemption Date | Accretion Rate | Redemption Date | Redemption Price (per $5,000 of Maturity Value) |
|---|---|---|---|---|---|
| 2033 | $3,478,585.10 | | 6.630% | 8/1/2020 | $2,141.50 |
| 2034 | 3,642,543.30 | | 6.680 | 8/1/2020 | 1,992.75 |
| 2035 | 2,070,753.70 | | 6.720 | 8/1/2020 | 1,855.20 |

**REFUNDED BONDS***
**Palomar Community College District**
**General Obligation Bonds, Election of 2006, Series B-1**
**(Build America Bonds – Direct Payment to District)**
**(Federally Taxable)**

| Maturity Date (August 1) | Original Principal Amount | Principal Amount to be Redeemed | Interest Rate | Redemption Date | Redemption Price (% of Par Amount) |
|---|---|---|---|---|---|
| 2045 | $83,500,000 | $83,500,000 | 7.194% | 8/1/2020 | 100% |

* Preliminary, subject to change.

## Annual Debt Service

***New Money Bonds***. * The following table summarizes the annual debt service requirements of the District for the New Money Bonds (assuming no optional redemptions):

| Year Ending August 1 | Annual Principal Payment | Annual Interest Payment(1) | Total Annual Debt Service Payment |
|---|---|---|---|
| Total | | | |

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2017.

* Preliminary, subject to change.

***Refunding Bonds.**** The following table shows the debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions are made):

| Year Ending August 1 | Annual Principal Payment | Annual Interest Payment(1)(2) | Total Annual Debt Service |
|---|---|---|---|
| Total | | | |

(1) Interest payments on the Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2017.
(2) Interest on the Refunding Bonds, prior to the Crossover Date, is payable from amounts on deposit in the Escrow Fund. From and after the Crossover Date, such interest shall be payable from *ad valorem* property taxes levied and collected by the County on taxable property within the boundaries of the District. See "THE BONDS – Security and Sources of Payment – Refunding Bonds" herein.

See "PALOMAR COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the total annual debt service requirements for all of the District's outstanding general obligation bonds.

* Preliminary, subject to change.

**Redemption**[*]

***Optional Redemption.*** [*] The Bonds maturing on or before August 1, 2026, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2027 may be redeemed before maturity at the option of the District, from any source of available funds, in whole, or in part, at the direction of the District, on any day on or after February 1, 2027 at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium.

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

| Redemption Date (August 1) | Principal Amount |
|---|---|

(1) Final Maturity

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

***Selection of Bonds for Redemption***. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

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

[*] Preliminary, subject to change.

together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) provide such Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"); or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such transfer.

***Conditional Notice of Redemption.*** With respect to any notice of optional redemption of Bonds as described above, unless upon the giving of such notice such Bonds (or portions thereof) shall be deemed to have been defeased as described in "—Defeasance" herein, such notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on such Bonds (or portions thereof) to be redeemed, and that, if such moneys shall not have been so received, said notice shall be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received.

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

***Effect of Redemption Notice.*** Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in "—Defeasance" herein, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and will be surrendered to the Paying Agent for cancellation.

**Book-Entry Only System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has an S&P (as defined herein) rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated by reference herein.

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

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

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

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

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

**Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

*In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.*

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal amount, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

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

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

**Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: By irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District, an amount of cash which together with amounts transferred from the Debt Service Funds is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date; or

(b) Government Obligations: By irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District, noncallable, nonprepayable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the respective Debt Service Funds together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

## ESTIMATED SOURCES AND USES OF FUNDS*

***New Money Bonds.*** The proceeds of the New Money Bonds are expected to be applied as follows:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $ |
| Original Issue Premium | |
| Total Sources | $ |
| **Uses of Funds** | |
| Costs of Issuance(1) | $ |
| Deposit to Building Fund | |
| Deposit to Debt Service Fund | |
| Total Uses | $ |

(1) Reflects all costs of issuance, including the underwriting discount, legal fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent.

***Refunding Bonds.*** The proceeds of the Refunding Bonds are expected to be applied as follows:

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Bonds | $ |
| Original Issue Premium | |
| Total Sources | $ |
| **Uses of Funds** | |
| Costs of Issuance(1) | $ |
| Deposit to Escrow Fund | |
| Total Uses | $ |

(1) Reflects all costs of issuance, including the underwriting discount, legal fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent, the Verification Agent and the Escrow Agent.

## TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE

*The information in this section describes* ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. Prior to the Crossover Date, the Refunding Bonds shall be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

### *Ad Valorem* Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both District and County taxing purposes.

* Preliminary, subject to change.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus any additional amount determined by the tax collecting authority of the County. After the second installment of taxes on the secured roll is delinquent, the tax collecting authority of the County will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax collecting authority of the County.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts and community college districts (collectively, "K-14 school districts") will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

**Assessed Valuations**

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the

State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed and re-assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District has a total assessed valuation for fiscal year 2016-17 of $109,746,198,416. Shown in the following table are the actual assessed valuations for the District for the period 2007-08 through 2016-17.

**ASSESSED VALUATIONS**
**Fiscal Years 2007-08 through 2016-17**
**Palomar Community College District**

| | Local Secured | Utility | Unsecured | Total |
|---|---|---|---|---|
| 2007-08 | $90,718,081,684 | $197,918,241 | $2,350,870,708 | $93,266,870,633 |
| 2008-09 | 92,981,484,262 | 194,925,039 | 2,441,308,216 | 95,617,717,517 |
| 2009-10 | 89,226,352,816 | 204,700,348 | 2,582,408,777 | 92,013,461,941 |
| 2010-11 | 87,931,255,069 | 310,163,170 | 2,489,593,259 | 90,731,011,498 |
| 2011-12 | 88,483,374,972 | 303,856,110 | 2,581,120,396 | 91,368,351,478 |
| 2012-13 | 87,429,392,177 | 327,831,628 | 2,611,473,560 | 90,368,697,365 |
| 2013-14 | 90,212,986,818 | 283,081,139 | 2,839,119,803 | 93,335,187,760 |
| 2014-15 | 96,336,862,934 | 279,510,374 | 2,975,965,831 | 99,592,339,139 |
| 2015-16 | 101,526,368,551 | 295,353,762 | 2,885,769,357 | 104,707,491,670 |
| 2016-17 | 106,403,876,340 | 288,797,966 | 3,053,524,110 | 109,746,198,416 |

*Source: California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Refunding Bonds from and after the Crossover Date and with respect to the New Money Bonds at all times that the New Money Bonds are outstanding. See "THE BONDS – Security and Sources of Payment" herein.

***Drought.*** On January 17, 2014, the State Governor (the "Governor") declared a state-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; the State's rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain temporary conservation measures, which were implemented by means of an emergency regulation adopted by the Water Board on May 5, 2015. The temporary conservation measures have been extended and amended by subsequent executive orders of the Governor and Water Board regulations. Most recently, on May 9, 2016, the Governor issued an executive order ordering the

Department of Water Resources, the Water Board and the California Public Utilities Commission to update and extend temporary water restrictions through the end of January 2017, and to take actions to transition to permanent, long-term improvements in water use. Following the Governor's executive order, on May 18, 2016, the Water Board adopted a localized "stress test" approach of water conservation, under which local urban water agencies are required to ensure a three-year supply of water assuming three years of drought conditions. Agencies that project a water shortage at the end of the three-year period under the stress test are required to implement conservation measures through January 2017 equal to the percentage of water shortage projected.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

**Appeals and Adjustments of Assessed Valuations**

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

### Assessed Valuation and Parcels by Land Use

The following is an analysis of the District's fiscal year 2016-17 assessed valuation (excluding utility and unsecured property) by land use.

**ASSESSED VALUATION AND PARCELS BY LAND USE**
**Fiscal Year 2016-17**
**Palomar Community College District**

| **Non-Residential:** | **2016-17 Assessed Valuation [(1)]** | **% of Total** | **No. of Parcels** | **% of Total** |
|---|---|---|---|---|
| Agricultural/Rural | $1,699,849,086 | 1.60% | 8,754 | 3.09% |
| Commercial | 10,627,784,942 | 9.99 | 3,913 | 1.38 |
| Vacant Commercial | 408,248,932 | 0.38 | 991 | 0.35 |
| Industrial | 6,875,585,375 | 6.46 | 2,715 | 0.96 |
| Vacant Industrial | 290,171,272 | 0.27 | 502 | 0.18 |
| Recreational/Open Space | 464,448,098 | 0.44 | 4,277 | 1.51 |
| Government/Social/Institutional | 312,719,395 | 0.29 | 987 | 0.35 |
| Subtotal Non-Residential | $20,678,807,100 | 19.43% | 22,139 | 7.80% |
| | | | | |
| Residential: | | | | |
| Single Family Residence | $68,976,754,533 | 64.83% | 159,919 | 56.37% |
| Condominium/Townhouse | 8,535,518,722 | 8.02 | 31,225 | 11.01 |
| Mobile Home | 1,228,550,070 | 1.15 | 10,967 | 3.87 |
| Mobile Home Park | 298,614,058 | 0.28 | 147 | 0.05 |
| 2-4 Residential Units | 1,093,308,487 | 1.03 | 3,854 | 1.36 |
| 5+ Residential Units/Apartments | 3,948,069,422 | 3.71 | 954 | 0.34 |
| Miscellaneous Residential | 35,958,785 | 0.03 | 2,369 | 0.84 |
| Timeshare | 249,910,722 | 0.23 | 34,087 | 12.02 |
| Vacant Residential | 1,358,384,441 | 1.28 | 18,019 | 6.35 |
| Subtotal Residential | $85,725,069,240 | 80.57% | 261,541 | 92.20% |
| | | | | |
| Total | $106,403,876,340 | 100.00% | 283,680 | 100.00% |

(1) Local secured assessed valuation; excluding tax-exempt property.
*Source: California Municipal Statistics, Inc.*

### Assessed Valuation of Single Family Homes

The following table displays the fiscal year 2016-17 assessed valuations of single family residential parcels within the District.

**ASSESSED VALUATION OF SINGLE FAMILY HOMES**
**Fiscal Year 2016-17**
**Palomar Community College District**

| | No. of Parcels | 2016-17 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| Single Family Residential | 159,919 | $68,976,754,533 | $431,323 | $374,627 |

| 2016-17 Assessed Valuation | No. of Parcels [1] | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $49,999 | 1,622 | 1.014% | 1.014% | $63,463,200 | 0.092% | 0.092% |
| 50,000 - 99,999 | 6,316 | 3.949 | 4.964 | 475,389,376 | 0.689 | 0.781 |
| 100,000 - 149,999 | 6,909 | 4.320 | 9.284 | 871,356,149 | 1.263 | 2.044 |
| 150,000 - 199,999 | 11,006 | 6.882 | 16.166 | 1,942,074,058 | 2.816 | 4.860 |
| 200,000 - 249,999 | 15,050 | 9.411 | 25.577 | 3,398,184,163 | 4.927 | 9.787 |
| 250,000 - 299,999 | 15,718 | 9.829 | 35.406 | 4,320,370,806 | 6.264 | 16.050 |
| 300,000 - 349,999 | 15,738 | 9.841 | 45.247 | 5,110,640,713 | 7.409 | 23.459 |
| 350,000 - 399,999 | 14,609 | 9.135 | 54.383 | 5,459,900,276 | 7.916 | 31.375 |
| 400,000 - 449,999 | 13,401 | 8.380 | 62.762 | 5,675,428,764 | 8.228 | 39.603 |
| 450,000 - 499,999 | 10,990 | 6.872 | 69.635 | 5,197,029,434 | 7.534 | 47.137 |
| 500,000 - 549,999 | 8,743 | 5.467 | 75.102 | 4,572,207,167 | 6.629 | 53.766 |
| 550,000 - 599,999 | 7,683 | 4.804 | 79.906 | 4,399,916,872 | 6.379 | 60.145 |
| 600,000 - 649,999 | 6,283 | 3.929 | 83.835 | 3,909,310,702 | 5.668 | 65.812 |
| 650,000 - 699,999 | 5,186 | 3.243 | 87.078 | 3,485,168,667 | 5.053 | 70.865 |
| 700,000 - 749,999 | 4,409 | 2.757 | 89.835 | 3,179,591,682 | 4.610 | 75.475 |
| 750,000 - 799,999 | 3,327 | 2.080 | 91.915 | 2,565,361,948 | 3.719 | 79.194 |
| 800,000 - 849,999 | 2,680 | 1.676 | 93.591 | 2,200,711,077 | 3.191 | 82.384 |
| 850,000 - 899,999 | 2,018 | 1.262 | 94.853 | 1,758,742,542 | 2.550 | 84.934 |
| 900,000 - 949,999 | 1,550 | 0.969 | 95.822 | 1,426,691,105 | 2.068 | 87.003 |
| 950,000 - 999,999 | 1,076 | 0.673 | 96.495 | 1,045,256,671 | 1.515 | 88.518 |
| 1,000,000 and greater | 5,605 | 3.505 | 100.000 | 7,919,959,161 | 11.482 | 100.000 |
| Total | 159,919 | 100.000% | | $68,976,754,533 | 100.000% | |

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
*Source: California Municipal Statistics, Inc.*

### Alternative Method of Tax Apportionment - Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions the unpaid secured property taxes as of June 30 of the current fiscal year (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the current year's *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax delinquency data for the prior fiscal years are not available.

## Principal Taxpayers

The following table lists the major taxpayers in the District in terms of their 2016-17 secured assessed valuations.

**LARGEST 2016-17 LOCAL SECURED TAXPAYERS**
**Fiscal Year 2016-17**
**Palomar Community College District**

| | Property Owner | Primary Land Use | 2016-17 Assessed Valuation | % of Total [1] |
|---|---|---|---|---|
| 1. | Kilroy Realty LP | Office Building | $429,704,497 | 0.40% |
| 2. | Sorrento West Properties Inc. | Industrial | 424,049,936 | 0.40 |
| 3. | BEX Portfolio LLC | Apartments | 215,683,068 | 0.20 |
| 4. | North County Fair LLC | Shopping Center | 186,605,794 | 0.18 |
| 5. | SMBC Leasing and Finance Inc. | Office Building | 176,028,841 | 0.17 |
| 6. | Cymer Inc. | Office Building | 160,879,560 | 0.15 |
| 7. | Pacific Carmel Mountain Holdings LP | Office Building | 158,431,325 | 0.15 |
| 8. | Bernardo Summit LLC | Industrial | 155,725,000 | 0.15 |
| 9. | 4S Ranch Apartment Holdings Inc. | Apartments | 153,266,292 | 0.14 |
| 10. | Conrad Prebys Trust | Apartments | 144,092,869 | 0.14 |
| 11. | KR Office 3-9 LP | Office Building | 111,056,738 | 0.10 |
| 12. | Costco Wholesale Corp. | Office Building | 108,933,927 | 0.10 |
| 13. | Scripps Summit Investments LLC | Office Building | 106,601,249 | 0.10 |
| 14. | HCPLS Poway I LLC | Office Building | 96,589,988 | 0.09 |
| 15. | Alliance I DE LLC | Apartments | 94,000,000 | 0.09 |
| 16. | Prominence Willmark Communities Inc. | Apartments | 93,280,458 | 0.09 |
| 17. | Drawbridge Discovery Corporate | Office Building | 90,419,139 | 0.08 |
| 18. | Camden USA Inc. | Apartments | 90,196,148 | 0.08 |
| 19. | Point Office Partners LLC | Office Building | 88,185,441 | 0.08 |
| 20. | Waterleaf LL LLC | Apartments | 87,308,675 | 0.08 |
| | | | $3,171,038,945 | 2.98% |

(1) 2016-17 Local Secured Assessed Valuation: $106,403,876,340.
*Source: California Municipal Statistics, Inc.*



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## Tax Rates

The table below demonstrates the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in two representative tax rate areas in the District (each a "TRA"), during the five-year period from 2012-13 through 2016-17.

**TOTAL TYPICAL TAX RATES (TRAs 4-13 and 8-141)**
**Fiscal Years 2012-13 through 2016-17**
**Palomar Community College District**

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|---|---|
| **TRA 4-13 within the City of Escondido[1]** | | | | | |
| General | 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% |
| Palomar Pomerado Healthcare District | .02350 | .02350 | .02350 | .02350 | .02350 |
| Palomar Community College District | .01365 | .01260 | .01288 | .01769 | .01757 |
| Escondido Elementary School District | .03367 | .02762 | .02979 | .04774 | .04152 |
| Escondido Union High School District | .02724 | .02789 | .02979 | .03056 | .03083 |
| City of Escondido | .03923 | .03720 | .03591 | .03044 | .02876 |
| Metropolitan Water District | .00350 | .00350 | .00350 | .00350 | .00350 |
| Total | 1.14079% | 1.13231% | 1.12725% | 1.15343% | 1.14568% |
| **TRA 8-141 within the City of San Diego[2]** | | | | | |
| General | 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% |
| Palomar Pomerado Healthcare District | .02350 | .02350 | .02350 | .02350 | .02350 |
| Palomar Community College District | .01365 | .01260 | .01288 | .01769 | .01757 |
| City of San Diego | .00500 | .02762 | .02979 | .00500 | .00500 |
| Metropolitan Water District | .00350 | .02789 | .02979 | .00350 | .00350 |
| Total | 1.04565% | .03720 | .03591 | .04969 | .04957 |

(1) 2016-17 assessed valuation of taxable property within TRA 4-13 is $2,015,224,779, representing 1.84% of the District's total assessed valuation.
(2) 2016-17 assessed valuation of taxable property within TRA 8-141 is $2,948,588,351, representing 2.69% of the District's total assessed valuation.
*Source: California Municipal Statistics, Inc.*

## Assessed Valuation by Jurisdiction

The following table lists the jurisdictions comprising the District in terms of their 2016-17 secured assessed valuations.

**ASSESSED VALUATION BY JURISDICTION[1]**
**Fiscal Year 2016-17**
**Palomar Community College District**

| Jurisdiction: | Assessed Valuation in District | % of District | Assessed Valuation of Jurisdiction | % of Jurisdiction in District |
|---|---|---|---|---|
| City of Carlsbad | $3,017,409,898 | 2.75% | $29,539,229,155 | 10.21% |
| City of Escondido | 14,205,952,141 | 12.94 | $14,205,952,141 | 100.00% |
| City of Oceanside | 5,713,280,335 | 5.21 | $20,909,283,045 | 27.32% |
| City of Poway | 9,788,816,723 | 8.92 | $9,788,816,723 | 100.00% |
| City of San Diego | 26,004,537,364 | 23.70 | $221,006,039,954 | 11.77% |
| City of San Marcos | 11,267,028,787 | 10.27 | $11,269,118,523 | 99.98% |
| City of Santee | 181,819 | 0.00 | $5,325,555,641 | 0.00% |
| City of Vista | 10,243,994,169 | 9.33 | $10,243,994,169 | 100.00% |
| Unincorporated San Diego County | 29,504,997,180 | 26.88 | $66,728,286,138 | 44.22% |
| Total District | $109,746,198,416 | 100.00% | | |
| | | | | |
| San Diego County | $109,746,198,416 | 100.00% | $467,262,672,018 | 23.49% |

(1) Before deduction of redevelopment incremental valuation.
*Source: California Municipal Statistics, Inc.*

## Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective for debt issued as of January 15, 2017. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The following table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

## STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
## Palomar Community College District

2016-17 Assessed Valuation: $109,746,198,416

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 1/15/17 |
|---|---|---|
| Metropolitan Water District | 4.140% | $3,844,611 |
| **Palomar Community College District** | **100.000** | **504,710,855** [1] |
| Bonsall Unified School District | 100.000 | 14,034,498 |
| Poway Unified School District School Facilities Improvement District No. 2002-1 and 2007-1 | 99.983 | 324,044,755 |
| San Diego Unified School District | 0.462 | 13,004,922 |
| San Marcos Unified School District and School Facilities Improvement District | 96.986-97.227 | 270,557,094 |
| Vista Unified School District | 97.415 | 93,742,340 |
| Escondido Union High School District | 100.000 | 91,357,802 |
| Escondido Union School District | 100.000 | 93,634,622 |
| Fallbrook Union School District | 100.000 | 21,634,476 |
| Other School Districts | Various | 6,932,167 |
| City of Escondido | 100.000 | 60,460,000 |
| Palomar Pomerado Healthcare District | 98.433 | 436,516,757 |
| Grossmont Healthcare District | 0.003 | 7,917 |
| Community Facilities Districts | Various | 776,797,218 |
| 1915 Act Bonds (Estimate) | Various | 14,707,533 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $2,725,987,567 |
| | | |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | |
| San Diego County General Fund Obligations | 23.487% | $68,688,906 |
| San Diego County Pension Obligation Bonds | 23.487 | 142,218,482 |
| San Diego County Superintendent of Schools Obligations | 23.487 | 3,085,017 |
| **Palomar Community College District Certificates of Participation** | **100.000** | **3,375,000** |
| Bonsall Unified School District Certificates of Participation | 100.000 | 7,810,000 |
| Poway Unified School District Certificates of Participation | 97.919 | 60,728,256 |
| Ramona Unified School District Certificates of Participation | 100.000 | 25,335,000 |
| San Marcos Unified School District Certificates of Participation | 97.227 | 52,272,470 |
| Escondido Union High School District Certificates of Participation | 100.000 | 57,425,000 |
| Escondido Union School District Certificates of Participation and Benefit Obligations | 100.000 | 25,730,000 |
| Other School District Certificates of Participation | Various | 3,330,209 |
| City of Oceanside Certificates of Participation and Pension Obligation Bonds | 27.073 | 12,798,194 |
| City of Poway Certificates of Participation | 100.000 | 13,795,000 |
| City of San Diego General Fund Obligations | 11.766 | 68,432,821 |
| City of San Marcos General Fund Obligations | 99.981 | 4,164,209 |
| City of Vista General Fund Obligations | 100.000 | 93,165,000 |
| Other City General Fund Obligations | Various | 8,144,226 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $650,497,790 |
| | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): | | $553,310,000 |
| | | |
| COMBINED TOTAL DEBT | | $3,929,795,357 [2] |

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:
**Direct Debt ($504,710,855) ..................................................................0.46%**
Total Overlapping Tax and Assessment Debt .........................................2.48%
**Total Direct Debt ($508,085,855) ........................................................0.46%**
Combined Total Debt.............................................................................3.58%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($16,865,838,514):
Total Overlapping Tax Increment Debt..................................................3.28%

_Source: California Municipal Statistics, Inc._

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal of and interest on the New Money Bonds, and from and after the Crossover Date, the principal of and interest on the Refunding Bonds, are payable from the proceeds of an* ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the principal of and interest on the New Money Bonds, and from and after the Crossover Date, the principal of and interest on the Refunding Bonds, was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

### Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. 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 XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. 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. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF THE NEW MONEY BONDS AND THE REFUNDING BONDS FOLLOWING THE CROSSOVER DATE" herein.

Article XIIIA 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 XIIIA 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 June 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 measures are included in the proposition. In addition, Article XIIIA 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.

**Legislation Implementing Article XIIIA**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the counties 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, subject to redevelopment agency, if any, 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 local agency 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.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

**Unitary Property**

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

So long as the 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 school financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

**Article XIIIB of the California Constitution**

Article XIIIB of the State Constitution ("Article XIIIB"), 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 XIIIB 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 State 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 of the school district from the preceding fiscal year.

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

The appropriations of an entity of local government subject to Article XIIIB 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 State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB 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 XIIIB 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 XIIIC and Article XIIID of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added to the State Constitution Articles XIIIC ("Article XIIIC") and XIIID ("Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC 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 any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

**Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26 ("Proposition 26"). Proposition 26 amends Article XIIIC 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 XIIID. 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.

**Propositions 98 and 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB 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 State Legislature or a court might not interpret the Accountability Act to require a different percentage of 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.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB 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 State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such district's minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such 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 exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB 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) 40.9% 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 XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("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 State per capita personal income. Under Test 3, K-14 school districts 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" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

**Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

**Propositions 30 and 55**

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases 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 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 the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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 DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 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.

**Jarvis vs. 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). 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 State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

**Proposition 1A and Proposition 22**

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 ("Proposition 22"), 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 Legislative Analyst's Office (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.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. The District can make no representations regarding what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

**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 2015-16 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 State 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 State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State 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 a an emergency within the meaning of Article XIIIB 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 Funding 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.

**Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities. The District makes no represenation that it will either pursue or qualify for Proposition 51 state facilities funding.

***K-12 School Facilities.*** Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

***Community College Facilities.*** Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The table below shows the expected use of bond funds under Proposition 51:

**PROPOSITION 51**
**Use of Bond Funds**
**(In Millions)**

| | |
|---|---|
| **K-12 Public School Facilities** | |
| New Construction | $3,000 |
| Modernization | 3,000 |
| Career Technical Education Facilities | 500 |
| Charter School Facilities | 500 |
| Subtotal | $7,000 |
| **Community College Facilities** | $2,000 |
| **Total** | $9,000 |

**Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 98, 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 District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

*The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from the proceeds of an* ad valorem *property tax which is required to be levied by the County in an amount sufficient for the payment thereof.*

### Major Revenues

***General.*** State community college districts (other than 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, the lottery (which generally is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

Senate Bill 361 ("SB 361") established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the statewide governing board of the State community colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also 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 noncredit FTES; and (c) set at $3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. The minimum funding per FTES for CDCP was increased to match the minimum funding per credit FTES as a part of the State's fiscal year 2014-15 budget. Each such minimum funding rate is subject to cost of living adjustments (a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the State Chancellor (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the current system.

The table below shows the District's FTES figures for the last eight fiscal years, along with a projection for the 2016-17 fiscal year.

**FULL TIME EQUIVALENT STUDENTS(1)**
**Fiscal Years 2008-09 through 2016-17**
**Palomar Community College District**

| Fiscal Year | Funded FTES | Unfunded FTES(2) | Total FTES |
|---|---|---|---|
| 2008-09 | 20,183 | 278 | 20,461 |
| 2009-10 | 19,438 | 1,520 | 20,958 |
| 2010-11 | 19,797 | 454 | 20,251 |
| 2011-12 | 18,291 | 1,077 | 19,368 |
| 2012-13 | 18,531 | -- | 18,531 |
| 2013-14 | 18,802 | -- | 18,802 |
| 2014-15 | | | |
| 2015-16 | | | |
| 2016-17(3) | | | |

Note: FTES amounts rounded to the nearest whole number. As a result, total FTES figures may not add.
(1) One FTES is equivalent to 525 student contract 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. Reflects resident FTES counts only; non-resident students pay full tuition and are excluded from State funding formula calculations.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) Projected.
*Source: Palomar Community College District.*

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's revenue limit.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

### Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies, school districts and community college districts. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for community college districts, the legislation provides for schools to receive other State general fund revenues.

**Budget Procedures**

On or before September 15 of each year, the Board of Trustees of a 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 State Legislature. The Governor's proposed 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 State 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. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have 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 a 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 full-time equivalent student 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.

See "PALOMAR COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

**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 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 school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" ("Test 3") 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 cost of living adjustment ("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 XIIIB).

***Calculating Minimum Funding Guarantee***. There are currently three tests which determine the minimum level of K-14 funding. 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 percent. 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 (FTES) 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.

**State Dissolution of Redevelopment Agencies**

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABx1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABx1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

**State Assistance**

*California community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter guaranty the accuracy or completeness of this information and neither the District nor the Underwriter have independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The New Money Bonds and, from and after the Crossover Date, the Refunding Bonds, are payable solely from the proceeds of an* ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

***2016-17 Budget.*** On June 27, 2016, the Governor signed into the law the State budget for fiscal year 2016-17 (the "2016-17 Budget"). The following information is drawn from the Department of Finance's summary of the 2016-17 Budget and the LAO's review of the 2016-17 Budget.

The 2016-17 Budget projects, for fiscal year 2015-16, total general fund revenues and transfers of $117 billion and total expenditures of $115.6 billion. The State is projected to end the 2015-16 fiscal year with total available reserves of $7.3 billion, including $3.9 billion in the traditional general fund reserve and $3.4 billion in the BSA. For fiscal year 2016-17, the 2016-17 Budget projects a growth in State general fund revenues driven primarily by total general fund revenues of $120.3 billion and authorizes expenditures of $122.5 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of $8.5 billion, including $1.8 billion in the traditional general fund reserve and $6.7 billion in the BSA.

As a result of higher general fund revenue estimates for fiscal years 2015-16 and 2016-17, and after accounting for expenditures controlled by constitutional funding requirements such as Proposition 2 and Proposition 98, the 2016-17 Budget allocates over $6 billion in discretionary funding for various purposes. These include (i) additional deposits of $2 billion to the BSA (reflected in the discussion above) and $600 million to the State's discretionary budget reserve fund, (ii) approximately $2.9 billion in one-time funding for various purposes including infrastructure, affordable housing and public safety programs, and (iii) $700 million in on-going funding commitments for higher education (California State University and the University of California systems), corrections and rehabilitation and State courts.

As required by Proposition 2, the 2016-17 Budget applies $1.3 billion towards the repayment of existing State liabilities, including loans from special funds, State and University of California pension and retiree health benefits and settle-up payments to K-14 school districts resulting from an underfunding of the Proposition 98 minimum funding guarantee in a prior fiscal year.

With respect to education funding, the 2016-17 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2014-15 and 2015-16, as a result of increased revenue estimates. The 2016-17 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.9 billion, an increase of $2.8 billion over the revised level from the prior fiscal year. Significant features with respect to community college funding include the following:

- *Base Allocations* – An increase of $114.3 million to base allocations to support 2% growth in student enrollment. The 2016-17 Budget also provides $75 million to support increased operating expenses, including in the areas of facilities, employee and retirement benefits and professional development.
- *Local Property Tax Adjustments* – Funding levels reflect decreases of $198.4 million in Proposition 98 funding in fiscal year 2016-17 for community college districts, as a result of higher offsetting property tax receipts. The 2016-17 Budget's funding levels also reflect an increase of $31.7 million in Proposition 98 funding, allocable to fiscal year 2015-16, to address an anticipated shortfall in redevelopment agency property taxes for community college apportionments.
- *Career Technical Education (CTE)* – $200 million in Proposition 98 funding to expand access to workforce-aligned CTE through existing regional adult education consortia composed of school districts, community college districts and other stakeholders. The 2016-17 Budget also provides $48 million to support the Career Pathways Trust Program, which provides grant awards to community college districts to develop, enhance and expand career technical education programs that build upon existing regional capacity to meet labor demands.
- *Student Success* – $30 million in one-time funding for grants that support basic skills instruction aimed at improving students' transition to college-level courses. The 2016-17 Budget also provides $15 million in one-time Proposition 98 grant funding to support coordinated student outreach by local educational agencies and community college districts aimed at increasing college preparation, access, and success.
- *Innovation Awards* - $25 million in Proposition 98 funding for awards to community college districts that develop innovations in curriculum and instruction, prior learning assessments and access to financial aid.
- *On-line Education* – $20 million in one-time Proposition 98 funding to support the development of online courses available through the Online Course Exchange, a program which allows students to enroll in online courses across participating community colleges without requiring students to complete separate application and matriculation processes.
- *Telecommunications and Technology* – An increase of $15 million in Proposition 98 funding, including $5 million in ongoing funding, to expand broadband capacity across community college campuses.
- *Zero-Textbook-Cost-Degrees* – An increase of $5 million in Proposition 98 funding to support the creation of degree, certificate and credentialing programs that use only freely accessible, openly licensed educational resources.

- *Deferred Maintenance and Instructional Equipment* –$184.6 million in one-time Proposition 98 funding for deferred facility maintenance, instructional equipment, or specified water conservation projects.

- *Mandates* - $105.5 million in one-time Proposition 98 funding to reduce the existing backlog of unpaid reimbursement claims to community college districts for the cost of State-mandated programs. The funding would be provided to local educational agencies on a per-student basis, and would be available to be used at local discretion.

- *Proposition 39* - Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires that, for a five-year period starting in fiscal year 2013-14, and requires that a portion of these additional revenues be used allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The 2016-17 Budget allocates $49.3 million to support community college energy efficiency projects and clean energy job development programs, an increase of $10.5 million from the prior-year level.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

***Governor's Proposed 2017-18 Budget.*** On January 10, 2017, the Governor released his proposed State budget for fiscal year 2017-18 (the "Proposed Budget"). The following information is drawn from the Department of Finance's summary of the Proposed Budget and the LAO's overview of the Proposed Budget.

Following several years of increases, the Governor reports that the three main sources of State revenues—income, sales and corporation taxes—are showing weakness. Consequently, the Proposed Budget includes a revised revenue forecast for fiscal years 2015-16 and 2016-17 that is $3.2 billion lower for than what was included in the current State budget. The Governor attributes the change in expectations to a pattern of shortfalls in monthly revenue collections and a growth in lower-income workers, which results in decreased revenues due to the State's progressive tax structure. The Governor also identifies some increases in State general fund spending relative to the 2016-17 Budget, most significant among those being an increase in Medi-Cal costs of approximately $1.8 billion. As a result, absent corrective action, the Governor projects that the State would face a general fund deficit of approximately $1.6 billion in fiscal year 2017-18, as well as comparable deficits in future years.

To close the projected deficit, the Proposed Budget includes $3.2 billion in remedial budgetary measures designed to reduce State general fund spending in a variety of areas. Significantly, the Proposed Budget would lower, by $1.7 billion, the existing Proposition 98 funding appropriations for fiscal years 2015-16 and 2016-17 which, as a result of the drop in State revenues, are projected to overappropriate the minimum funding guarantee. As a result, the Proposed Budget also shifts, on a one-time basis (i) $310 million of previously appropriated discretionary K-12 funding from the 2015-16 fiscal year to the 2016-17 fiscal year, and (ii) $859.1 million in Local Control Funding Formula payments to school districts from June 2017 to July 2017. These shifts would bring Proposition 98 spending in line with the revised funding guarantees described below. Other significant remedial measures include eliminating a $400 million set aside for affordable housing and $300 million in previously approved funding for the replacement and renovation of State office buildings.

Assuming the implementation of these measures, the Proposed Budget projects, for fiscal year 2016-17, total general fund revenues and transfers of $118.8 billion and total expenditures of $122.8 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of $7.7 billion, including $980 million in the traditional general fund reserve and $6.7 billion in the BSA. For fiscal year 2017-18, the Proposed Budget projects total general fund revenues of $124 billion and authorizes expenditures of $122.5 billion. The State is projected to end the 2017-18 fiscal year with total available reserves of $8.8 billion, including $980 million in the traditional general fund reserve and $7.9 billion in the BSA.

As a result of the revised State revenue estimates discussed above, the Proposed Budget adjusts the minimum funding guarantee for fiscal year 2015-16 to $68.7 billion, a decrease of $379 million from the level set by the 2016-17 Budget. Similarly, for fiscal year 2016-17, the minimum funding guarantee is revised at $71.4 billion, reflecting a decrease of $506 million from the level set by the 2016-17 Budget. For fiscal year 2017-18, the Proposed Budget sets the minimum funding guarantee at $73.5 billion, including $51.4 billion from the State general fund, reflecting a year-to-year increase of $2.1 billion (or 3%). Fiscal year 2017-18 is projected to be "Test 3" year, with the increase in the minimum guarantee driven primarily by an increase in per capital State general fund revenues.

Significant proposals with respect to community college funding include the following:

- *Base Allocations* –$94.1 million and $79.3 million to fund, respectively, a 1.48% COLA and a 1.34% growth in enrollment. The Proposed Budget would also provide $23.6 million to support increased operating expenses. Funding increases provided in the Proposed Budget are offset by unused enrollment growth provided in fiscal year 2015-16 and offsetting increased property tax revenues.
- *Student Fees* – The Proposed Budget would keep student fees flat, at $46 per unit.
- *Student Success* – $150 million to support the development of detailed, term-by-term roadmaps for students to complete academic programs, accompanied by early academic planning and ongoing student support services.
- *Deferred Maintenance* – $43.7 million in one-time Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.
- *Innovation Awards* – $20 million in one-time Proposition 98 funding to provide innovation grants to incentivize the development and implementation of innovative practices in various functional areas.
- *On-line Education* – $10 million in Proposition 98 funding to provide system-wide access to the learning management system for the On-line Education Initiative ("OEI"). The OEI is a collaborative effort among California community colleges intended to increase both access to and success in high-quality online courses.
- *Library Systems* – $6 million in one-time Proposition 98 funding to facilitate the development of and access to an integrated, cloud-based library system.
- *Proposition 39* - $3 million in Proposition 39 corporate tax revenues to fund energy efficiency projects.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference

***Future Actions.*** The District 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 District 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 District 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. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy ad valorem property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

## PALOMAR COMMUNITY COLLEGE DISTRICT

*The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the General Fund of the District. Prior to the Crossover Date, the Refunding Bonds will be secured by and payable solely from monies on deposit in the Escrow Fund. The New Money Bonds, and, from and after the Crossover Date, the Refunding Bonds, will be payable solely from the proceeds of an* ad valorem *property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### General Information

The District was founded in 1946 and serves an area of approximately 2,555 square miles in northern San Diego County. The District operates the College, which has its main campus in the City of San Marcos. The College is fully accredited by the ACCJC. The District also operates an education center in the City of Escondido, and four additional outreach sites serving the northern part of the City of San Diego and communities in unincorporated portions of the County, including Mt. Carmel, Fallbrook, Camp Pendleton and Pauma Valley. For fiscal year 2016-17, the District has a projected FTES count of ______, and taxable property within the District has an assessed valuation of $109,746,198,416.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent financial reports of the District may be obtained by contacting: Palomar Community College District, Attention: Assistant Superintendent/Vice President, Finance and Administrative Services, 1140 West Mission Road, San Marcos, California 92069; (760) 744-1150.

### Administration

The District is governed by a five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years. Current members of the Board, together with their offices and the dates their terms expire, are listed below.

| Board Member | Office | Term Expires |
|---|---|---|
| Nancy Ann Hensch | President | November 2020 |
| Paul P. McNamara | Vice President | November 2018 |
| John J. Halcòn, Ph.D. | Secretary | November 2020 |
| Mark Evilsizer | Trustee | November 2018 |
| Nina Deerfield | Trustee | November 2020 |

Biographical information on senior administrators of the District is included below.

***Joi Lin Blake, Ed.D., Superintendent/President****.* Dr. Blake was appointed Superintendent/President of the District on June 17, 2016 after serving as the President of the College of Alameda for over a year. Dr. Blake has over 30 years of administrative experience in education, including serving in administrative positions at Skyline College, San Diego Mesa College, Southwestern College and as a Policy Assistant at the U.S. Department of Education. Dr. Blake received her Bachelor of Arts degree in Health Science from San Francisco State University, Master of Arts degree in Vocational Rehabilitation

Counseling from San Diego State University and her Doctor of Education degree in Educational Leadership from San Diego State University.

***Ron Ballesteros-Perez, Assistant Superintendent/Vice President, Finance and Administrative Services.*** Mr. Ballesteros-Perez began working for Palomar College on June 18, 2012, following seven years with San Diego Mesa College. Mr. Ballesteros-Perez has over 20 years of experience in education, including holding administrative and accounting positions with the San Diego County Office of Education and as Director of Finance and Business Services at Highline College in Seattle. Mr. Ballesteros-Perez received his Bachelor of Science degree in business administration from Wayland Baptist University and Master of Arts degree in organizational leadership from Chapman University.

### Labor Relations

The District currently employs ___ certificated employees, ___ classified employees and ___ managerial employees. The District also employs ___ part-time faculty and employees. District employees, except supervisors, management and some part-time employees, are represented by the three bargaining units as noted below:

**BARGAINING UNITS**
**Palomar Community College District**

| Bargaining Unit | Number of Budgeted Employees | Expiration Date of Current Labor Agreement |
|---|---|---|
| Palomar Faculty Federation, CFT/AFT Local 6161 | | June 30, 20__ |
| Council of Classified Employees, CCE/AFT Local 4522 | | June 30, 20__ |

*Source: Palomar Community College District.*

### Retirement Programs

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

***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 recently 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 will increase over a three-year phase-in period in accordance with the following schedule:

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

| Effective Date | STRS Members Hired Prior to January 1, 2013 | STRS Members Hired After January 1, 2013 |
|---|---|---|
| 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 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)**

| Effective Date | K-14 school districts |
|---|---|
| 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.

The District's contribution to STRS was $3,116,366 for fiscal year 2012-13, $3,377,399 for fiscal year 2013-14, $3,376,746 for fiscal year 2014-15 and $4,464,345 for fiscal year 2015-16. The District has budgeted $__________ as its contribution for fiscal year 2016-17.

The State also contributes to STRS, currently in an amount equal to 4.891% of teacher payroll for fiscal year 2015-16. 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. Pursuant to AB 1469, the State contribution rate will increase over a three year period to a total of 6.328% in fiscal year 2016-17. 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. 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, 2014 included 1,580 public agencies and 1,513 K-14 school districts. 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 PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16 and 13.888% in fiscal year 2016-17. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal years 2015-16 and 2016-17. See "— California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS was $3,107,842 for fiscal year 2012-13, $3,301,750 for fiscal year 2013-14, $3,745,361 for fiscal year 2014-15 and $3,149,867 for fiscal year 2015-16. The District has budgeted $_________ as its contribution for fiscal year 2016-17.

***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; (ii) PERS: 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**
**(Dollar Amounts in Millions)[1]**
**Fiscal Years 2010-11 through 2014-15**

STRS

| Fiscal Year | Accrued Liability | Value of Trust Assets (MVA)[2] | Unfunded Liability (MVA)[2][3] | Value of Trust Assets (AVA)[4] | Unfunded Liability (AVA)[4] |
|---|---|---|---|---|---|
| 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 |

PERS

| Fiscal Year | Accrued Liability | Value of Trust Assets (MVA)[2] | Unfunded Liability (MVA)[2] | Value of Trust Assets (AVA)[4] | Unfunded Liability (AVA)[4] |
|---|---|---|---|---|---|
| 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 | --[5] | --[5] |
| 2014-15[6] | 73,325 | 56,814 | 16,511 | --[5] | --[5] |

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes assets allocated to the SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(6) On April 19, 2016, the PERS Finance & Administration Committee approved the K-14 school district contribution rate for fiscal year 2016-17 and released certain actuarial information to be incorporated into the June 30, 2015 actuarial valuation to be released in summer 2016.

*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. The following are certain of the actuarial assumptions adopted by the STRS Board with respect to the STRS Defined Benefit Program Actuarial Valuation for fiscal year 2014-15: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," 7.50% investment rate of return (net of investment and administrative expenses), 4.50% interest on member accounts, 3.75% projected wage growth, and 3.00% projected inflation. According to the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2015, the future revenue from contributions and appropriations for the STRS Defined Benefit Program was projected to be sufficient to finance its obligations. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board.

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 the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans.

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 to 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 will first be 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 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 to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. 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 (the "Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2016, the District's collective net STRS and PERS pension liability is shown in table below. See "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto for more information.

| Pension Plan | Collective Net Pension Liability | Collective Deferred Outflow of Resources | Collective Deferred inflow of Resources | Collective Pension Expense |
|---|---|---|---|---|
| CalSTRS | $61,617,589 | $9,708,639 | $10,907,368 | $4,457,563 |
| CalPERS | 38,144,438 | 11,640,123 | 11,826,793 | 3,318,676 |
| | $99,762,027 | $21,348,762 | $22,734,161 | $7,776,239 |

***PARS Supplemental Early Retirement Plan.*** In June 2015, the District entered into a PARS Supplemental Early Retirement Plan for employees retiring as of June 30, 2015, and met certain eligibility requirements. Future payments are as follows:

| **Fiscal Year Ending June 30** | **Amount** |
|---|---|
| 2017 | $1,269,126 |
| 2018 | 1,269,126 |
| 2019 | 1,269,126 |
| 2020 | 1,269,126 |
| Total | $5,076,504 |

**Other Post-Employment Benefits**

***Benefits Plan.*** The District administers a single-employer defined benefit health care plan (the "Plan") providing health and dental benefits to eligible retirees, spouses/registered domestic partners and dependents. Benefit provisions are established by the District in conjunction with its bargaining units, and are renegotiated every three years. Eligibility requirements vary by employee class (academic, classified, administration), and the length of coverage provided depends on years of total service to the District, with varying minimum service requirements applying to each employee class. As of June 30, 2016, membership in the Plan consisted of 446 retirees receiving benefits and 681 active Plan members.

***Funding Policy.*** The District currently funds the costs of Plan benefits on a pay-as-you-go basis sufficient to cover the cost of current insurance premiums for eligible retirees. For fiscal year 2013-14, the District contributed $6,205,434 towards the Plan benefits. For fiscal year 2014-15, the District contributed $5,140,471 towards the Plan benefits. For fiscal year 2015-16, the District contributed $5,832,306 towards the Plan benefits. For fiscal year 2016-17, the District has budgeted $__________ to contribute towards the Plan benefits.

The District has established an irrevocable trust (the "OPEB Trust") to prefund the District's AAL (as defined herein) through a program sponsored by the Community College League of California. As of June 30, 2016, the value of assets in the OPEB Trust had a market value of $_________.

In addition to the OPEB Trust, the District maintains a Retiree Benefits Fund ("Fund 69") into which surplus funds, from time to time, are deposited. As of June 30, 2016, Fund 69 had a balance of approximately $__________. Funds on deposit in the Retiree Benefits Fund are eligible to be deposited into the OPEB Trust; however, Fund 69 has not been irrevocably pledged to the payment of post-employment benefits and as such may be accessed by the District for other purposes.

***Accrued Liability.*** The District has implemented *Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its liability with respect to the Plan benefits. The most recent of these studies, dated as of ___________ (the "Study") concluded that the actuarial accrued liability ("AAL") for Plan benefits, as of an ______________ valuation date, was $__________. The Study also calculated that the annual required contribution ("ARC") for the year beginning ______________ was $_________, taking into account segregated assets on deposit in the OPEB Trust with an actuarial value, as of _____________, of $_________. The ARC is the amount that would be necessary to fund value of future benefits earned by current employees (the "Normal Cost") and amortize the AAL in accordance with GASB 45.

As of June 30, 2016, the District recognized a net long-term balance sheet liability (the "Net OPEB Obligation") of $2,565,567 with respect to the Other Post-Employment Benefits, based on its contributions towards the ARC for fiscal year 2015-16, as adjusted by the annual change to the ARC and interest accrued on the prior fiscal year's Net OPEB Obligation. See also "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

**Risk Management**

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance and participation in certain public entity risk pools, as described below.

The District participates in four joint powers agreements (each, a "JPA") for various insurance coverages, as described below. The JPAs are not considered component units of the District for financial reporting purposes. The San Diego County School Fringe Benefits Consortium ("the Consortium") serves various K-14 school districts in San Diego, Imperial and Riverside Counties. The Consortium uses the accumulated purchasing power of its participating districts in negotiating price discounts and other concessions in the procurement of various pre-tax retirement plans. The Statewide Association of Community Colleges ("SWACC") provides property and liability coverage to various community college districts in California. SWACC is governed by a board consisting of one representative from each of the founding member districts. The Schools Association for Excess Risk ("SAFER") arranges for and provides self-funded or excess liability coverage to various K-14 school districts. The Statewide Educational Wrap-Up Program ("SEWUP") is a consolidated construction insurance program covering job-site construction risk.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years.

**General Fund Budgeting**

The table on the following page shows the District's general fund budgets for fiscal years 2012-13 through 2016-17, the District's actual ending results for fiscal years 2012-13 through 2015-16, and the District's projected ending results for fiscal year 2016-17. For further information, see also "APPENDIX B – THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

## GENERAL FUND BUDGETING
## Palomar Community College District
## Fiscal Years 2012-13 through 2016-17[1]

| | Fiscal Year 2012-13 | | Fiscal Year 2013-14[1] | | Fiscal Year 2014-15 | | Fiscal Year 2015-16 | | Fiscal Year 2016-17 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES:** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Actual** | **Budgeted** | **Projected[2]** |
| Federal | $8,084,108 | $7,069,838 | $9,114,052 | $6,288,864 | $7,274,331 | $6,654,374 | $9,554,603 | $7,326,878 | $4,889,621 | |
| State | 43,304,520 | 36,023,794 | 36,783,669 | 43,534,300 | 44,070,433 | 46,990,870 | 58,131,919 | 55,214,215 | 40,581,638 | |
| Local | 64,538,940 | 70,566,395 | 74,958,740 | 71,138,497 | 74,388,399 | 78,903,933 | 70,986,145 | 85,000,242 | 86,972,511 | |
| **TOTAL REVENUES** | 115,927,568 | 113,660,027 | 120,856,461 | 120,961,661 | 125,733,163 | 132,549,177 | 138,672,667 | 147,541,335 | 132,443,770 | |
| **EXPENDITURES:** | | | | | | | | | | |
| Academic Salaries | 45,044,770 | 43,604,781 | 44,969,560 | 47,158,775 | 47,303,185 | 48,312,099 | 46,952,698 | 47,481,517 | 49,367,840 | |
| Classified Salaries | 30,184,588 | 29,729,306 | 30,076,946 | 29,876,406 | 30,261,114 | 31,297,674 | 30,033,147 | 31,008,218 | 30,646,566 | |
| Employee Benefits | 28,454,388 | 27,263,253 | 28,393,957 | 27,344,976 | 27,807,042 | 27,389,696 | 28,768,589 | 32,026,680 | 32,245,669 | |
| Supplies and Materials | 2,104,015 | 1,756,098 | 1,807,517 | 1,929,168 | 2,002,573 | 2,150,618 | 2,761,014 | 2,309,624 | 2,495,838 | |
| Other Operating Expenses and Services | 12,192,781 | 11,793,218 | 10,920,844 | 11,952,917 | 11,491,109 | 14,691,387 | 14,710,488 | 15,718,044 | 14,947,602 | |
| Capital Outlay | 1,699,710 | 1,595,012 | 816,839 | 1,032,881 | 4,267,998 | 4,157,068 | 4,970,339 | 4,135,129 | 4,046,139 | |
| **TOTAL EXPENDITURES** | 119,680,252 | 115,741,668 | 116,985,663 | 119,295,123 | 123,133,021 | 127,998,542 | 128,196,275 | 132,679,212 | 133,749,654 | |
| **EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES** | (3,752,684) | (2,081,641) | 3,870,798 | 1,666,538 | 2,600,142 | 4,550,635 | 10,476,392 | 14,862,123 | (1,305,884) | |
| **OTHER FINANCING SOURCES (USES)** | 1,884,910 | 1,981,802 | 1,933,185 | 1,907,112 | 1,999,248 | 3,927,751 | 3,888,740 | 3,845,332 | 2,115,738 | |
| **OTHER OUTGO** | 4,331,058 | 4,695,249 | 6,581,534 | 5,472,214 | 6,689,289 | 7,765,935 | 13,220,711 | 8,599,639 | 14,645,235 | |
| **NET INCREASE (DECREASE) IN FUND BALANCES** | (6,198,832) | (4,795,088) | (777,551) | (1,898,564) | (2,089,899) | 712,451 | 1,144,421 | 10,107,816 | (13,835,381) | |
| **BEGINNING FUND BALANCE:** | | | | | | | | | | |
| **Net Beginning Balance, July 1** | 23,132,481 | 23,132,481 | 18,337,393 | 18,337,393 | 16,436,683 | 16,436,683 | 17,149,134 | 17,149,134 | 30,580,511 | |
| **Prior Year Adjustments** | -- | -- | -- | (2,146) | -- | -- | -- | 3,323,561 | -- | |
| **Adjusted Beginning Balance** | -- | -- | -- | 18,335,247 | -- | 16,436,683 | -- | 20,472,695 | -- | |
| **ENDING FUND BALANCE, JUNE 30** | $16,933,649 | $18,337,393 | $17,559,842 | $16,436,683 | $14,346,784 | $17,149,134 | $18,293,555 | $30,580,511 | $16,745,130 | |

(1) Budget for fiscal years 2012-13 through 2016-17 and actuals for fiscal years 2012-13 through 2015-16 from the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited statements of total revenues, expenditures and changes in fund balances for the District's governmental funds for fiscal years 2011-12 through 2015-16, see "PALOMAR COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.

(2) Projected results for fiscal year 2016-17 as of ___________, 2017.

*Source: Palomar Community College District.*

## Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

## Comparative Financial Statements

The table on the following page displays the District's revenues, expenses and changes in net assets for its primary government funds during fiscal years 2011-12 through 2015-16.

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## SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## Fiscal Years 2011-12 through 2015-16
## Palomar Community College District

| OPERATING REVENUES | Fiscal Year 2011-12 | Fiscal Year 2012-13 | Fiscal Year 2013-14 | Fiscal Year 2014-15 | Fiscal Year 2015-16 |
|---|---|---|---|---|---|
| Student tuition and fees | $20,588,232 | $25,350,691 | $26,129,521 | $26,971,986 | $25,614,386 |
| Less: Scholarship discounts and allowances | (7,155,193) | (10,298,549) | (10,749,142) | (10,910,740) | (10,655,601) |
| Net tuition and fees | 13,433,039 | 15,052,142 | 15,380,379 | 16,061,246 | 14,958,785 |
| Other operating revenues | -- | -- | -- | 93,191 | 112,551 |
| Grants and contracts – non-capital | | | | | |
| Federal | 22,982,811 | 24,938,986 | 24,879,425 | -- | -- |
| State | 8,390,682 | 7,746,875 | 9,744,931 | -- | -- |
| Local | 2,781,599 | 2,770,684 | 2,001,790 | -- | -- |
| **TOTAL OPERATING REVENUES** | 47,588,131 | 50,508,687 | 52,006,525 | 16,154,437 | 15,071,336 |
| **OPERATING EXPENSES** | | | | | |
| Salaries | 75,081,526 | 74,535,199 | 78,243,816 | 80,901,353 | 79,689,522 |
| Employee benefits | 32,502,501 | 34,035,381 | 36,181,308 | 40,384,426 | 31,949,615 |
| Supplies, materials and other operating expenses and services | 24,517,486 | 23,090,869 | 30,589,714 | 23,566,666 | 28,316,009 |
| Student financial aid | 17,652,775 | 18,618,612 | 19,633,317 | 20,069,828 | 20,293,436 |
| Equipment, maintenance, and repairs | -- | -- | -- | 11,173,581 | 11,052,490 |
| Depreciation | 4,176,216 | 5,194,867 | 7,388,303 | 5,681,183 | 6,657,477 |
| **TOTAL OPERATING EXPENSES** | 153,930,504 | 155,474,928 | 172,036,458 | 181,777,037 | 177,958,549 |
| **OPERATING INCOME (LOSS)** | (106,342,373) | (104,966,241) | (120,029,933) | (165,622,600) | (162,887,213) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| State apportionments, non-capital | 28,486,549 | 12,374,247 | 17,594,528 | 29,779,740 | 31,780,630 |
| Local property taxes | 65,770,446 | 68,065,086 | 67,878,984 | 58,826,507 | 66,475,944 |
| Taxes levied for other specific purposes | -- | -- | -- | 14,993,817 | 21,046,798 |
| Federal grants | -- | -- | -- | 25,007,748 | 25,196,306 |
| State grants | -- | -- | -- | 16,155,242 | 20,386,844 |
| Other local revenues | 3,854,885 | 4,027,458 | 3,459,573 | -- | -- |
| State taxes and other revenues | 4,143,395 | 17,083,480 | 19,764,916 | 5,145,514 | 4,953,267 |
| Investment income | -- | -- | -- | 778,590 | 1,686,423 |
| Interest expense | (17,256,910) | (16,943,143) | (18,187,022) | (7,366,472) | (22,037,932) |
| Investment income on capital asset-related debt, net | -- | -- | -- | 57,565 | 191,378 |
| Interest and investment income – non-capital | 1,372,260 | (291,808) | 993,697 | -- | -- |
| Transfer from fiduciary funds | -- | -- | -- | 197,580 | 207,661 |
| Transfer to fiduciary funds | -- | -- | -- | (34,265) | (32,000) |
| Other non-operating revenue | -- | -- | -- | 4,797,729 | 1,191,015 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 86,370,625 | 84,315,320 | 91,504,676 | 148,339,295 | 151,046,334 |
| **LOSS BEFORE OTHER REVENUES (EXPENSES)** | (19,971,748) | (20,650,921) | (28,525,257) | (17,283,305) | (11,840,879) |
| **INCOME BEFORE OTHER REVENUES** | | | | | |
| State revenues, capital | 759,170 | 98,222 | 668,282 | 532,456 | 11,245,527 |
| Local property taxes and other revenue, capital | 2,162,926 | 2,291,965 | 2,147,640 | 2,556,469 | 4,311,768 |
| Loss on disposal of fixed asset | (23,993) | -- | -- | -- | -- |
| **TOTAL OTHER REVENUES (EXPENSES)** | 2,898,103 | 2,390,187 | 2,815,922 | 3,088,925 | 15,557,295 |
| **CHANGE IN NET ASSETS** | (17,073,645) | (18,260,734) | (25,709,335) | (14,194,380) | 3,716,416 |
| **NET ASSETS, BEGINNING OF YEAR** | 144,836,081 | 127,762,436 | 120,428,074 | 92,424,849 | (24,758,037) |
| **ADJUSTMENT FOR RESTATEMENT** | -- | 10,926,372(1) | (2,293,890)(2) | (102,988,506)(3) | -- |
| **NET ASSETS, END OF YEAR** | $127,762,436 | $120,428,074 | $92,424,849 | $(24,758,037) | $(21,041,621) |

(1) Adjustment reflects the implementation by the District of GASB Statement No. 62, requiring the capitalization of interest as part of the historical cost of constructing certain business-type activity assets.
(2) Adjustment reflects the implementation by the District of GASB Statement No. 65, which reclassifies certain items previously reported as assets and liabilities, and is effective beginning with fiscal year 2013-14. Specifically, the restatement reflects the reclassification of amortized District debt issuance costs.
(3) Adjustment reflects the implementation by the District of GASB Statement No. 68, which required recording a prior period adjustment for net pension liability and the correction of an error in the prior year's financial statements.

*Source: Palomar Community College District.*

## District Debt Structure

***Long-Term Debt***. General long-term debt of the District as of June 30, 2016 consisted of the following:

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|---|---|---|---|---|
| Bonds Payable: | | | | |
| General obligation bonds | $595,248,207 | $7,502,090 | $6,795,556 | $595,954,741 |
| Lease revenue bonds | 4,350,000 | -- | 525,000 | 3,825,000 |
| Total Bonds | 599,598,207 | 7,502,090 | 7,320,556 | 599,779,741 |
| Other Obligations: | | | | |
| Compensated absences | 2,640,131 | 212,403 | -- | 2,852,534 |
| Load banking | 522,348 | 153,684 | 160,241 | 515,791 |
| PARS supplemental early retirement obligation | 6,345,630 | -- | 1,269,126 | 5,076,504 |
| Net OPEB obligation | 1,588,689 | 6,839,184 | 5,862,306 | 2,565,567 |
| Aggregate net pension obligation | 84,411,063 | 15,350,964 | -- | 99,762,027 |
| Total Other Liabilities | 95,507,861 | 22,556,235 | 7,291,673 | 110,772,423 |
| Total Long-Term Obligations | $695,106,068 | $30,058,325 | $14,612,229 | $710,552,164 |

*Source: Palomar Community College District.*

***General Obligation Bonds.*** Pursuant to the Authorization, the District has issued four series of bonds, totaling $554,998,901.20 in principal amount. The proceeds of such bonds have been used to renovate, construct and equip District sites and facilities. The District has also issued one series of refunding bonds to refinance a portion of the bonds issued pursuant to the Authorization. The following table summarizes the outstanding general obligation bond issuances by the District, not including the Bonds.

**OUTSTANDING GENERAL OBLIGATION BONDS**
**Palomar Community College District**

| Issuance | Initial Principal Amount | Principal Outstanding[1] | Date of Delivery |
|---|---|---|---|
| Election of 2006, Series A | $160,000,000.00 | $4,160,000.00 | May 2, 2007 |
| Election of 2006, Series B | 91,498,901.20 | 89,380,854.50 | November 12, 2010 |
| Election of 2006, Series B-1 | 83,500,000.00 | 83,500,000.00 | November 12, 2010 |
| 2015 Refunding Bonds | 115,675,000.00 | 114,100,000.00 | January 28, 2015 |
| Election of 2006, Series C | 220,000,000.00 | 213,570,000.00 | April 8, 2015 |

(1) As of January 1, 2017.

The table below shows the annual debt service requirements of the District's outstanding bonded indebtedness, including the Bonds (and assuming no further optional redemptions).

| Year Ending (Aug. 1) | Series A Bonds[1] | Series B Bonds[2][3] | Series B-1 Bonds[2][3][4] | 2015 Refunding Bonds[1] | Series C Bonds[2] | New Money Bonds[2] | Refunding Bonds[2][5] | Total Debt Service |
|---|---|---|---|---|---|---|---|---|
| 2017 | $4,368,000.00 | $880,000.00 | $6,006,990.00 | $5,665,900.00 | $16,859,850.00 | | | |
| 2018 | -- | 1,175,000.00 | 6,006,990.00 | 9,575,900.00 | 10,601,700.00 | | | |
| 2019 | -- | 1,575,000.00 | 6,006,990.00 | 9,774,500.00 | 9,689,900.00 | | | |
| 2020 | -- | 1,780,000.00 | 6,006,990.00 | 10,011,250.00 | 10,237,700.00 | | | |
| 2021 | -- | 3,000,000.00 | 6,006,990.00 | 10,230,500.00 | 9,883,300.00 | | | |
| 2022 | -- | 3,640,000.00 | 6,006,990.00 | 10,452,000.00 | 10,112,800.00 | | | |
| 2023 | -- | 4,315,000.00 | 6,006,990.00 | 10,689,500.00 | 10,339,800.00 | | | |
| 2024 | -- | 5,125,000.00 | 6,006,990.00 | 10,926,000.00 | 10,483,800.00 | | | |
| 2025 | -- | 5,030,000.00 | 6,006,990.00 | 11,165,250.00 | 11,523,300.00 | | | |
| 2026 | -- | 7,278,020.00 | 6,006,990.00 | 11,410,750.00 | 10,393,050.00 | | | |
| 2027 | -- | 7,778,020.00 | 6,006,990.00 | 11,655,750.00 | 10,958,800.00 | | | |
| 2028 | -- | 8,478,020.00 | 6,006,990.00 | 11,918,750.00 | 11,378,300.00 | | | |
| 2029 | -- | 9,478,020.00 | 6,006,990.00 | 12,177,250.00 | 11,562,300.00 | | | |
| 2030 | -- | 10,278,020.00 | 6,006,990.00 | 12,434,750.00 | 11,996,300.00 | | | |
| 2031 | -- | 10,967,407.50 | 6,006,990.00 | 12,714,500.00 | 12,572,050.00 | | | |
| 2032 | -- | 13,277,407.50 | 6,006,990.00 | 12,988,500.00 | 11,681,050.00 | | | |
| 2033 | -- | 26,277,407.50 | 6,006,990.00 | -- | 12,599,800.00 | | | |
| 2034 | -- | 28,277,407.50 | 6,006,990.00 | -- | 12,737,600.00 | | | |
| 2035 | -- | 29,277,407.50 | 6,006,990.00 | -- | 13,513,000.00 | | | |
| 2036 | -- | 30,280,007.50 | 6,006,990.00 | -- | 14,360,000.00 | | | |
| 2037 | -- | 30,023,027.50 | 6,006,990.00 | -- | 16,464,200.00 | | | |
| 2038 | -- | 31,285,907.50 | 6,006,990.00 | -- | 17,208,600.00 | | | |
| 2039 | -- | 32,680,687.50 | 6,006,990.00 | -- | 17,903,800.00 | | | |
| 2040 | -- | 22,249,387.50 | 6,006,990.00 | -- | 29,860,000.00 | | | |
| 2041 | -- | 23,358,962.50 | 6,006,990.00 | -- | 30,995,000.00 | | | |
| 2042 | -- | 24,572,331.26 | 6,006,990.00 | -- | 32,114,750.00 | | | |
| 2043 | -- | 10,513,875.00 | 27,006,990.00 | -- | 27,909,250.00 | | | |
| 2044 | -- | 5,482,175.00 | 33,996,250.00 | -- | 28,008,750.00 | | | |
| 2045 | - | 4,058,206.26 | 35,374,020.00 | -- | -- | | | |
| Total | $4,368,000.00 | $392,391,705.02 | $252,559,000.00 | $173,791,050.00 | $433,948,750.00 | | | |

(1) Interest payments thereon due May 1 and November 1 of each year, with principal payable on May 1.
(2) Interest payments thereon due February 1 and August 1 of each year, with principal payable on August 1.
(3) Includes debt service on the Refunded Bonds expected to be refunded by the Refunding Bonds. Prior to the Crossover Date, the Refunded Bonds will continue to be an obligation of the District payable solely from *ad valorem* property taxes.
(4) The Series B-1 Bonds were designated as federally-taxable "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code (as defined herein) apply thereto. The District expects to receive cash subsidy payments ("Subsidy Payments") from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each respective semi-annual interest payment date. Such Subsidy Payments are required to be deposited, as and when received, in the debt service fund for such bonds, to be used as a credit against future debt service thereon. Subsidy Payments are subject to reduction (each, a "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 6.9% through the end of the current federal fiscal year (September 30, 2017). In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County is empowered to levy an ad valorem property tax sufficient to pay principal of and interest on such bonds.
(5) Includes debt service on the Refunding Bonds prior to the Crossover Date, payable solely from amounts on deposit in the Escrow Fund. From and after the Crossover Date, debt service on the Refunding Bonds is payable solely from *ad valorem* property taxes.

***Lease Revenue Bonds.*** On July 18, 2001, the California Community College Financing Authority issued $11,845,000 of its Lease Revenue Bonds, Series 2001A (the "2001 Authority Bonds") on behalf of four community college districts, including the District, for purposes of financing the cost of certain capital facilities. Of the total principal amount of the 2001 Authority Bonds, $3,095,000 was attributable to the District. On October 1, 2010, the Authority issued $8,255,000 of its 2010 Refunding Lease Revenue Bonds (the "2010 Authority Bonds," and together with the 2001 Authority Bonds, the "Lease Revenue Bonds") on behalf of three community college district, including the District, for the purposes of refinancing certain, then-outstanding lease revenue bonds of the Authority attributable to such districts. Of the total principal amount of the 2010 Authority Bonds, $3,780,000 was attributable to the District.

The Lease Revenue Bonds were each issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, consisting of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of California (commencing with Section 6584). Each series of the Lease Revenue Bonds are payable from lease payments to be made by the participating districts, pursuant to lease-purchase agreements (each, a "Lease") by and between each district and the Authority, in exchange for use and possession of certain real estate assets of each district. Pursuant to its Lease, each district has covenanted that it will take such action as may be necessary to include the lease payments and other payments due under such district's Lease in its annual budgets and to make the necessary annual appropriations therefor. Each district's obligation to make lease payments is subject to abatement in the event of the taking of, damage to or loss of use and possession of the property that is the subject of its Lease.

The following table shows the District's annual lease payment requirements in connection with the Lease Revenue Bonds.

| Year Ending (October 1) | 2001 Authority Bonds[(1)] | 2010 Authority Bonds[(2)] |
|---|---|---|
| 2017 | $204,600.00 | $498,700.00 |
| 2018 | 204,850.00 | 499,900.00 |
| 2019 | 204,850.00 | 365,650.00 |
| 2020 | 204,600.00 | -- |
| 2021 | 204,100.00 | -- |
| 2022 | 203,350.00 | -- |
| 2023 | 206,600.00 | -- |
| 2024 | 204,287.50 | -- |
| 2025 | 206,693.76 | -- |
| 2026 | 203,537.50 | -- |
| 2027 | 205,100.00 | -- |
| 2028 | 201,900.00 | -- |
| 2029 | 203,443.76 | -- |
| 2030 | 204,475.00 | -- |
| 2031 | 204,993.76 | -- |
| Total | $3,067,381.28 | $1,364,250.00 |

(1) Lease payments reflecting interest on the 2001 Authority Bonds will be made semiannually on April 1 and October 1. Lease payments reflecting principal of the Lease Revenue Bonds are made on April 1 of each year

(2) Lease payments reflecting interest on the 2010 Authority Bonds will be made semiannually on April 1 and October 1. Lease payments reflecting principal of the Lease Revenue Bonds are made on October 1 of each year.

## TAX MATTERS

In the opinion of Bond 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 Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds 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 (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (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 a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds 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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, 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 INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. 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 BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, 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 BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificates of the District relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Copies of the proposed forms of opinions of Bond Counsel for the respective series of Bonds are attached hereto as APPENDIX A.

## LIMITATION ON REMEDIES; BANKRUPTCY

***General.*** State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

***Statutory Lien.*** Pursuant to Section 53515 of the Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or its Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

***Special Revenues.*** If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

***Possession of Tax Revenues; Remedies.*** The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the San Diego County Investment Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" and "THE BONDS – Refunding Plan" herein and "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

***Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights.*** The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## LEGAL MATTERS

### Legality for Investment in California

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

### Continuing Disclosure

***Current Undertaking.*** In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than March 31 each year, commencing with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

***Prior Undertakings.*** [TO COME]

### Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

### Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### Legal Opinions

The legal opinions of Bond Counsel, approving the validity of each of the Bonds, will be supplied to the original, respective purchasers thereof without cost. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

### Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assumptions provided to them by the Underwriters relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay (i) the debt service due on the Refunding Bonds prior to the Crossover Date and (ii) the principal of the Refunded Bonds on the Crossover Date, such date being the first optional redemption date therefor, and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

## MISCELLANEOUS

### Ratings

The Bonds have been assigned ratings of "___" and "___" by Moody's and S&P, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich, New York, NY 10007; S&P Global Ratings, 55 Water Street, 45th Floor, New York, NY 10041. 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 agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds on EMMA. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

### Financial Statements

The District's financial statements with required supplemental information for the year ended June 30, 2016, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated ___________, 2016 of _____________ (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

**Underwriting**

Piper Jaffray & Co. (the "Underwriter"), has agreed, pursuant to a contract of purchase by and between the District and the Underwriter, to purchase all of the New Money Bonds for a purchase price of $__________ (equal to the principal amount of the New Money Bonds of $__________, plus original issue premium of $__________, minus an underwriting discount of $__________); and to purchase all of the Refunding Bonds for a purchase price of $__________ (equal to the principal amount of the Refunding Bonds of $__________, plus original issue premium of $__________, minus an underwriting discount of $__________.)

The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the inside cover pages of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

[REMAINDER OF PAGE LEFT BLANK]

## ADDITIONAL INFORMATION

This Official Statement supplies information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their 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 in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

**PALOMAR COMMUNITY COLLEGE DISTRICT**

By:____________________________________________

Joi Lin Blake, Ed.D.
Superintendent/President

## APPENDIX A

## FORMS OF OPINIONS OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the New Money Bonds substantially in the following form:*

[Closing Date]

Governing Board
Palomar Community College District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, the requisite fifty-five percent or more vote of the qualified electors of the Palomar Community College District (the "District") voting at an election held on November 7, 2006, and a resolution (the "Resolution") adopted by the Governing Board of the Palomar Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated

redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (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 a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds 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 Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds substantially in the following form:*

[Closing Date]

Governing Board
Palomar Community College District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution (the "Resolution") adopted by the Governing Board of the Palomar Community College District (the "District").

2. The Bonds, prior to August 1, 2020 (the "Crossover Date"), will be secured by and payable solely from proceeds of the Bonds on deposit in an escrow fund established therefor. From and after the Crossover Date, the Bonds shall constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will

accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (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 a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds 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 Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

**APPENDIX B**

**THE 2015-16 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

## APPENDIX C

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Palomar Community College District (the "District") in connection with the issuance of (i) $__________ Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006, Series D, and (ii) $__________ Palomar Community College District (San Diego County, California) 2017 General Obligation Refunding Bonds (2020 Crossover) (together, the "Bonds"). The Bonds are being issued pursuant to resolutions of the Governing Board of the District each adopted on February 16, 2017 (together, the "Resolutions"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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 by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"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.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than March 31 each year, commencing with the report for the 2016-17 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriters. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) The current fiscal year assessed valuation of taxable property within the District;

(E) Secured tax levy collections and delinquencies, except to the extent that the Teeter Plan, as adopted by San Diego County, applies to the tax levy for general obligation bonds of the District;

(F) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. 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).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the 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 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 District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Holders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. 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 Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District.

The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) 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 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this

Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Date: ____________, 2017

PALOMAR COMMUNITY COLLEGE DISTRICT

By____________________________________________

Assistant Superintendent/Vice President, Finance and Administrative Services

**EXHIBIT A**

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: PALOMAR COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: $__________ General Obligation Bonds, Election of 2006, Series D

$__________ 2017 General Obligation Refunding Bonds (2020 Crossover)

Date of Issuance: ____________, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

PALOMAR COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

## APPENDIX D

## ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITIES OF ESCONDIDO, SAN DIEGO AND SAN MARCOS AND SAN DIEGO COUNTY

*The following information regarding the City of Escondido ("Escondido"), the City of San Diego ("San Diego"), the City of San Marcos ("San Marcos," and together with Escondido and San Diego, the "Cities") and San Diego County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of any of the Cities, the County or the State of California (the "State").*

### General

***The City of Escondido.*** Escondido is located in a vast valley of the coastal mountain ranges of Southern California. Meaning "hidden" in Spanish and surrounded by avocado and citrus groves, Escondido lies 18 miles inland from the coast, 30 miles northeast of San Diego and 100 miles south of the City of Los Angeles. Escondido was incorporated on October 8, 1888 and operates under general law government with five council members elected at large. The mayor presides over the city council.

***The City of San Diego.*** San Diego lies adjacent to the border of Mexico in southern California and is 120 miles south of the City of Los Angeles. San Diego is the eighth largest city in the United States and the second largest city in California. San Diego lies atop approximately 200 deep canyons and hills separating it from the multiple mesas, which form indentations of natural open space and preserves that are scattered throughout San Diego, giving it a hilly topography and differing wild habitats. San Diego was incorporated on March 28, 1950. It is governed by a mayor, who serves the chief executive officer, and a nine member city council.

***The City of San Marcos.*** San Marcos is located in the foothills of northern San Diego County, approximately 35 minutes from downtown San Diego. San Marcos is bordered by the Cities of Escondido, Encinitas, Carlsbad and Vista. San Marcos encompasses a total area of 24.4 square miles including miles of hiking trails in the hills of its various 35 outdoor parks, and is also the home of California State University San Marcos. San Marcos was incorporated on January 28, 1963 and operates under council-manager form of government. San Marcos is governed by a mayor and four city council members elected to four-year terms.

***San Diego County.*** The County is located in the southwestern corner of California. It is bordered by the Pacific Ocean on the west, Imperial County to the east, Riverside and Orange Counties to the north and by the Mexican border to the south. The County is the second most populous county in the State. Topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east that rise to an elevation of 6,500 feet. The eastern slopes of these mountains form the outer rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, which is subsequently amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

## Population

The following table below shows historical population figures for the Cities, the County and the State from 2007 through 2016.

**POPULATION ESTIMATES**
**2007 through 2016**
**Cities of Escondido, San Diego and San Marcos, San Diego County and State of California**

| Year[1] | City of Escondido | City of San Diego | City of San Marcos | County of San Diego | State of California |
|---|---|---|---|---|---|
| 2007 | 139,566 | 1,266,978 | 79,273 | 2,998,477 | 36,399,676 |
| 2008 | 140,785 | 1,279,505 | 82,116 | 3,032,689 | 36,704,375 |
| 2009 | 142,161 | 1,294,031 | 82,879 | 3,064,436 | 36,966,713 |
| 2010[2] | 143,911 | 1,301,617 | 83,781 | 3,095,313 | 37,253,956 |
| 2011 | 145,261 | 1,311,855 | 84,677 | 3,120,688 | 37,536,835 |
| 2012 | 146,781 | 1,325,917 | 85,563 | 3,153,951 | 37,881,357 |
| 2013 | 148,522 | 1,345,358 | 87,591 | 3,194,778 | 38,239,207 |
| 2014 | 149,362 | 1,361,463 | 90,397 | 3,230,278 | 38,567,459 |
| 2015 | 149,973 | 1,379,456 | 92,076 | 3,263,848 | 38,907,642 |
| 2016 | 150,760 | 1,391,676 | 93,295 | 3,288,612 | 39,255,883 |

(1) As of January 1.
(2) As of April 1.
*Source: State Department of Finance.*

## Personal Income

The following table summarizes 10 years of per capita personal income for the County, State and United States from 2006 through 2015.

**PER CAPITA PERSONAL INCOME[1]**
**2006 through 2015**
**San Diego County, State of California, and United States**

| Year | San Diego County | State of California | United States |
|---|---|---|---|
| 2006 | $44,150 | $41,693 | $38,144 |
| 2007 | 44,912 | 43,182 | 39,821 |
| 2008 | 45,383 | 43,786 | 41,082 |
| 2009 | 43,269 | 41,588 | 39,376 |
| 2010 | 43,995 | 42,411 | 40,277 |
| 2011 | 46,374 | 44,852 | 42,453 |
| 2012 | 47,961 | 47,614 | 44,266 |
| 2013 | 48,938 | 48,125 | 44,438 |
| 2014 | 51,174 | 49,985 | 46,049 |
| 2015 | 53,298 | 52,651 | 47,669 |

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
*Source: U.S. Department of Commerce, Bureau of Economic Analysis.*

**Employment**

With respect to the Cities, County, and State, the following table summarizes the civilian labor force, employment and unemployment for the years 2011 through 2015.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
**2011 through 2015**
**Cities of Escondido, San Diego and San Marcos, San Diego County and State of California**

| Year | Area | Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|---|
| 2011 | City of Escondido | 68,300 | 61,200 | 7,100 | 10.3% |
| | City of San Diego | 678,700 | 611,900 | 66,800 | 9.8 |
| | City of San Marcos | 37,400 | 34,400 | 3,100 | 8.2 |
| | San Diego County | 1,524,600 | 1,367,200 | 157,300 | 10.3 |
| | State of California | 18,419,500 | 16,260,100 | 2,159,400 | 11.7 |
| 2012 | City of Escondido | 69,000 | 62,700 | 6,300 | 9.1% |
| | City of San Diego | 688,000 | 628,200 | 59,800 | 8.7 |
| | City of San Marcos | 38,300 | 35,600 | 2,800 | 7.2 |
| | San Diego County | 1,542,800 | 1,402,000 | 140,800 | 9.1 |
| | State of California | 18,554,800 | 16,630,100 | 1,924,700 | 10.4 |
| 2013 | City of Escondido | 68,900 | 63,500 | 5,400 | 7.8% |
| | City of San Diego | 692,400 | 640,800 | 51,600 | 7.5 |
| | City of San Marcos | 39,200 | 36,800 | 2,400 | 6.2 |
| | San Diego County | 1,547,000 | 1,425,900 | 121,100 | 7.8 |
| | State of California | 18,671,600 | 17,002,900 | 1,668,700 | 8.9 |
| 2014 | City of Escondido | 68,700 | 64,200 | 4,400 | 6.4% |
| | City of San Diego | 695,800 | 653,300 | 42,500 | 6.1 |
| | City of San Marcos | 40,300 | 38,300 | 2,000 | 5.0 |
| | San Diego County | 1,549,800 | 1,450,300 | 99,500 | 6.4 |
| | State of California | 18,811,400 | 17,397,100 | 1,414,300 | 7.5 |
| 2015 | City of Escondido | 69,300 | 65,700 | 3,600 | 5.2% |
| | City of San Diego | 702,500 | 667,800 | 34,700 | 4.9 |
| | City of San Marcos | 40,800 | 39,200 | 1,700 | 4.1 |
| | San Diego County | 1,563,800 | 1,482,500 | 81,300 | 5.2 |
| | State of California | 18,981,800 | 17,798,600 | 1,183,200 | 6.2 |

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
*Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2015 Benchmark.*

**Industry**

The Cities are included in the San Diego-Carlsbad Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for calendar years 2011 through 2015. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends within the communities served by the District.

**INDUSTRY EMPLOYMENT & LABOR FORCE**
**2011 through 2015[(1)]**
**San Diego-Carlsbad Metropolitan Statistical Area**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Total Farm | 9,800 | 9,800 | 9,800 | 9,400 | 9,100 |
| Mining, Logging and Construction | 55,600 | 57,400 | 61,300 | 64,300 | 69,900 |
| Manufacturing: | 96,000 | 97,800 | 99,000 | 101,600 | 105,300 |
| Wholesale Trade | 41,500 | 43,500 | 43,900 | 43,700 | 44,000 |
| Retail Trade | 133,400 | 137,200 | 141,300 | 144,300 | 146,800 |
| Transportation, Warehousing & Utilities | 26,100 | 27,300 | 27,200 | 27,000 | 28,200 |
| Information | 24,200 | 24,500 | 24,300 | 24,400 | 23,900 |
| Financial Activities | 67,400 | 69,700 | 70,800 | 69,400 | 71,400 |
| Professional & Business Services | 207,700 | 213,900 | 221,600 | 224,900 | 230,900 |
| Education & Health Services | 167,900 | 174,500 | 181,000 | 186,000 | 193,200 |
| Leisure & Hospitality | 155,600 | 161,700 | 168,600 | 177,000 | 184,000 |
| Other Services | 47,700 | 49,200 | 49,300 | 52,000 | 53,000 |
| Government | 229,000 | 227,800 | 229,500 | 231,900 | 235,900 |
| Total (all industries) | 1,261,800 | 1,294,300 | 1,327,500 | 1,355,900 | 1,395,500 |

(1) Annual averages, unless otherwise specified.
Note: Items may not add to total due to independent rounding.
*Source: California Employment Development Department, Labor Market Information Division. March 2015 Benchmark.*

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**Largest Employers**

The following tables list the most recently available data concerning the ten largest employers located in the Cities and the County.

**LARGEST EMPLOYERS**
**2015**
**City of Escondido**

| Rank | Employer | Employees | Description |
|---|---|---|---|
| 1. | Palomar Medical Center | 4,411 | Health care and hospital |
| 2. | Escondido Union School District | 1,898 | Primary education |
| 3. | Welk Group Inc. | 1,500 | Vacation homes and resorts |
| 4. | San Diego Safari Park | 1,188 | Zoo |
| 5. | City of Escondido | 1,035 | City government |
| 6. | Escondido Union High School District | 887 | Secondary education |
| 7. | Home Depot[(1)] | 3338 | Retail construction materials |
| 7. | Toyota of Escondido | 320 | Automobile sales and repair |
| 9. | ARS National Services Inc. | 300 | Collection agency |
| 10. | Nordstrom | 280 | Retail clothing |

*(1) Employee Count was confirmed for one of the only two Home Depot locations.*
*Source: City of Escondido "Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.*

**PRINCIPAL EMPLOYERS**
**2016**
**City of San Diego**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | Naval Base San Diego | 38,455 | National Security |
| 2. | University of California, San Diego | 29,986 | Educational Services |
| 3. | Sharp Healthcare | 17,807 | Health Services |
| 4. | County of San Diego | 17,384 | Public Administration |
| 5. | San Diego Unified School District | 14,120 | Educational Services |
| 6. | Qualcomm, Inc. | 11,600 | Communications |
| 7. | City of San Diego | 11,387 | Public Administration |
| 8. | Scripps Health | 10,853 | Health Services |
| 9. | Kaiser Permanente | 8,385 | Health Services |
| 10. | San Diego Community College District | 5,580 | Educational Services |

*Source: City of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

**PRINCIPAL EMPLOYERS[1]**
**2016**
**City of San Marcos**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | Hunter Industries Inc. | 740 | Irrigation manufacturing |
| 2. | United Parcel Service | 484 | Package shipping and delivery |
| 3. | Southern CA Permanente Med Group | 403 | Medical center |
| 4. | Wal-Mart Stores, Inc. | 350 | Retail and grocery |
| 5. | Costco Wholesale | 350 | Wholesale retail and grocery |
| 6. | 24 Hour Fitness | 318 | Personal fitness center |
| 7. | Lusardi Construction Co. | 300 | Construction |
| 8. | RB III Associates Inc. | 259 | Apparel & Textile Products |
| 9. | Fluid Components Intl LLC | 245 | Instrumentation manufacturing |
| 10. | University Aux. & Researches Services | 230 | Educational services |

(1) Private employers only.
*Source: City of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

**PRINCIPAL EMPLOYERS**
**2016**
**San Diego County**

| Rank | Employer | Employees | Industry |
|---|---|---|---|
| 1. | University of California, San Diego | 30,671 | Educational Services |
| 2. | Sharp HealthCare | 17,809 | Health Services |
| 3. | County of San Diego | 17,034 | Public Administration |
| 4. | Scripps Health | 14,863 | Health Services |
| 5. | City of San Diego | 11,347 | City government and Services |
| 6. | Kaiser Permanente | 8,406 | Health Services |
| 7. | UC San Diego Health | 7,438 | Health Services |
| 8. | San Diego Community College District | 5,902 | Educational Services |
| 9. | General Atomics Aeronautical Systems, Inc. | 5,480 | Transportation Equipment |
| 10. | Rady Children’s Hospital – San Diego | 5,129 | Health Services |

*Source: County of San Diego Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.*

## Retail Trade

The following tables show a five-year history of taxable sales for the Cities and the County:

**TAXABLE SALES**
**2004 through 2014**
**City of Escondido**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 2,414 | $1,728,265 | 3,706 | $2,132,167 |
| 2011 | 2,549 | 1,940,690 | 3,830 | 2,403,036 |
| 2012 | 2,621 | 2,170,967 | 3,888 | 2,649,357 |
| 2013 | 2,618 | 2,257,769 | 3,849 | 2,762,499 |
| 2014 | 2,621 | 2,332,789 | 3,860 | 2,888,844 |

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

**TAXABLE SALES**
**2004 through 2014**
**City of San Diego**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 23,690 | $13,062,313 | 35,480 | $17,878,932 |
| 2011 | 24,375 | 14,191,502 | 35,948 | 19,497,504 |
| 2012 | 24,891 | 15,027,152 | 36,378 | 20,544,652 |
| 2013 | 25,638 | 15,737,000 | 37,045 | 21,494,505 |
| 2014 | 26,522 | 16,262,595 | 38,088 | 22,272,059 |

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

**TAXABLE SALES**
**2004 through 2014**
**City of San Marcos**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 1,259 | 911,067 | 2,202 | $1,152,121 |
| 2011 | 1,273 | 964,587 | 2,199 | 1,200,846 |
| 2012 | 1,246 | 1,050,496 | 2,179 | 1,305,707 |
| 2013 | 1,305 | 1,104,949 | 2,203 | 1,385,350 |
| 2014 | 1,393 | 1,110,115 | 2,284 | 1,401,751 |

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

**TAXABLE SALES**
**2010 through 2014**
**San Diego County**
**(Dollars in Thousands)**

| Year | Retail Permits | Retail Stores Taxable Transactions | Total Permits | Total Outlets Taxable Transactions |
|---|---|---|---|---|
| 2010 | 55,462 | $29,475,489 | 83,194 | $41,623,636 |
| 2011 | 56,723 | 31,985,292 | 83,971 | 45,090,382 |
| 2012 | 57,143 | 34,153,236 | 84,267 | 47,947,035 |
| 2013 | 58,466 | 35,948,594 | 85,143 | 50,297,331 |
| 2014 | 59,705 | 37,257,495 | 86,671 | 52,711,639 |

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

**Construction**

The following tables show a five-year history of the building permits and valuations for the Cities and the County from years 2011 through 2015.

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of Escondido**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $25,357 | $7,971 | $11,239 | $11,413 | $29,365 |
| Non-residential | 13,568 | 20,134 | 23,179 | 31,440 | 15,299 |
| Total | $38,925 | $28,104 | $34,417 | $42,853 | $44,664 |
| New Housing Units | | | | | |
| Single Units | 32 | 6 | 57 | 40 | 20 |
| Multiple Units | 112 | 36 | 11 | 12 | 142 |
| Total | 144 | 42 | 68 | 52 | 162 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of San Diego**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $435,696 | $772,750 | $1,190,100 | $678,295 | $1,415,107 |
| Non-residential | 869,036 | 979,147 | 1,055,989 | 1,450,401 | 1,353,053 |
| Total | $1,304,732 | $1,751,897 | $2,246,089 | $2,128,696 | $2,768,160 |
| New Housing Units | | | | | |
| Single Units | 467 | 547 | 819 | 722 | 1,306 |
| Multiple Units | 2,148 | 3,299 | 4,603 | 1,823 | 5,097 |
| Total | 2,615 | 3,846 | 5,422 | 2,545 | 6,403 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**City of San Marcos**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $79,033 | $115,950 | $142,990 | $45,094 | $90,403 |
| Non-residential | 36,713 | 24,539 | 32,346 | 29,923 | 25,103 |
| Total | $115,746 | $140,489 | $175,336 | $75,017 | $115,506 |
| New Housing Units | | | | | |
| Single Units | 163 | 147 | 267 | 94 | 78 |
| Multiple Units | 244 | 406 | 549 | 6 | 536 |
| Total | 407 | 553 | 816 | 100 | 614 |

*Source: Construction Industry Research Board.*

**BUILDING PERMITS AND VALUATIONS**
**2011 through 2015**
**San Diego County**
**(Dollars in Thousands)**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Valuation | | | | | |
| Residential | $1,304,638 | $1,435,880 | $2,060,249 | $1,818,853 | $2,447,048 |
| Non-residential | 1,072,380 | 952,317 | 1,425,426 | 1,920,627 | 4,309,544 |
| Total | $2,377,018 | $2,388,197 | $3,485,675 | $3,739,480 | $6,756,582 |
| New Housing Units | | | | | |
| Single Units | 2,252 | 1,865 | 2,539 | 2,276 | 3,136 |
| Multiple Units | 2,968 | 3,687 | 5,803 | 4,327 | 6,869 |
| Total | 5,220 | 5,552 | 8,342 | 6,603 | 10,005 |

*Source: Construction Industry Research Board.*

## APPENDIX E

## SAN DIEGO COUNTY INVESTMENT POOL

*The following information concerning the San Diego County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. Neither the District nor the Underwriter has made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter makes any representation 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. Additional information regarding the Investment Pool may be obtained from the Treasurer at https://www.countytreasurer.org/; however, the information presented on such website is not incorporated herein by any reference.*

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**RESOLUTION NO. XX-XXXX**

**A RESOLUTION OF THE GOVERNING BOARD**
**PALOMAR COMMUNITY COLLEGE DISTRICT**
PALOMAR COLLEGE, SAN MARCOS, CALIFORNIA

**WHEREAS**, on December 5, 2016 the California Community College Chancellor's Office reaffirmed its commitment to undocumented students; and

**WHEREAS**, the California Community Colleges are open to all students who meet the minimum requirements for admission, regardless of immigration status; and

**WHEREAS**, the Chancellor's Office will not release any personally identifiable student information, including any data related to immigration status, without a judicial warrant, subpoena or court order, unless authorized the by the student or required by law; and

**WHEREAS**, the Chancellor's Office will not cooperate with any federal effort to create a registry of individuals based on any protected characteristics such as religion, national origin, race, or sexual orientation; and

**WHEREAS**, the Chancellor's Office will continue to advocate for educational opportunities for all students in the community college system, regardless of immigration status at the state and federal level; and

**WHEREAS**, Palomar Community College District is part of the California Community College System and is situated in Southern California approximately fifty miles from the US/Mexico border; and

**WHEREAS**, the Palomar Community College District has a long history of recognizing and celebrating the contributions of our immigrant student population, as their rich histories and cultures have contributed to, created, and engaged global citizenry; and

**WHEREAS**, the Palomar Community College District continues to recognize the rights of all students and their families, regardless of immigration status, family structure, sexual orientation, gender identity, or marital status; and

**WHEREAS**, the results of the 2016 presidential election have caused uncertainty and concern among our student population; and

**WHEREAS**, the Palomar Community College District Governing Board previously acknowledged that civil and human rights are deeply rooted in the fabric of democratic and principled societies; and

**WHEREAS**, prominent among Palomar College's Institutional Values are: Supporting inclusiveness of individual and community viewpoints in collaborative decision-making processes; promoting mutual respect and trust through transparency, civility, and open communications; diversity in learning environments, philosophies, cultures, beliefs, and people; access to our programs and services and fostering integrity as the foundation for all we do.

**WHEREAS**, Palomar College is and will continue to be a safe and inclusive environment for all students, staff, faculty and administrators,

**BE IT RESOLVED** that the Palomar Community College District Governing Board reaffirms its commitment to undocumented students, and all students who meet the minimum requirements for admission, regardless of immigration status;

**BE IT RESOLVED** that the Palomar Community College District will not release any personally identifiable student information, including any data related to immigration status, without a judicial warrant, subpoena or court order, unless authorized the by the student or required by law;

**BE IT RESOLVED** that the Palomar Community College District Governing Board is steadfast in its position and will not cooperate with any federal effort to create a registry of individuals based on any protected characteristics such as religion, national origin, race, or sexual orientation;

**BE IT RESOLVED** that the Palomar Community College District Governing Board will continue to vigorously advocate for educational opportunities for all students in the community college system, regardless of immigration status at the state and federal level;

**BE IT RESOLVED** that the Palomar Community College District Governing Board recognizes and celebrates the contributions of our immigrant student population, as their rich histories and cultures have contributed to, created, and engaged global citizenry; and

**BE IT RESOLVED** that the Palomar Community College District Governing Board will continue to recognize and honor the human rights of all students and their families, regardless of immigration status, family structure, sexual orientation, gender identity, or marital status; and

**NOW THEREFORE BE IT RESOLVED** that the Palomar Community College District Governing Board reaffirms and stands united in its unequivocal support of a safe immigrant-friendly environment for immigrants and all students who choose to better their lives through education.

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

________________________________
President, Governing Board
Palomar Community College District

Attest:

________________________________
Secretary, Governing Board
Palomar Community College District