

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.35
(ID # 7181)

MEETING DATE:
Tuesday, June 5, 2018

FROM : TREASURER-TAX COLLECTOR:

SUBJECT: TREASURER-TAX COLLECTOR: Adopt Resolution No. 2018-114 County of Riverside Consenting to and Authorizing Desert Community College District to Issue and Sell Its Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 On Its Own Behalf Without Further Action of the Board of Supervisors and Directing the County Auditor-Controller to Levy the Taxes for Such Bonds and Maintain Taxes on the Tax Roll, All Districts. [\$0] (VOTE ON SEPARATELY)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2018-114 County of Riverside Consenting to and Authorizing Desert Community College District to Issue and Sell Its Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 On Its Own Behalf Without Further Action of the Board of Supervisors and Directing the County Auditor-Controller to Levey the Taxes for Such Bonds and Maintain Taxes on the Tax Roll.

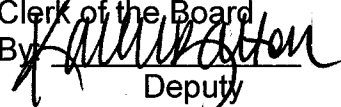
ACTION: Policy, Separate Vote Required

Jon Christensen, Treasurer-Tax Collector 5/29/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: June 5, 2018
xc: Treasurer, Auditor

Kecia Harper-Ihem
Clerk of the Board
By 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Pursuant to California Education Code Section 15140(a), general obligation bonds of a community college district shall be offered for sale by the board of supervisors of the county as soon as possible following receipt of a resolution duly adopted by the governing board of the community college district. Notwithstanding Section 15140(a) of the Education Code, Section 15140(b) permits a community college district to issue and sell bonds on its own behalf pursuant to this chapter without further action of the board of supervisors or officers of that county in which a portion of the community college district is located provided the board of supervisors of any county has adopted by resolution consenting to and authorizing for the governing board of the community college district over which the county superintendent of schools has jurisdiction to issue and sell bonds on its own behalf, and which has not received a qualified or negative certification in its most recent interim report. Upon adoption of the resolution by the board of supervisors of the county, the county shall levy and collect taxes, pay bonds, and hold bond proceeds and tax funds for the bonds issued and sold pursuant to law.

On November 8, 2016, a duly called election was held in Desert Community College District (the "District"), a community college district under the jurisdiction of the Superintendent of Schools of the County of Riverside. During that election, a measure authorizing the District to incur general obligation bonded indebtedness in an aggregate principal amount not to exceed \$577,860,000 was approved by more than 55% of the qualified voters voting on the measure.

The Desert Community College District ("District") has requested that the Board of Supervisors of the County of Riverside authorize the District to issue and sell the proposed Series 2018 Bonds on its own behalf at a negotiated sale pursuant to Sections 15140 and 15146 of the California Education Code, as permitted by Section 53508.7 of the California Government Code, and the terms set forth in the District's resolution when adopted.

On May 18, 2018, the Board of Trustees of the District has adopted a resolution providing for the issuance and sale of its Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 (the "Series 2018 Bonds"), in an aggregate principal amount not exceeding \$55,000,000, at a negotiated sale pursuant to Sections 53506 *et seq.* of the California Government Code ("District Resolution No.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

051818-1"). The Board of Supervisors of the County of Riverside ("County") has received a signed and certified original of Resolution No. 051818-1 of the Board of Trustees of the District, attached hereto as Exhibit A.

The District has consulted with the County Treasurer, the County Treasurer supports the District's request. The Series 2018 Bonds does not constitute a debt or obligation of the County of Riverside. No part of any fund of the County is pledged or obligated to the payment of this series of bonds.

Impact on Residents and Businesses

No impact on citizens and business.

Additional Fiscal Information

N/A

Contract History and Price Reasonableness

N/A

ATTACHMENTS (if any, in this order):

County - Resolution No. 2018-114 Consenting to and Authorizing DCCD to Issue & Sell GO Bonds

DCCD – Resolution No. 051818-1 Authoring Issuance & Sale of GO Bonds


Stephanie P. P., Principal Management Analyst

5/29/2018


Gregory L. Priamos, Director County Counsel

5/29/2018

2 RESOLUTION NO. 2018-114

3

4 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE

5 CONSENTING TO AND AUTHORIZING THE DESERT COMMUNITY COLLEGE DISTRICT TO

6 ISSUE AND SELL ITS DESERT COMMUNITY COLLEGE DISTRICT (RIVERSIDE AND

7 IMPERIAL COUNTIES, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2016,

8 SERIES 2018, ON ITS OWN BEHALF AS A NEGOTIATED SALE WITHOUT FURTHER ACTION

9 OF THE BOARD OF SUPERVISORS AND DIRECTING THE COUNTY AUDITOR-CONTROLLER

10 TO LEVY THE TAXES FOR SUCH BONDS AND MAINTAIN TAXES ON THE TAX ROLL

11

12 **WHEREAS**, a duly called election was held in Desert Community College District (the "District"),

13 a community college district under the jurisdiction of the Superintendent of Schools of the County of

14 Riverside on November 8, 2016 (the "Election"), and thereafter canvassed pursuant to law; and

15 **WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent

16 or more vote of the qualified electors of the District a question as to the issuance and sale of general

17 obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the

18 maximum amount of \$577,860,000 payable from the levy of an ad valorem tax against the taxable property

19 in the District (the "Authorization"); and

20 **WHEREAS**, Sections 53506 *et seq.* of the California Government Code, including Section 53508.7

21 thereof, provide that a community college district may issue and sell bonds on its own behalf at a private

22 sale pursuant to Sections 15140 and 15146 of the California Education Code; and

23 **WHEREAS**, Section 15140(b) of the Education Code provides that the board of supervisors of a

24 county may authorize a community college over which the county superintendent of schools of such county

25 has jurisdiction to issue and sell its own bonds without the further action of the board of supervisors or

26 officers of such county; and

27 **WHEREAS**, the District has not previously issued a series of bonds under the Authorization; and

28 **WHEREAS**, the Board of Trustees of the Desert Community College District ("District") has

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 5-29-18
 DATE
 SYNTHIA M. GUNZEL

1 adopted a resolution providing for the issuance and sale of its Desert Community College District (Riverside
2 and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 (the “Series
3 2018 Bonds”), in one or more series, with appropriate additional or other series designations, in an aggregate
4 principal amount not exceeding \$55,000,000, at a negotiated sale pursuant to Sections 53506 *et seq.* of the
5 California Government Code (“District Resolution No. 051818-1”) and the Board of Supervisors of the
6 County of Riverside (“County”) has received a signed and certified original of Resolution No. 051818-1 of
7 the Board of Trustees of the District, attached hereto as Exhibit A and incorporated herein; and

8 **WHEREAS**, the District, through District Resolution No. 051818-1, has requested that the Board
9 of Supervisors authorize the District to issue and sell the proposed Series 2018 Bonds on its own behalf at
10 a negotiated sale pursuant to Sections 15140 and 15146 of the California Education Code, as permitted by
11 Section 53508.7 of the California Government Code, and the terms set forth in the District Resolution No.
12 051818-1; and

13 **WHEREAS**, the District, through the District Resolution No. 051818-1, has requested that both the
14 County of Riverside and the County of Imperial (“Imperial County”) levy and collect a tax on all taxable
15 property within the District sufficient to provide for payment of the Series 2018 Bonds, and as such, this
16 Board of Supervisors is formally requested by the District to levy taxes in an amount sufficient to pay the
17 principal of and interest on the Series 2018 Bonds when due, and to direct the Auditor-Controller of the
18 County (the “Auditor-Controller”) to maintain on its tax roll, and all subsequent tax rolls, taxes sufficient
19 to fulfill the requirements of the debt service schedules for the Series 2018 Bonds that will be provided to
20 the Auditor Controller by the District following the sale of the Series 2018 Bonds;

21 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of
22 Supervisors of the County of Riverside, (“Board”) in regular session assembled on June 5, 2018,
23 in the meeting room of the Board of Supervisors located on the First Floor of the County Administrative
24 Center, 4080 Lemon Street, Riverside, California, that:

- 25 1. Recitals. That all of the above recitals are true and correct.
- 26 2. Consent and Authorization of Negotiated Sale. The Board of Supervisors hereby consents to and
27 authorizes the issuance and negotiated sale by the District on its own behalf of the Series 2018
28 Bonds, pursuant to Sections 15140 and 15146 of the California Education Code, as permitted by

1 Section 53508.7(c) of the California Government Code, and the terms set forth in the District
2 Resolution No. 051818-1. This authorization shall only apply to the Series 2018 Bonds.

3 3. Approval of Actions. Officers of the Board of Supervisors and County officials and staff, including,
4 but not limited to, the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector"),
5 Auditor-Controller and the Clerk of the Board of Supervisors, and their respective designees, are
6 authorized to do any and all things and are hereby authorized and directed, jointly and severally, to
7 execute and deliver any and all documents which they may deem necessary or advisable in order to
8 assist the District with the issuance of the Series 2018 Bonds, including but not limited to, the levy
9 of taxes annually in an amount sufficient to pay the principal and interest coming due on the Series
10 2018 Bonds in accordance with Section 15260 of the California Education Code. Such actions
11 heretofore taken by such officers, officials and staff of the County are hereby ratified, confirmed
12 and approved.

13 4. Preparation of Tax Roll. The County acknowledges that the District Resolution No. 051818-1
14 requests that the County levy, collect and distribute *ad valorem* tax revenues pursuant to Education
15 Code Sections 15250, *et seq.* to pay for principal and interest on the Series 2018 Bonds when and if
16 sold. Correspondingly, and subject to the issuance and sale of the Series 2018 Bonds, and transmittal
17 of information concerning the debt service requirements thereof to the appropriate County officers,
18 there shall be levied by the County on all of the taxable property in the District, in addition to all
19 other taxes, a continuing direct *ad valorem* tax annually during the period the Series 2018 Bonds
20 are outstanding and for which payment of debt service shall be due or is attributable in an amount
21 sufficient to pay the principal of and interest on the Series 2018 Bonds as and when due, which tax
22 revenues, when collected, will be placed in the interest and sinking fund of the District (the "Interest
23 and Sinking Fund"), which Interest and Sinking Fund has been irrevocably pledged for the payment
24 of the principal of and interest on the Series 2018 Bonds when and as the same fall due. The monies
25 held in the Interest and Sinking Fund, to the extent necessary to pay the principal of, and interest on
26 the Series 2018 Bonds as the same become due and payable, shall be transferred by the County to
27 the Paying Agent (as defined in the District Resolution No. 051818-1) as necessary to pay the
28 principal of, interest on the Series 2018 Bonds as set out in California law and in the District

1 Resolution No. 051818-1.

- 2 5. Acceptance of Payment of County Costs. This County Board hereby accepts the District's offer of
3 payment of the County's costs for the authorization and the District's issuance, sale and delivery of the
4 Bonds and authorizes County officers to provide an invoice to the District for all such costs incurred.
- 5 6. Indemnification of County. The County acknowledges and relies upon the fact that the District
6 Resolution provides that the District shall indemnify the County, its officers, agents and employees
7 against any and all losses, claims, actions, suits, judgments, demands, damages, liabilities and
8 expenses (including attorney fees and costs of investigation) of any nature arising out of any action
9 or inaction of the District with respect to the issuance of the Series 2018 Bonds.
- 10 7. Limited Responsibility for Official Statement. Neither the Board of Supervisors nor any officer of
11 the County has prepared or reviewed the official statement of the District describing the Series 2018
12 Bonds ("Official Statement"), and the Board of Supervisors and the various officers of the County
13 take no responsibility for the contents or distribution thereof; provided, however, that solely with
14 respect to a section contained, or to be contained, therein describing the County's investment policy,
15 current portfolio holdings, and valuation procedures, as they may relate to funds of the District held
16 by the Treasurer-Tax Collector, the Treasurer-Tax Collector is hereby authorized and directed to
17 prepare and review such information for inclusion in the District's Official Statement and in a
18 Preliminary Official Statement prepared in connection with the issuance and sale of the Series 2018
19 Bonds. Neither the Board of Supervisors nor any officer of the County has prepared or reviewed
20 any information in the Official Statement relating to Imperial County.
- 21 8. Limited Liability. Notwithstanding anything to the contrary contained herein, in the Series 2018
22 Bonds or in any other document mentioned herein, neither the County nor the Board of Supervisors
23 shall have any liability hereunder or by reason hereof or in connection with the transactions
24 contemplated hereby and the Series 2018 Bonds shall be payable solely from the monies of the
25 District available therefore as set forth in the District Resolution and herein.
- 26 9. Effective Date. This Resolution shall take effect immediately upon its passage.
- 27
28

1 The foregoing resolution was adopted by the Board of Supervisors of the County of Riverside on
2 June 5, 2018.

3
4 COUNTY OF RIVERSIDE

5
6 By: Chuck Washington
7 Chuck Washington, Chairman
8 Board of Supervisors

9 ATTEST:

10 Clerk of the Board

11 Kecia Harper-Ihem

12
13 By: Kecia Harper-Ihem
14 Deputy

15
16 ROLL CALL:

17 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
18 Nays: None
19 Absent: None

20
21 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on
22 the date therein set forth.

23 Kecia Harper-Ihem, Clerk of the Board
24 By: Kecia Harper-Ihem
25 Deputy

**DESERT COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES**

**Meeting Date: 5/18/2018
ITEM #: 2**

AREA: Administrative Services

<input type="checkbox"/> CONSENT
<input checked="" type="checkbox"/> ACTION
<input type="checkbox"/> INFORMATION

TITLE: RESOLUTION #051818-1 OF THE BOARD OF TRUSTEES OF THE DESERT COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$55,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDS OF DESERT COMMUNITY COLLEGE DISTRICT, BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE AGREEMENT, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND A CONTINUING DISCLOSURE CERTIFICATE, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

BACKGROUND:

On November 8, 2016, the voters of the District approved Measure CC, authorizing the District to issue up to \$577.86 million in aggregate principal of bonds for authorized projects.

The Board of Trustees is requested to approve the above-referenced resolution authorizing the District to issue its first series of bonds under the November 8, 2016 authorization in an aggregate principal amount not exceeding \$55,000,000.

The bonds will be sold and issued by the District. Fieldman, Rolapp & Associates, Inc. will serve as the municipal advisor for the transaction, and Orrick, Herrington & Sutcliffe LLP will serve as bond counsel and disclosure counsel. RBC Capital Markets, LLC will serve as the underwriter.

The Board of Trustees is asked to approve above the resolution referenced above to effect the issuance of the bonds and approve various documents and actions, as follows:

1. **Resolution.** The resolution authorizes the issuance of the bonds and establishes parameters for the terms thereof, approves the forms of and authorize the execution and delivery of the financing documents (including the Bond Purchase Agreement and the Continuing Disclosure Certificate), approves the form of and authorize the distribution of the official statement (in preliminary and final form), and sets forth the security provisions for the bonds and the covenants of the District to bond owners.
2. **Bond Purchase Agreement.** The Bond Purchase Agreement will specify the purchase price of the bonds to be paid by the underwriter, the interest rates, maturity dates

and principal amounts of each maturity of the bonds, the date, time and place of the closing of the bond issue, the allocation of the expenses incurred in connection with the bond issue, the parties' representations to and agreements with each other and the conditions which the school district must satisfy before the underwriter becomes obligated to purchase the bonds.

3. **Continuing Disclosure Certificate.** Federal securities laws indirectly require school districts to disclose and annually update certain financial and operating information relevant to the security and repayment of bonds. The Continuing Disclosure Certificate contains the undertakings of the District to provide the ongoing disclosure in the form of annual reports and event notices.

4. **Official Statement.** The Official Statement (in its preliminary and final form) is used to provide information to investors and prospective investors about the District and the bonds. The bonds constitute securities for purposes of state and federal securities laws and, therefore, the offering and sale of the bonds through the Official Statement is subject to certain provisions of such laws, including, importantly, the anti-fraud laws. The Official Statement sets forth information about the terms of the bonds, the security for the bonds, the sources and uses of the proceeds of the bonds, the school district and the tax base of the school district, the documents under which the bonds are issued, and the tax-exemption of interest on the bonds.

The bonds will be paid from property taxes levied on property within the District levied and collected by the County of Riverside and the County of Imperial. The bonds will finance projects authorized by the voters at the November 8, 2016 election.

FISCAL IMPLICATIONS:

There is no cost to the District.

RECOMMENDATION:

Board of Trustees approves the attached Resolution #051818-1 and authorize Interim Vice President of Administrative Services to take the necessary steps to complete the financing.

Administrator Initiating Item: John Ramont	Cabinet Review & Approval: 5/8/2018 Chair & Vice Chair Review: 5/8/2018
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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE — BOOK-ENTRY ONLY

Ratings: Moody's: "___"

S&P: "___"

(See "MISCELLANEOUS – Ratings" herein.)

[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2018 Bonds. See "TAX MATTERS" herein.]

\$ _____*

DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
General Obligation Bonds, Election of 2016, Series 2018

Dated: Date of Delivery

Due: August 1, as shown herein

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 (the "Series 2018 Bonds") are issued by the Desert Community College District (the "District"), located in the county of Riverside, California ("Riverside County") and the county of Imperial ("Imperial County"), (i) to finance specific acquisition and construction costs approved by the voters of the District, and (ii) to pay the costs of issuance of the Series 2018 Bonds, as further described herein. The Series 2018 Bonds were authorized at an election of the voters of the District held on November 8, 2016, at which at least 55% of the voters authorized the issuance and sale of \$577,860,000 principal amount of bonds of the District. The Series 2018 Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Trustees of the District, adopted on May 18, 2018.

The Series 2018 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of Riverside County and the Board of Supervisors of Imperial County are empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District that is located within such county, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series 2018 Bonds, all as more fully described herein. The Series 2018 Bonds are not a debt or obligation of the Counties. No fund of the Counties are pledged or obligated to repayment of the Series 2018 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2018 BONDS" herein.

The Series 2018 Bonds will be issued as current interest bonds, as set forth on the inside front cover hereof. Interest on the Series 2018 Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2018. Principal of the Series 2018 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Series 2018 Bonds will be issued in denominations of \$5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The Series 2018 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2018 Bonds. Individual purchases of the Series 2018 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2018 Bonds purchased by them. See "THE SERIES 2018 BONDS – Form and Registration" herein.

Payments of the principal of and interest on the Series 2018 Bonds will be made by U.S. Bank National Association, as paying agent, registrar and transfer agent with respect to the Series 2018 Bonds to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series 2018 Bonds. See "THE SERIES 2018 BONDS – Payment of Principal and Interest" herein.

The Series 2018 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2018 BONDS – Redemption" herein.

The Series 2018 Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District; and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriter's Counsel. It is anticipated that the Series 2018 Bonds, in definitive form, will be available for delivery through the facilities of DTC, on or about _____, 2018.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. 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.

MATURITY SCHEDULE*
BASE CUSIP†: 250375

\$ _____*
DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
General Obligation Bonds, Election of 2016, Series 2018

\$ _____ Serial Series 2018 Bonds				
Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
	\$	%	%	

\$ _____ % Term Series 2018 Bonds due August 1, 20__ Yield _____% – CUSIP Number† – _____

\$ _____ % Term Series 2018 Bonds due August 1, 20__ Yield _____% – CUSIP Number† – _____

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

**DESERT COMMUNITY COLLEGE DISTRICT
(RIVERSIDE AND IMPERIAL COUNTIES, CALIFORNIA)**

BOARD OF TRUSTEES

Becky Broughton, *Chairperson*
Bonnie Stefan, *Vice-Chairperson*
Fred E. Jandt, *Clerk*
Mary Jane Sanchez-Fulton, *Member*
Aurora Wilson, *Member*

DISTRICT ADMINISTRATORS

Joel L. Kinnamon, Ed.D., *Superintendent/President*
John Ramont, *Interim Vice President, Administrative Services*
Virginia Ortega, *Interim Director, Fiscal Services*

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

U.S. Bank National Association
Los Angeles, California

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
The District	1
THE SERIES 2018 BONDS	2
Authority for Issuance; Purpose	2
Form and Registration	2
Payment of Principal and Interest	3
Redemption	3
Defeasance of Series 2018 Bonds	5
Unclaimed Moneys	6
Plan of Finance	6
Application and Investment of Series 2018 Bond Proceeds	6
Debt Service	7
Outstanding Bonds	8
Aggregate Debt Service	9
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2018 BONDS	10
General	10
Statutory Lien on Taxes (Senate Bill 222)	10
Pledge of Tax Revenues	10
Property Taxation System	11
Assessed Valuation of Property Within the District	11
Tax Rates	18
Tax Charges and Delinquencies	19
Teeter Plan	20
Direct and Overlapping Debt	21
TAX MATTERS	23
OTHER LEGAL MATTERS	24
Legal Opinion	24
Legality for Investment in California	25
Continuing Disclosure	25
Litigation	25
MISCELLANEOUS	26
Ratings	26
Professionals Involved in the Offering	26
Underwriting	26
ADDITIONAL INFORMATION	27

TABLE OF CONTENTS
(continued)

	Page
APPENDIX A INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET	A-1
APPENDIX B FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017	B-1
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL	C-1
APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	D-1
APPENDIX E RIVERSIDE COUNTY POOLED INVESTMENT FUND.....	E-1
APPENDIX F COUNTY OF RIVERSIDE OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY	F-1
APPENDIX G BOOK-ENTRY ONLY SYSTEM	G-1

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2018 Bonds by 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 Series 2018 Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Series 2018 Bonds 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.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, 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 Series 2018 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2018 Bonds.

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Series 2018 Bonds at levels 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 Series 2018 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

§ _____ *

DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
General Obligation Bonds,
Election of 2016, Series 2018

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2018 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$ _____ * aggregate principal amount of Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 (the "Series 2018 Bonds"), all as indicated on the inside front cover hereof, to be offered by the Desert Community College District (the "District").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2018 Bonds. Quotations from and summaries and explanations of the Series 2018 Bonds, the resolution of the Board of Trustees of the District relating to the Series 2018 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Series 2018 Bonds.

Copies of documents referred to herein and information concerning the Series 2018 Bonds are available from the District by contacting: Desert Community College District, 43-500 Monterey Avenue, Palm Desert, California 92260, Attention: Director, Fiscal Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District was established in 1958 and serves a large portion of Riverside County, California ("Riverside County") and a small portion of Imperial County, California ("Imperial County" and together with Riverside County, the "Counties" and each a "County"). The District maintains one community college, the College of the Desert, with the main campus located in Palm Desert, California, and satellite

* Preliminary; subject to change.

campuses in Indio, Mecca/Thermal, Desert Hot Springs and Palm Springs. College of the Desert provides collegiate level instruction across a wide spectrum of subjects in grades 13 and 14. College of the Desert is fully accredited by the Accrediting Commission for Community and Junior Colleges. For fiscal year 2017-18, the District has an assessed valuation of \$77,449,387,679.

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board of Trustees who is responsible for day to day District operations as well as the supervision of the District's other key personnel. Joel L. Kinnamon, Ed.D., currently serves as the District's Superintendent/President and has served in this position since July 2012.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

THE SERIES 2018 BONDS

Authority for Issuance; Purpose

The Series 2018 Bonds are issued under the provisions of California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Sections 15140 and 15146 and Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on May 18, 2018 (the "Resolution").

At an election held on November 8, 2016, the District received authorization under Measure CC to issue bonds of the District in an aggregate principal amount not to exceed \$577,860,000 to modernize career training facilities for nursing, public safety, science, technology, engineering and other in-demand jobs that prepare students for success in college/careers; repair/construct/acquire classrooms, facilities, sites and equipment throughout Coachella Valley; improve the Veteran's Center to provide counseling/training/job placement for returning veterans (collectively, the "2016 Authorization"). Measure CC required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 70.86% in Riverside County and 70.06% in Imperial County.

The Series 2018 Bonds represent the first series of authorized bonds to be issued under the 2016 Authorization and will be issued to (i) finance specific acquisition and construction costs approved by the voters of the District, and (ii) to pay costs of delivery with respect to the Series 2018 Bonds.

Form and Registration

The Series 2018 Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The Series 2018 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2018 Bonds. Purchases of Series 2018 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series 2018 Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Series 2018 Bonds, beneficial owners ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series 2018 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on August 1, 2018, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2018 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and on or prior to the succeeding Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2018 Bond, interest is in default on any outstanding Series 2018 Bonds, such Series 2018 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2018 Bonds.

Payment of Series 2018 Bonds. The principal of the Series 2018 Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, as paying agent (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

Interest on the Series 2018 Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the “Owner”) at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Series 2018 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series 2018 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Redemption*

Optional Redemption. The Series 2018 Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2018 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, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Series 2018 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

* Preliminary; subject to change.

Mandatory Sinking Fund Redemption. The \$ _____ term Series 2018 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
†	\$

† Maturity.	

The principal amount of the \$ _____ term Series 2018 Bonds maturing on August 1, 20__ 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 such term Series 2018 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The \$ _____ term Series 2018 Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
†	\$

† Maturity.	

The principal amount of the \$ _____ term Series 2018 Bonds maturing on August 1, 20__ 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 such term Series 2018 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2018 Bonds for Redemption. If less than all of the Series 2018 Bonds are called for redemption, the Series 2018 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2018 Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series 2018 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2018 Bond shall be deemed to consist of individual Series 2018 Bonds of denominations of \$5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2018 Bond will be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to Riverside County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2018 Bonds. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series 2018 Bonds and the date of issue of the Series 2018 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2018 Bonds to be redeemed; (vi) if less than all of the Series 2018 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2018 Bonds of each maturity to be redeemed; (vii) in the case of Series 2018 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2018 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2018 Bonds to be redeemed; (ix) a statement that such Series 2018 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2018 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series 2018 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2018 Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Series 2018 Bonds called for redemption is set aside, the Series 2018 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2018 Bonds at the place specified in the notice of redemption, such Series 2018 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2018 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2018 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2018 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2018 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2018 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2018 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Series 2018 Bonds

The District may pay and discharge any or all of the Series 2018 Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District within the Riverside County treasury, be fully sufficient to pay and discharge the indebtedness on such Series 2018 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2018 Bonds and remaining unclaimed for two years after the principal of such Series 2018 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys is required to be transferred to the general fund of the District as provided and permitted by law.

Plan of Finance

The Series 2018 Bonds represent the first series of authorized bonds to be issued under the 2016 Authorization and will be issued to (i) finance specific acquisition and construction costs approved by the voters of the District, and (ii) to pay costs of delivery with respect to the Series 2018 Bonds.

Application and Investment of Series 2018 Bond Proceeds

The proceeds of the Series 2018 Bonds are expected to be applied as follows:

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
General Obligation Bonds, Election of 2016, Series 2018**

Estimated Sources and Uses of Funds

Sources of Funds:

Aggregate Principal Amount of Series 2018 Bonds	\$
[Plus/Less] [Net] Original Issue [Premium/Discount]	_____
Total Sources of Funds	\$

Uses of Funds:

Deposit to Building Fund	\$
Deposit to Interest and Sinking Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
Underwriter's Discount	
Total Uses of Funds	\$

⁽¹⁾ Consists of premium received by the District.

⁽²⁾ Includes legal fees, municipal advisor fees, rating agency fees, printing fees and other miscellaneous expenses.

Under California law, all money received by or apportioned to a community college district must generally be paid into and held in the county treasury. Thus, a portion of the proceeds from the sale of the Series 2018 Bonds will be deposited in the Riverside County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and Riverside County funds. Such proceeds shall be applied solely for the purposes for which the Series 2018 Bonds were authorized. Any premium or accrued interest on the Series 2018 Bonds received by the District will be deposited in the Interest and Sinking Fund of the District in the Riverside County treasury. Interest and earnings on each fund will accrue to that fund. All

funds held by the Riverside County Treasurer-Tax Collector (the "Riverside County Treasurer") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the Riverside County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX E – "RIVERSIDE COUNTY POOLED INVESTMENT FUND" and "APPENDIX F – COUNTY OF RIVERSIDE OFFICE OF THE TREASURER-TAX COLLECTOR STATEMENT OF INVESTMENT POLICY" for a description of the permitted investments under the investment policy of Riverside County. In addition, to the extent permitted by law, the District may request in writing that all or any portion of the funds held in the Building Fund may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series 2018 Bonds. The Riverside County Treasurer does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

Debt Service

Debt service on the Series 2018 Bonds, assuming no early redemptions, is as set forth in the following table.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
General Obligation Bonds, Election of 2016, Series 2018**

Year Ending August 1,	Principal	Interest	Total Debt Service
	\$	\$	\$
Total:	\$	\$	\$

Outstanding Bonds

In addition to the Series 2018 Bonds, the District has three series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Series 2018 Bonds.

At an election held on March 2, 2004, the District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$346,500,000 to finance the acquisition, construction and modernization of certain property and District facilities (the "2004 Authorization"). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 68.89%. On August 4, 2004, the District issued \$65,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2004, Series 2004A (the "Series 2004A Bonds") as its first series of bonds to be issued under the 2004 Authorization. On June 7, 2005, the District issued its 2005 General Obligation Refunding Bonds in the aggregate initial principal amount of \$55,771,886.25 (the "Series 2005 Refunding Bonds") to advance refund and defease the Series 2004A Bonds maturing on and after August 1, 2015. On December 20, 2007, the District issued \$57,850,000 aggregate principal amount of its General Obligation Bonds, Election of 2004, Series 2007B Bonds (the "Series 2007B Bonds") as its second series of bonds to be issued under the 2004 Authorization. Simultaneously with the Series 2007B Bonds, the District issued its General Obligation Bonds, Election of 2004, Series 2007C Bonds (the "Series 2007C Bonds") in the aggregate initial principal amount of \$223,648,443.95, as the third and final series of authorized bonds under the 2004 Authorization.

On May 6, 2015, the District issued \$38,690,000 aggregate principal amount of its 2015 General Obligation Bonds (the "Series 2015 Refunding Bonds") to currently refund a portion of the Series 2005 Refunding Bonds.

On February 10, 2016, the District issued \$158,130,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds (the "Series 2016 Refunding Bonds") to (i) advance refund the Series 2007B Bonds maturing on August 1 in the years 2025 through 2027, inclusive, and 2032, and (ii) advance refund a portion of the Series 2007C Bonds maturing on August 1 in the years 2032 and 2037.

May 4, 2017, the District issued \$125,305,000 aggregate principal amount of its General Obligation Refunding Bonds, Series 2017 (Crossover Refunding) (the "Series 2017 Refunding Bonds") to pay, when due, the interest on the Series 2017 Refunding Bonds to and including August 1, 2017 (the "Crossover Date"), (ii) to redeem a portion of the outstanding Series 2007C Bonds maturing on August 1 in the years 2018 through 2033, inclusive, and 2046, on the Crossover Date at a redemption price equal to the accreted value of the outstanding Series 2007C Bonds as of the Crossover Date.

Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding bonds of the District, assuming no early redemptions.

DESERT COMMUNITY COLLEGE DISTRICT (Riverside and Imperial Counties, California) General Obligation Bonds – Aggregate Debt Service

Year Ending August 1,	Series 2015 Refunding Bonds	Series 2016 Refunding Bonds	Series 2017 Refunding Bonds	Series 2018 Bonds	Aggregate Total Debt Service
2018	\$ 4,873,000	\$ 7,868,250	\$ 5,915,600	\$	\$
2019	5,104,800	7,868,250	6,332,000		
2020	5,337,000	7,868,250	6,764,000		
2021	5,588,250	7,868,250	7,157,000		
2022	5,846,750	7,868,250	7,612,600		
2023	6,111,000	7,868,250	8,012,600		
2024	6,394,500	7,868,250	8,387,600		
2025	-	12,173,250	10,437,600		
2026	-	12,423,000	10,777,600		
2027	-	12,679,500	11,087,600		
2028	-	12,941,250	11,467,600		
2029	-	13,211,750	11,712,600		
2030	-	13,489,250	12,027,600		
2031	-	13,777,000	12,407,600		
2032	-	23,853,000	2,747,600		
2033	-	8,601,250	18,747,600		
2034	-	25,462,000	1,947,600		
2035	-	26,300,500	1,947,600		
2036	-	27,160,250	1,947,600		
2037	-	28,045,500	1,947,600		
2038	-	-	25,442,600		
2039	-	-	26,202,800		
Total:	<u>\$39,255,300</u>	<u>\$285,195,250</u>	<u>\$211,030,600</u>	<u>\$</u>	<u>\$</u>

Source: Fieldman, Rolapp & Associates, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2018 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2018 Bonds, the Board of Supervisors of Riverside County and the Board of Supervisors of Imperial County are empowered and are obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series 2018 Bonds. In the case of a community college district, like the District, lying in two or more counties, the assessor of each of the counties in which the community college district lies must annually certify to the board of supervisors of each of the counties in which any portion of the community college district is situated the assessed value of all taxable property in the county situated in the community college district. Each board of supervisors must levy upon the property of the community college district within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the general obligation bonds that is to become due during the year when combined with the taxes raised by all other counties in which a portion of the district lies. Such taxes are in addition to other taxes levied upon property within the District.

When collected, the tax revenues will be deposited by both counties in the District's Interest and Sinking Fund, which is required to be maintained by Riverside County as the county whose superintendent of schools has jurisdiction over the District, and to be used solely for the payment of bonds of the District. Moneys in the Interest and Sinking Fund will be invested on behalf of the District in any one or more investments generally permitted to community college districts authorized pursuant to Section 53601 *et seq.* or Section 53635 *et seq.* of the California Government Code by the Riverside County Treasurer-Tax Collector, and consistent with the investment policy of Riverside County. See APPENDIX E – "RIVERSIDE COUNTY POOLED INVESTMENT FUND" and APPENDIX F – "COUNTY OF RIVERSIDE OFFICE OF THE TREASURER-TAX COLLECTOR STATEMENT OF INVESTMENT POLICY."

The Series 2018 Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the Counties. No fund of the Counties are pledged or obligated to repayment of the Series 2018 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of Riverside County and the Board of Supervisors of Imperial County for the payment of all

bonds, including any refunding bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the Owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure. The term "Bonds" for purpose of this pledge means all outstanding bonds, including refunding bonds, of the District heretofore or hereafter issued pursuant to voter approved measures of the District, as all such Bonds are required by State law to be paid from the interest and sinking fund of the District.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. Community college districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. Community college districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For such community college district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year calculated by each county, the county auditor-controller (the superintendent of schools of which has jurisdiction over the community college district) computes the rate of tax necessary to pay such debt service in all counties wherein such district is located, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the respective county) to the respective county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the community college district, holds a portion of the community college district's funds, including taxes collected for payment of bonds, and is charged with payment of principal and interest on the bonds when due, as *ex-officio* treasurer of the community college district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2017-18 assessed value of \$77,449,387,679. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during

the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See “–Appeals of Assessed Valuation; Blanket Reductions of Assessed Values” below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including community college districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the applicable county. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the applicable county. The District is unable to predict future transfers of State-assessed property in the District and the applicable county, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as “utility” property.

The following table sets forth the assessed valuation of the various classes of property in the District’s boundaries (in Riverside County, in Imperial County and in the aggregate) from fiscal year 2013-14 through 2017-18.

DESERT COMMUNITY COLLEGE DISTRICT
Assessed Valuations
Fiscal Years 2013-14 through 2017-18

Riverside County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total
2013-14	\$61,544,442,340	\$733,480,851	\$1,836,532,141	\$64,114,455,422
2014-15	65,274,635,474	812,801,792	1,724,445,763	67,811,883,029
2015-16	68,877,842,151	605,180,041	1,757,115,050	71,240,137,242
2016-17	71,802,303,679	686,462,936	1,790,381,894	74,279,148,509
2017-18	74,703,688,050	631,662,896	1,811,945,899	77,147,296,845

Imperial County Portion

Fiscal Year	Local Secured	Utility	Unsecured	Total
2013-14	\$243,899,116	--	\$4,225,399	\$248,124,515
2014-15	242,835,255	--	6,784,953	249,620,208
2015-16	261,445,965	--	6,201,199	267,647,164
2016-17	277,164,806	--	6,866,999	284,031,805
2017-18	288,037,689	--	14,053,145	302,090,834

Total

Fiscal Year	Local Secured	Utility	Unsecured	Total
2013-14	\$61,788,341,546	\$733,480,851	\$1,840,757,540	\$64,362,579,937
2014-15	65,517,470,729	812,801,792	1,731,230,716	68,061,503,237
2015-16	69,139,288,116	605,180,041	1,763,316,249	71,507,784,406
2016-17	72,079,468,485	686,462,936	1,797,248,893	74,563,180,314
2017-18	74,991,725,739	631,662,896	1,825,999,044	77,449,387,679

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the assessor's office in Riverside County and Imperial County, such counties have in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by each respective county.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Taxation of Possessory Interest on Tribal Land. The Agua Caliente Reservation (the "Reservation") spans more than 31,000 acres of land within the boundaries of Riverside County. The Agua Caliente Band of Cahuilla Indians (the "Tribe") is a federally recognized sovereign tribe exercising legal jurisdiction over the Reservation. Pursuant to federal regulations and statutes governing Indian trust lands, the Tribe leases certain parcels of the Reservation for commercial development and other purposes. There are approximately 20,000 master leases, mini-master leases, subleases, and sub-subleases for the use and occupancy of the Reservation. Many of the leased parcels include permanent improvements that are either owned outright by the Tribe or in which the Tribe holds a reversionary interest that will vest upon expiration or termination of the lease. Income generated from the leases and associated improvements benefits the Tribe, including funding its tribal services. Although the Reservation is typically exempt from taxation, the leasing of the Reservation land and permanent improvements thereon has generally been treated as a taxable possessory interest, which is currently subject to a possessory interest tax levied and collected by Riverside County. These possessory interests represent a portion of the secured assessed value within the

District's boundaries. The possessory interest tax includes the *ad valorem* taxes used to pay debt service on the outstanding general obligation bonds of the District, including the Series 2018 Bonds.

The Tribe filed a complaint against Riverside County in January 2014, and in June 2016, a federal judge found granted Riverside County's motion for summary judgment, holding that the tax assessed on leaseholders for using property owned by a governmental entity like the Tribe, was not preempted by federal law. The Tribe appealed the decision to the Ninth Circuit Court of Appeals where it is currently pending.

The District cannot predict the outcome of the pending litigation, or the impact that it could have on the levy and collection of the *ad valorem* taxes securing the District's general obligation bonds on property subject to the possessory interest tax. Nonetheless, each of the Board of Supervisors of Riverside County and the Board of Supervisors of Imperial County must levy upon the property of the District within its own county the rate of tax that will be sufficient to provide sufficient funds for repayment of principal and interest when due on the Series 2018 Bonds.

Bonding Capacity. As a community college district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2017-18 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately \$1.94 billion and its net bonding capacity is approximately \$1.62 billion (taking into account current outstanding debt before issuance of the Series 2018 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries that resides in the cities listed below and unincorporated portions of Riverside County and Imperial County for fiscal year 2017-18.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
2017-18 Assessed Valuation by Jurisdiction**

Jurisdiction	Assessed Valuation in District	Percent of District	Assessed Valuation of Jurisdiction	Percent of Jurisdiction in District
City of Cathedral City	\$ 4,333,473,643	5.60%	\$ 4,333,473,643	100.00%
City of Coachella	1,790,059,640	2.31	1,790,059,640	100.00
City of Desert Hot Springs	1,625,576,559	2.10	1,626,667,641	99.93
City of Indian Wells	5,553,406,058	7.17	5,553,406,058	100.00
City of Indio	8,013,543,171	10.35	8,013,543,171	100.00
City of La Quinta	12,917,219,997	16.68	12,917,219,997	100.00
City of Palm Desert	14,447,437,657	18.65	14,447,437,657	100.00
City of Palm Springs	12,217,360,269	15.77	12,222,623,779	99.96
City of Rancho Mirage	8,371,634,110	10.81	8,371,634,110	100.00
Unincorporated Imperial County	302,090,834	0.39	5,326,436,286	5.67
Unincorporated Riverside County	7,877,585,741	10.17	40,177,339,165	19.61
Total District	\$77,449,387,679	100.00%		
Summary by County:				
Imperial County	\$ 302,090,834	0.39%	\$ 12,385,234,119	2.44%
Riverside County	77,147,296,845	99.61	263,669,553,595	29.26
Total District	\$77,449,387,679	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2017-18 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
2017-18 Assessed Valuation and Parcels by Land Use**

	2017-18 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	\$ 1,756,451,152	2.32%	5,232	1.82%
Commercial/Industrial	11,188,451,068	14.79	9,602	3.35
Vacant Commercial/Industrial	940,514,304	1.24	4,473	1.56
Government/Social/Institutional	98,565,363	0.13	1,645	0.57
Miscellaneous	182,248,650	0.24	2,360	0.82
Power Plants/Utility Roll	631,662,896	0.84	16	0.01
Vacant Other/Desert	508,534,133	0.67	15,953	5.56
Subtotal Non-Residential	\$15,306,427,566	20.24%	39,281	13.69%
Residential:				
Single Family Residence	\$43,697,332,687	57.78%	112,157	39.09%
Condominium/Townhouse	11,588,395,527	15.32	44,088	15.36
Mobile Home	1,297,984,354	1.72	19,718	6.87
2-3 Residential Units	615,754,623	0.81	2,375	0.83
4+ Residential Units/Apartments	1,535,443,915	2.03	1,681	0.59
Miscellaneous Residential	112,754,714	0.15	932	0.32
Vacant Residential	1,469,295,249	1.94	44,486	15.50
Subtotal Residential	\$60,316,961,069	79.76%	225,437	78.56%
Parcels with \$0 Value	\$0	0.00%	22,227	7.75%
TOTAL	\$75,623,388,635	100.00%	286,945	100.00%

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

Assessed Valuation of Single Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2017-18.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
2017-18 Per Parcel Assessed Valuation of Single Family Homes**

	Number of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	112,157	\$43,697,332,687	\$389,609	\$258,577

2017-18 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	3,042	2.712%	2.712%	\$ 110,189,696	0.252%	0.252%
\$50,000 - \$99,999	9,429	8.407	11.119	732,570,840	1.676	1.929
\$100,000 - \$149,999	14,033	12.512	23.631	1,759,180,136	4.026	5.954
\$150,000 - \$199,999	14,215	12.674	36.305	2,483,024,186	5.682	11.637
\$200,000 - \$249,999	13,328	11.883	48.189	3,001,924,795	6.870	18.507
\$250,000 - \$299,999	11,259	10.039	58.227	3,080,178,462	7.049	25.555
\$300,000 - \$349,999	9,050	8.069	66.296	2,933,154,936	6.712	32.268
\$350,000 - \$399,999	6,526	5.819	72.115	2,434,502,295	5.571	37.839
\$400,000 - \$449,999	5,078	4.528	76.643	2,153,264,297	4.928	42.767
\$450,000 - \$499,999	3,889	3.467	80.110	1,841,809,122	4.215	46.982
\$500,000 - \$549,999	3,113	2.776	82.886	1,631,686,275	3.734	50.716
\$550,000 - \$599,999	2,628	2.343	85.229	1,508,358,150	3.452	54.168
\$600,000 - \$649,999	2,138	1.906	87.135	1,335,053,593	3.055	57.223
\$650,000 - \$699,999	2,011	1.793	88.928	1,355,203,043	3.101	60.324
\$700,000 - \$749,999	1,555	1.386	90.314	1,124,877,592	2.574	62.899
\$750,000 - \$799,999	1,251	1.115	91.430	968,389,332	2.216	65.115
\$800,000 - \$849,999	1,020	0.909	92.339	840,572,188	1.924	67.038
\$850,000 - \$899,999	759	0.677	93.016	663,241,480	1.518	68.556
\$900,000 - \$949,999	632	0.563	93.580	583,557,256	1.335	69.892
\$950,000 - \$999,999	465	0.415	93.994	452,595,478	1.036	70.927
\$1,000,000 and greater	6,736	6.006	100.000	12,703,999,535	29.073	100.000
Total	112,157	100.000%		\$43,697,332,687	100.000%	

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

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2017-18 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
Largest 2017-18 Local Secured Taxpayers**

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	Percent of Total ⁽¹⁾
1.	CPV Sentinel LLC	Power Plant	\$ 595,100,000	0.79%
2.	Garden of Champions	Recreational	231,388,952	0.31
3.	LQR Properties	Hotel	200,394,936	0.26
4.	WVC Rancho Mirage Inc.	Timeshare/Resort	191,519,629	0.25
5.	DS Hotel	Hotel	156,344,509	0.21
6.	WEA Palm Desert LP	Shopping Center	144,045,076	0.19
7.	Gardens on El Paseo	Hotel	106,423,101	0.14
8.	Wal Mart Real Estate Business Trust	Commercial	99,470,142	0.13
9.	Pru Desert Crossing	Commercial	98,233,189	0.13
10.	Marriott Ownership Resorts Inc.	Timeshare/Resort	94,341,278	0.12
11.	Sunrise Desert Partners	Residential Properties	87,937,592	0.12
12.	KSL RLP Holdings	Hotel	77,391,018	0.10
13.	Tenet Healthsystem Desert Inc.	Medical Buildings	75,139,710	0.10
14.	Anthony Vineyards Inc.	Industrial and Agricultural	73,248,397	0.10
15.	Worldmark the Club	Timeshare/Resort	71,250,514	0.09
16.	BBC Esmeralda	Hotel	70,756,575	0.09
17.	Cheer Land the River	Shopping Center	68,871,931	0.09
18.	CC Cimarron LP	Apartments	65,426,527	0.09
19.	Walgreen Co.	Commercial	64,357,683	0.09
20.	Grand Champions LLC	Hotel	56,870,099	0.08
			<u>\$2,628,510,858</u>	<u>3.48%</u>

⁽¹⁾ 2017-18 local secured assessed valuation: \$75,623,388,635
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on community college district bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2018 Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2018 Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as

exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Series 2018 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth *ad valorem* property tax rates for the last five fiscal years in two typical Tax Rate Areas of the District (TRA 11-003 and TRA 75-004). TRA 11-003 and TRA 75-004 comprise approximately 7.087% and 1.714%, respectively, of the total fiscal year 2017-18 assessed value of the District.

DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
Typical Total Tax Rates per \$100 of Assessed Valuation
Fiscal Years 2013-14 through 2017-18

	<u>Tax Rate Area 11-003</u>				
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Palm Springs Unified School District	.12961	.10160	.08978	.11802	.11146
Desert Community College District	.01995	.02325	.02087	.02036	.04030
Coachella Valley Water Agency	.10000	.10000	.10000	.10000	.10000
Total	<u>1.24956</u>	<u>1.22485</u>	<u>1.21065</u>	<u>\$1.23838</u>	<u>\$1.25176</u>

	<u>Tax Rate Area 75-004</u>				
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Desert Sands Unified School District	.10954	.10984	.10915	.08599	.07251
Desert Community College District	.01995	.02325	.02087	.02036	.04030
Coachella Valley Water District	.10000	.10000	.10000	.10000	.10000
Total	<u>\$1.21151</u>	<u>\$1.23309</u>	<u>\$1.23002</u>	<u>\$1.20635</u>	<u>\$1.21281</u>

Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the Education Code, bonds approved pursuant to the 2016 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2016 Authorization will require a tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2018 Bonds, the District projects that the maximum tax rate required to repay the Series 2018 Bonds will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the Board of Supervisors of each County to levy taxes at such rate as may be necessary to pay debt service on the Series 2018 Bonds and any other series of bonds issued under the 2016 Authorization in each year.

Tax Charges and Delinquencies

A community college district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes

for voter-approved indebtedness, including the Series 2018 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The respective county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the respective county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the respective county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The respective county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth real property tax charges and corresponding delinquencies with respect to property located in the District within Riverside County for fiscal years 2012-13 through 2016-17. The secured tax charges and delinquencies for Imperial County are not available.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2012-13 through 2016-17**

Riverside County Portion

	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2012-13	\$11,725,531.60	\$255,687.37	2.18%
2013-14	12,268,419.68	220,304.83	1.80
2014-15	15,205,358.05	245,128.42	1.61
2015-16	14,370,120.15	229,576.17	1.60
2016-17	14,631,488.52	202,710.22	1.39

⁽¹⁾ District's general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Teeter Plan

The Counties have adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the Counties, including community college districts, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full

amount due from taxpayers had been collected. In return, the Counties each receive and retain delinquent payments, penalties and interest as collected, that would have been due the local agency. The Counties apply the Teeter Plan to taxes levied for repayment of community college district bonds.

The Teeter Plan is to remain in effect unless the board of supervisors of a county orders its discontinuance or unless, prior to the commencement of any fiscal year of a county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in such county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. The District is not aware of any plans by the Board of Supervisors of Riverside County or the Board of Supervisors of Imperial County to discontinue the Teeter Plan.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective April 5, 2018 for debt outstanding as of May 1, 2018. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth 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 set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

**DESERT COMMUNITY COLLEGE DISTRICT
(Riverside and Imperial Counties, California)
Statement of Direct and Overlapping Bonded Debt**

April 5, 2018

2017-18 Assessed Valuation: \$77,449,387,679

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/18</u>
Desert Community College District	100.000%	\$314,935,000 ⁽¹⁾
Coachella Valley Unified School District	100.000	254,988,839
Desert Sands Unified School District	100.000	297,655,000
Palm Springs Unified School District	100.000	405,516,959
Pioneers Memorial Hospital District and San Gorgonio Memorial Healthcare District	8.376 & 0.145	896,115
Desert Sands Unified School District Community Facilities District No. 1	100.000	1,030,000
City of Cathedral City Community Facilities District No. 2000-1	100.000	10,060,000
City of Desert Hot Springs Community Facilities District No. 2006-1	100.000	2,055,000
City of Indio Community Facilities Districts	100.000	36,630,000
City of Palm Desert Community Facilities Districts	100.000	29,720,000
1915 Act Bonds (Estimated)	99.932 - 100.000	118,737,524
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,472,174,437

OVERLAPPING GENERAL FUND DEBT:

Riverside County General Fund Obligations	29.259%	\$246,241,408
Riverside County Pension Obligation Bonds	29.259	77,935,735
Imperial County Certificates of Participation	2.439	169,023
Imperial County Pension Obligation Bonds	2.439	837,187
Imperial County Office of Education General Fund Obligations	2.439	219,510
Coachella Valley Unified School District Certificates of Participation	100.000	39,035,000
Desert Sands Unified School District Certificates of Participation	100.000	43,550,000
City of Cathedral City Certificates of Participation	100.000	3,081,000
City of Coachella General Fund Obligations	100.000	11,795,000
City of Desert Hot Springs General Fund	99.933	14,690,151
City of Indio Certificates of Participation and Judgment Obligations	100.000	54,895,000
City of La Quinta General Fund Obligations	100.000	650,000
City of Palm Springs General Fund and Pension Obligation Bonds	99.957	129,599,760
City of Rancho Mirage Certificates of Participation	100.000	3,570,000
Desert Recreation District Certificates of Participation	100.000	778,538
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$627,047,312
Less: Riverside County supported obligations		1,203,730
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$625,843,582

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): **\$1,097,916,724**

GROSS COMBINED TOTAL DEBT **\$3,197,138,473⁽²⁾**

NET COMBINED TOTAL DEBT **\$3,195,934,743**

Ratios to 2017-18 Assessed Valuation:

Direct Debt (\$314,935,000).....	0.41%
Total Direct and Overlapping Tax and Assessment Debt	1.90%
Gross Combined Total Debt.....	4.13%
Net Combined Total Debt.....	4.13%

Ratios to Redevelopment Incremental Valuation (\$38,148,312,749):

Total Overlapping Tax Increment Debt.....	2.88%
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⁽¹⁾ Excludes the Series 2018 Bonds.

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

Source: California Municipal Statistics, Inc.

TAX MATTERS

[In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Series 2018 Bonds is less than the amount to be paid at maturity of such Series 2018 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2018 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2018 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2018 Bonds is the first price at which a substantial amount of such maturity of the Series 2018 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2018 Bonds accrues daily over the term to maturity of such Series 2018 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2018 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2018 Bonds. Beneficial Owners of the Series 2018 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2018 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2018 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2018 Bonds is sold to the public.

Series 2018 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2018 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2018 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2018 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2018 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2018 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2018 Bonds.

Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2018 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2018 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2018 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2018 Bonds ends with the issuance of the Series 2018 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2018 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2018 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2018 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.]

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2018 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2018 Bonds at the time of issuance substantially in the form set forth in Appendix C hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District

by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriter by Norton Rose Fulbright US LLP.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2018 Bonds are legal investments for commercial banks in California to the extent that the Series 2018 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, the Series 2018 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2018 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2017-18 fiscal year (which is due no later than March 31, 2019) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

[To be updated/confirmed based on continuing disclosure report provided by the Underwriter: During the preceding five years, the District did not timely file budgets, annual reports and operating and financial information for fiscal years 2011-12 and 2012-13 in connection with the District's outstanding obligations.]

Applied Best Practices, LLC currently serves as the District's dissemination agent in connection with its prior undertakings as well as the undertaking relating to the Series 2018 Bonds.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2018 Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Series 2018 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2018 Bonds or District officials who will sign certifications relating to the Series 2018 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2018 Bonds.

The District is occasionally subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

MISCELLANEOUS

Ratings

Moody's Investors Service and S&P Global Ratings have assigned the respective ratings of "___" and "___" to the Series 2018 Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions as well as information and materials furnished to them (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such ratings should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2018 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2018 Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Series 2018 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2018 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2018 Bonds. Fieldman, Rolapp & Associates, Inc. is acting as the District's Municipal Advisor with respect to the Series 2018 Bonds. Norton Rose Fulbright US LLP is acting as Underwriter's Counsel with respect to the Series 2018 Bonds. Payment of the fees and expenses of the Municipal Advisor and Underwriter's Counsel is also contingent upon the sale and delivery of the Series 2018 Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Series 2018 Bonds.

Underwriting

The Series 2018 Bonds are being purchased for reoffering to the public by RBC Capital Markets, LLC (the "Underwriter"), pursuant to the terms of a bond purchase agreement executed on _____, 2018 (the "Purchase Agreement"), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Series 2018 Bonds at a price of \$ _____ (which represents the aggregate principal amount of the Series 2018 Bonds, [plus/less] [net] original issue [premium/discount] of \$ _____, and less Underwriter's discount in the amount of \$ _____). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2018 Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Series 2018 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The public offering prices may be changed from time to time by the Underwriter.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its affiliates

may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the offering of the Series 2018 Bonds or other offerings of the District; provided, however, that potential investors are advised that the offering of the Series 2018 Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2018 Bonds. Quotations from and summaries and explanations of the Series 2018 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Series 2018 Bonds.

The District has duly authorized the delivery of this Official Statement.

**DESERT COMMUNITY COLLEGE
DISTRICT**

By: _____
Superintendent/President

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Desert Community College District (the "District"), the District's finances, and State of California (the "State") funding of education, 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 Series 2018 Bonds are payable from the general fund of the District or from State revenues. The Series 2018 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Riverside and the County of Imperial on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2018 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2018 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The District was established in 1958 and serves a large portion of Riverside County, California ("Riverside County") and a small portion of Imperial County, California ("Imperial County"). The District maintains one community college, the College of the Desert, with the main campus located in Palm Desert, California, and satellite campuses in Indio, Mecca/Thermal, Desert Hot Springs and Palm Springs. College of the Desert provides collegiate level instruction across a wide spectrum of subjects. College of the Desert is fully accredited by the Accrediting Commission for Community and Junior Colleges. For fiscal year 2017-18, the District has an assessed valuation of \$77,449,387,679.

Administration

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees 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 appointed by the Board of Trustees who is responsible for day to day District operations as well as the supervision of the District's other key personnel. Joel L. Kinnamon, Ed.D., currently serves as the District's Superintendent/President and has served in this position since July 2012.

Current members of the Board of Trustees, together with their offices and the dates their terms expire, are listed below:

DESERT COMMUNITY COLLEGE DISTRICT Board of Trustees

Name	Office	Term Expires
Becky Broughton	Chairperson	2018
Dr. Bonnie Stefan	Vice-Chairperson	2020
Dr. Fred Jandt	Clerk	2020
Mary Jane Sanchez-Fulton	Member	2020
Aurora Wilson	Member	2018

Superintendent and Administrative Services Personnel

The President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board of Trustees. Brief biographies of the District President and Vice President, Administrative Services, follow.

Joel L. Kinnamon, Ed.D., Superintendent/President. Dr. Kinnamon joined the District as Superintendent/President in July 2012 and has worked in community colleges for more than 21 years. Prior to joining the District, he served as Vice Chancellor and then Chancellor of the Chabot-Law Positas Community College District. Dr. Kinnamon also previously served community colleges in Oklahoma, holding various positions at the Southwest Campus for Tulsa Community College and at Oklahoma City Community College. Prior to beginning his work at community college districts, Dr. Kinnamon worked for nearly a decade in business and finance. Dr. Kinnamon received his doctorate in Higher Education Administration from Nova Southeastern University, his master’s degree with honors in Business Administration from Oklahoma City University, and his bachelor’s degree in Agriculture Economics from Oklahoma State University.

John Ramont, Interim Vice President, Administrative Services. Mr. Ramont joined the District as Director, Fiscal Services in February 2014, and has taken on the Vice President responsibilities in January 2018. Prior to joining the District, Mr. Ramont served at Coachella Valley Unified School District as Assistant Superintendent/CBO and Director, Fiscal Services for nearly eight years. Mr. Ramont holds bachelor’s and master’s degrees in Business Administration from California State University, San Marcos.

Virginia Ortega, Interim Director, Fiscal Services. [Biography to come.]

Enrollment

The following table shows the number of full-time equivalent student for the District for fiscal years 2007-08 through 2016-17 and fiscal year 2017-18 (projected).

**DESERT COMMUNITY COLLEGE DISTRICT
Annual Full-Time Equivalent Students
Fiscal Years 2007-08 through 2017-18**

Fiscal Year	FTES	Percentage Change
2007-08	8,151.39	--
2008-09	8,723.50	7.0%
2009-10	9,050.93	3.8
2010-11	8,608.54	(4.9)
2011-12	7,561.69	(12.2)
2012-13	7,166.13	(5.2)
2013-14	7,586.97	5.9
2014-15	7,940.52	4.7
2015-16	9,053.45	14.0
2016-17	9,132.03	0.9
2017-18 ⁽¹⁾	10,137.00	11.0

⁽¹⁾ Projected.
Source: Desert Community College District.

Employee Relations

As of April 2018, the District employed 148 full-time certified professional and 202 full-time classified employees and managers. In addition, the District employed 471 part-time faculty and staff. District employees are represented by three recognized primary bargaining agents as summarized in the following table:

DESERT COMMUNITY COLLEGE DISTRICT Labor Relations Organizations

Labor Organization	Type of Employee Represented	Number of Employees	Contract Expiration Date
California School Employees' Association (Classified)	Classified	245	June 30, 2018
Desert Community College Faculty Association (CCA/CTA/NEA)	Faculty	125	June 30, 2018
College of the Desert Adjunct Association	Part-time Faculty	387	June 30, 2018

Source: Desert Community College District.

District Retirement Systems

Pension Benefits. Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated District employees, and classified employees are members of the State Public Employees' Retirement System ("CalPERS"), which covers certain classified employees who are employed four or more hours per day.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements, which generally increases pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15. See Note 2 to the District's financial statements attached hereto as APPENDIX A – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

CalSTRS. The District contributes to CalSTRS, which provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The contribution requirements of the plan members are established by State statute.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As of June 30, 2016, an actuarial valuation (the "2016 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$96.7 billion, an increase of approximately \$20.5 million from the June 30, 2015 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2016, June 30, 2015 and June 30, 2014, based on the actuarial assumptions, were approximately 63.7%, 68.5% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. The following are certain of the actuarial assumptions set forth in the 2016 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," a 7.25% investment rate of return for measurements as of June 30, 2016 and an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2016 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "--Governor's Pension Reform" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future

estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The 2016 CalSTRS Actuarial Valuation stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, community college district contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	Community College District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The District's contributions to CalSTRS for the past four fiscal years, and projected figures for fiscal years 2013-14 through 2016-17 and the projected contribution for fiscal year 2017-18, are set forth below.

**DESERT COMMUNITY COLLEGE DISTRICT
Contributions to CalSTRS
Fiscal Years 2013-14 through 2017-18**

Fiscal Year	District Contribution	On-Behalf Payments
2013-14	\$1,469,247	N/A
2014-15	1,671,280	N/A
2015-16	2,152,267	\$1,216,114
2016-17	2,854,959	2,093,191
2017-18 ⁽¹⁾	3,122,120	2,118,935

⁽¹⁾ Projected.

Source: Desert Community College District.

The District's total employer contributions to CalSTRS for fiscal years 2013-14 through 2016-17 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive

annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013 with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service.

All qualifying classified employees of community college districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. Unlike community college districts' participating in CalSTRS, the community college districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

The CalPERS Finance and Administration Committee has reported that the CalPERS Schools Actuarial Valuation as of June 30, 2016, which is expected to be released in late 2017, will indicate that the funded ratio as of June 30, 2016 is approximately 71.9% on a market value of assets basis. According to the CalPERS Schools Actuarial Valuation as of June 30, 2015, the CalPERS Schools plan had a funded ratio of 77.5% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010 was 86.6%, 80.5%, 75.5%, 78.7% and 69.5%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015-16 for the State, schools, community colleges and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.00% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for community college districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts and community college districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS applied the assumptions beginning with the June 30, 2015

valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts and community college districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPRA for the period of July 1, 2017 to June 30, 2018.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2013-14 through 2016-17, and the projected contribution for fiscal year 2017-18.

DESERT COMMUNITY COLLEGE DISTRICT
CalPERS Contributions
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Contribution
2013-14	\$1,241,065
2014-15	1,345,673
2015-16	1,502,370
2016-17	1,940,352
2017-18 ⁽¹⁾	2,693,962

⁽¹⁾ Projected.

Source: Desert Community College District.

The District's total employer contributions to CalPERS for fiscal years 2013-14 through 2016-17 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed Assembly Bill 340 ("AB 340"), a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and amends various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school and community college, and city and local agency employees depending on job function, (ii) caps the annual CalPERS and CalSTRS pension benefit payouts, (iii) addresses numerous abuses of the system, and (iv) requires State, school and community college, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA applies to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school and community college, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no agreement is reached by January 1, 2018, a city, public agency, school district or community college district could require employees to pay a portion of the costs of PERS pension benefits.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the CalSTRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS has noted that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to CalSTRS, for employees hired after January 1, 2013, future members will pay the greater of either (1) at least 50% of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will have to make to CalSTRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding CalSTRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at <https://www.calpers.ca.gov/page/active-members>. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 13 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

Supplemental Employee Retirement Plan. In March 2014, the District entered into a Public Agency Retirement Services Supplemental Early Retirement Plan with 28 eligible employees retiring as of June 30, 2014 (the "2014 SERP"). In April 2015, the District entered into a Public Agency Retirement Services Supplemental Early Retirement Plan with 10 eligible employees retiring as of June 30, 2015 (the "2015 SERP"). The District expects to pay the obligation in connection with the 2014 SERP and 2015 SERP as follows:

Fiscal Year	Principal
2018	\$ 557,327
2019	557,327
2020	142,873
Total	\$1,257,530

Source: Desert Community College District

The District anticipates a total savings of \$366,252 from fiscal years 2015-16 through 2019-20 due to the 2014 SERP, and a projected total savings of \$26,140 from fiscal years 2016-17 through 2019-20 due to the 2015 SERP.

Other Post-Employment Benefits (“OPEB”) - Health Care Benefits. The Board of Trustees of the District administers a single-employer defined benefit plan (the “Plan”) that is used to provide post-employment benefits other than pensions for the District. Management of the Plan is vested in the District’s management. The Plan provides post-employment healthcare benefits (the “Benefits”) to retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District has entered into an agreement with Self-Insured Schools of California (“SISC”) Investment Trust to be used for the funding and payments of the District’s obligations under the Plan. As of June 30, 2017, membership of the Plan consisted of 27 retirees receiving the Benefits and 320 active Plan members.

GASB Statement No. 74. In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*. The District has implemented the provisions of this Statement as of June 30, 2017.

OPEB Trust. The Retiree Health Benefit OPEB Trust (the “Trust”) is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits other than pensions. The Trust is administered by SISC, a joint powers authority, as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee’s primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust is described further in Note 11 to the District’s financial statements attached hereto as APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.” Separate financial statements are not prepared for the Trust.

Contributions to the Plan and the Trust. The contribution requirements of Plan members and the District are established and may be amended by the District and the District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2016-2017, the District’s annual required contribution was \$655,850, and the District contributed \$306,262 to the Plan, all of which was used for current premiums. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$16,576 and \$(9,353), respectively, which resulted in an increase to the net OPEB obligation of \$356,811. As of June 30, 2017, the net OPEB obligation was \$593,608. Plan members are not required to contribute to the Plan.

The District did not make any contributions to the Trust in fiscal year 2016-17. In fiscal year 2017-18, the District does not intend to contribute to the Trust.

Investment policy. The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the District’s Board of Trustees by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Trust’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.05 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For more information on Plan investments, see Note 11 to the District’s financial statements attached hereto as APPENDIX A – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

OPEB Liability. As required by Statement No. 45 (“GASB 45”) published by Governmental Accounting Standards Board, the District is required to account for and report the outstanding obligations and commitments related to OPEB in essentially the same manner as for pensions. The District’s annual OPEB cost is calculated based on the annual required contribution of the District (“ARC”), an amount actuarially determined in accordance with GASB 45. The following tables show the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB obligation to the Plan:

**DESERT COMMUNITY COLLEGE DISTRICT
Net OPEB Liability for Year Ending June 30, 2017**

Annual required contribution	\$655,850
Interest on net OPEB obligation	16,576
Adjustment to annual required contribution	(9,353)
Pay-as-you-go contribution	(306,262)
Net change in Total OPEB Liability	356,811
Total Net OPEB Liability - Beginning	236,797
Total Net OPEB Liability – Ending	\$593,608

Source: Desert Community College District.

As of June 30, 2017, the District’s net OPEB liability reflective of Plan assets was as follows:

Total Actuarial Accrued OPEB liability	\$6,198,636
Plan fiduciary net position	3,293,178
District’s net OPEB liability	\$2,905,458
Plan fiduciary net position as a percentage of the total OPEB liability	53%

OPEB Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status could result in actual costs being less or greater than estimated. The schedule of funding

progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**DESERT COMMUNITY COLLEGE DISTRICT
Schedule of OPEB Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 5, 2010	-	\$5,362,264	\$5,362,264	0%	\$23,732,493	23.00%
June 11, 2012	-	5,015,091	5,015,091	0	23,459,007	21.00
April 1, 2014	-	5,785,872	5,785,872	0	23,735,378	24.00
June 1, 2016	\$2,951,765	\$6,198,636	\$3,246,871	48	24,251,360	13.39

Source: Desert Community College District.

District Insurance Coverage

The District participates in joint ventures under joint power agreements with the following joint powers authorities (“JPA”): Statewide Association of Community Colleges (SWACC), Schools Association for Excess Risk (SAFER), Riverside County Superintendent of Schools’ Self-Insurance for Employees (SIPE) and Riverside Schools Risk Management Authority (RSRMA). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers’ compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA.

DISTRICT FINANCIAL INFORMATION

Additional Sources of Funding

The Auxiliary. The District receives contributions directly and indirectly from the Desert Community College District Auxiliary Services (the “Auxiliary”), a nonprofit public benefit corporation, with the purpose of promoting and assisting the educational programs of the District. As of June 30, 2017, the District recorded a receivable in the general fund of approximately \$108,414 for payroll, supplies and program support. The loans will be reimbursed once the proper request has been made through the District.

The Alumni Association and the Foundation. The District receives contributions directly and indirectly throughout the year from the College of the Desert Alumni Association, Inc. (the “Association”) and the College of the Desert Foundation (the “Foundation”). The Association enters into various pledges and commitments to the District for various purposes. As of June 30, 2017, the District recorded a receivable in the general fund of approximately \$425,348 from the Association for supplies.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Colleges Budgeting and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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

Budget Process

The District is required by provisions of the State Education Code to adopt and maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The Board of Governors of the California Community Colleges (the "Board of Governors") imposes a uniform budgeting format for all California community college districts. Under current law, the District's Board of Trustees approves a tentative budget by July 1 and an adopted budget by September 15 of each fiscal year.

Budget Requirements; State Chancellor and Board of Governors Oversight

State law grants to the Board of Governors of the California Community Colleges and to the State Chancellor of the California Community Colleges certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to the Education Code (Section 84040 *et seq.*) and the California Code of Regulations (Section 58310 *et seq.*), the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. In addition, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a

certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the Education Code Section 84040 *et seq.*

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

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

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds.

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

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school and

community college fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's audited financial statements for the fiscal year ended June 30, 2017 were prepared by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Riverside, California (the "Auditor"). Excerpts from the District's audited financial statements for fiscal year ended June 30, 2017 are attached hereto as APPENDIX A.

The District has not requested and the Auditor has not provided any review or update of such statements in connection with inclusion in this Official Statement.

Revenues, Expenditures and Changes in Fund Equity

The following table sets forth the District's revenues, expenses and change in net assets for fiscal years 2012-13 through 2016-17 (as shown in the District's audited financial statements).

DESERT COMMUNITY COLLEGE DISTRICT Summary of General Fund Revenues, Expenditures and Changes in Net Assets Fiscal Years 2012-13 through 2016-17

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
OPERATING REVENUES					
Student Tuition and other fees	\$7,495,816	\$11,041,176	\$12,206,940	\$12,747,252	\$13,076,666
Less: Scholarship discount and allowance	(2,860,772)	(6,484,137)	(7,067,633)	(7,432,968)	(7,348,684)
Net enrollment, tuition and other fees	4,635,044	4,557,039	5,139,307	5,314,284	5,727,982
Other Operating Revenues	-	116,429	114,644	191,153	265,905
TOTAL OPERATING REVENUES	4,635,044	4,673,468	5,253,951	5,505,437	5,993,887
OPERATING EXPENSES					
Salaries	29,901,352	35,119,282	35,731,113	38,792,757	42,744,073
Employee benefits	10,936,447	11,431,601	13,198,573	13,684,920	18,230,805
Supplies, materials and other operating expenses and services	13,996,251	19,821,125	7,733,184	13,250,543	7,483,363
Student financial aid	18,906,422	17,504,973	18,142,512	18,798,923	19,118,330
Equipment, maintenance and repairs	1,080,857	1,701,879	3,091,517	2,101,273	1,469,007
Depreciation	7,136,244	9,286,067	11,888,198	12,167,256	12,303,336
TOTAL OPERATING EXPENSES	81,957,573	94,864,927	89,785,097	98,795,672	101,348,914
OPERATING LOSS	(77,322,529)	(90,191,459)	(84,531,146)	(93,290,235)	(95,355,027)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	2,942,247	5,891,251	6,260,904	10,412,402	10,079,944
Local property taxes, levied for general purposes	30,585,859	29,740,203	30,927,121	34,709,618	35,912,061
Taxes levied for other specific purposes	66,235	120,024	16,017,501	15,410,039	15,797,419
Federal grants	21,555,128	19,268,796	18,974,737	18,870,743	19,245,071
State grants	5,485,345	5,530,179	5,823,787	7,557,575	6,633,220
State taxes and other revenues	1,729,020	1,803,722	3,390,469	8,268,864	5,416,481
Investment income	1,135,171	792,717	379,175	556,760	884,342
Interest expense on capital related debt	(9,373,058)	(11,592,037)	(14,129,929)	(13,515,943)	(13,683,962)
Investment income on capital asset-related debt, net	52,264	37,719	34,605	44,173	75,778
Transfer to fiduciary funds	(20,000)	(20,000)	(3,020,000)	(20,000)	(20,000)
Other non-operating revenue	7,889,120	17,059,413	10,035,703	9,992,883	10,534,553
TOTAL NON-OPERATING REVENUES (EXPENSES)	62,047,331	68,631,987	74,694,073	92,287,114	90,874,907
INCOME/LOSS BEFORE OTHER REVENUES AND EXPENSES	(15,275,198)	(21,559,472)	(9,837,073)	(1,003,121)	(4,480,120)
State revenues, capital	-	573,238	1,537,467	5,254,716	5,738,113
Local revenues, capital	12,083,006	12,867,027	-	-	-
Loss on disposal of capital assets	(298,192)	(795,931)	-	-	-
Transfer to fiduciary funds	-	-	-	-	-
Transfer to COD Foundation	-	-	-	-	-
TOTAL OTHER REVENUES (EXPENSES)	11,784,814	12,644,334	-	-	-
CHANGE IN NET POSITION	(3,490,384)	(8,915,138)	(8,299,606)	4,251,595	1,257,993
NET POSITION, BEGINNING OF YEAR	140,633,094	133,189,188	81,983,790	73,684,184	77,935,779
NET POSITION, END OF YEAR	\$137,142,710	\$124,274,050	\$73,684,184	\$77,935,779	\$79,193,772

Source: Desert Community College District Audited Financial Reports for fiscal years 2012-13 through 2016-17.

General Fund Budget and Unaudited Actual Summary

The presentation of the District's audits as summarized in the preceding section is used only for District's external audit. The District manages its funds in a different format, including with respect to its budgets and unaudited actuals. The following table shows the District's adopted general fund budgets for fiscal years 2013-14 through 2017-18 and unaudited actuals for fiscal years 2013-14 through 2016-17.

**DESERT COMMUNITY COLLEGE DISTRICT
General Fund Revenues, Expenditures and Fund Balance Data
Fiscal Years 2013-14 through 2017-18⁽¹⁾**

	2013-14 Original Budget	2013-14 Unaudited Actuals	2014-15 Original Budget	2014-15 Unaudited Actuals	2015-16 Original Budget	2015-16 Unaudited Actuals	2016-17 Original Budget	2016-17 Unaudited Actuals	2017-18 Original Budget
REVENUES									
Federal Revenues	\$ 4,266,533	\$ 3,479,156	\$ 3,414,163	\$ 2,815,682	\$ 2,793,551	\$ 2,475,261	\$ 2,964,621	\$ 2,814,131	\$ 3,579,237
State Revenues	15,009,824	11,451,003	18,808,328	13,334,858	25,723,063	28,054,977	30,001,240	25,578,606	32,921,171
Local Revenues	32,218,712	37,346,428	33,830,101	38,317,747	37,538,867	41,347,663	35,747,046	43,027,686	42,241,516
Total Revenues	51,495,069	52,276,587	56,052,592	54,468,287	66,055,481	71,877,901	68,712,907	71,420,423	78,741,924
EXPENDITURES									
Academic Salaries	19,488,588	21,024,159	21,879,172	22,434,950	23,581,737	24,184,820	25,447,120	26,360,713	27,899,015
Classified Salaries	12,214,046	10,665,588	11,988,347	12,078,748	13,975,166	13,505,512	16,335,370	15,119,457	18,265,454
Employee Benefits	9,367,525	9,221,579	10,355,099	10,334,749	12,030,499	13,271,969	14,499,330	16,566,085	17,704,195
Supplies and Materials	1,977,728	1,384,636	2,025,419	1,341,765	2,856,948	1,612,269	2,527,405	1,765,714	3,077,244
Other Operating Expenses and Services	9,131,066	7,190,888	8,399,936	7,399,504	8,482,759	8,134,264	9,242,401	8,683,367	11,042,293
Capital Outlay	932,711	753,716	2,001,141	1,829,133	2,380,498	1,962,681	2,528,140	2,309,744	2,936,914
Total Expenditures	53,111,664	50,240,566	56,649,114	55,418,849	63,307,607	62,671,515	70,579,766	70,805,080	80,925,115
Excess (Deficiency) of Revenues Over Expenditures	(1,616,595)	2,036,021	(596,522)	(950,562)	2,747,874	9,206,386	(1,866,859)	615,343	(2,183,191)
Other Financing Sources	-	-	-	-	-	-	-	-	-
Other Outgo	(1,217,318)	(1,204,285)	(1,108,322)	(1,074,474)	(560,044)	(2,205,691)	(1,261,825)	(1,141,894)	(1,193,806)
Net Increase/(Decrease) in Fund Balance	(2,833,913)	831,736	(1,704,844)	(2,025,036)	2,187,830	7,000,695	(3,128,684)	(526,551)	(3,376,997)
BEGINNING FUND BALANCE:									
Net Beginning Balance, July 1	9,144,000	9,144,000	11,695,445	11,695,445	9,670,409	9,670,409	16,671,104	16,671,104	16,268,113
Prior Years Adjustments	-	1,719,709 ⁽²⁾	-	-	-	-	123,560 ⁽³⁾	123,560 ⁽³⁾	-
Adjusted Beginning Balance	-	10,863,709	-	-	-	-	16,794,664	16,794,664	-
ENDING FUND BALANCE, JUNE 30	\$6,310,087	\$11,695,445	\$9,990,601	\$9,670,409	\$11,858,239	\$16,671,104	\$13,665,980	\$16,268,113	\$12,891,116

⁽¹⁾ From the District's CCFS-311 Reports filed with the Chancellor's Office.

⁽²⁾ Adjustment represents a decrease in accounts payable to the State, resulting from a subsequent recalculation of the general apportionment.

⁽³⁾ Represents deferred revenues that were reclassified by the Auditor and incorporated into the adjusted beginning balance of the District's general fund.

Source: California Community Colleges Chancellor's Office CCFS-311 Reports for Budget Years 2013-14 through 2017-18; Desert Community College District.

District General Fund Reserves

The District has a policy which has been adopted by the Board of Trustees to maintain unrestricted reserves at a minimum of 5% of expenditures, as well as a Board of Trustees adopted goal of maintaining unrestricted reserves at 7.5% of expenditures. For fiscal year 2016-17, the District maintained unrestricted reserves of 26.3% of expenditures, and for fiscal year 2017-18, the District expects to maintain reserves at 20.9% of expenditures.

Long-Term Obligations

Long-Term Liabilities. A schedule of changes in general long-term debt for the year ended June 30, 2017, is shown below:

**DESERT COMMUNITY COLLEGE DISTRICT
Schedule of Long-Term Obligations as of June 30, 2017**

Type of Debt	Balance Beginning of year	Additions	Deductions	Balance End of Year	Due Within One Year
Bonds Payable					
General obligation bonds ⁽¹⁾	\$329,879,471	\$132,493,375	\$144,417,846	\$317,955,000	\$3,020,000
Premium on debt	43,103,365	16,785,849	6,132,822	53,756,392	-
Total Bonds Payable	<u>372,982,836</u>	<u>149,279,224</u>	<u>150,550,668</u>	<u>371,711,392</u>	<u>3,020,000</u>
Other Liabilities					
Compensated absences	886,481	143,942	-	1,030,423	-
PARS supplemental early retirement plan	1,814,857	-	557,327	1,257,530	557,327
Load banking	360,034	55,108	-	415,142	-
Other postemployment benefits obligation	236,797	663,073	306,262	593,608	-
Aggregate net pension obligation	41,569,560	13,205,323	-	54,774,883	-
Total Other Obligations	<u>44,867,729</u>	<u>14,067,446</u>	<u>863,589</u>	<u>58,071,586</u>	<u>557,327</u>
Total Long-Term Obligations	<u>\$417,850,565</u>	<u>\$163,346,670</u>	<u>\$151,414,257</u>	<u>\$429,782,978</u>	<u>\$3,577,327</u>

⁽¹⁾ Amounts do not include the Series 2018 Bonds.
Source: Desert Community College District

Operating Leases. The District entered into various capital and noncancellable operating leases for land, buildings and equipment with lease terms in excess of one year. The future minimum lease payments under these agreements as of June 30, 2017, are as follows:

**DESERT COMMUNITY COLLEGE DISTRICT
Summary of Operating Lease Payments**

Year Ended June 30	Amount
2018	\$230,115
2019	222,547
2020	220,000
Total	<u>\$672,662</u>

Source: Desert Community College District

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Riverside County Treasurer manages funds deposited with it by the District. Riverside County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning Riverside County investments, please contact the the Riverside County Treasurer at 4080 Lemon Street, Riverside, California 92501 or by the phone at (951) 955-3900. See APPENDIX E – “RIVERSIDE COUNTY POOLED INVESTMENT FUND” and APPENDIX F – “COUNTY OF RIVERSIDE OFFICE OF THE TREASURER-TAX COLLECTOR STATEMENT OF INVESTMENT POLICY.”

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

General

California community college districts (other than Basic Aid districts, as described below) receive operating income from (i) a State portion funded from the State’s general fund, (ii) a local portion derived from the community college district’s share of the county-wide property tax; (iii) revenues generated from the community college district’s operations, consisting mainly of student fees and sales, and (iv) federal government grants and transfers.

State Funding System; FTES

Senate Bill 361, which was signed by the Governor on September 29, 2006 (“SB 361”), revised the previously existing community college funding system. The funding system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors is 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 full-time equivalent students (“FTES”) in each district. SB 361 also specifies that, commencing with fiscal year 2006-07, the minimum funding per FTES will be:

- (1) not less than \$4,367 per credit FTES (subject to cost of living adjustments funded through the State budget act in subsequent fiscal years);
- (2) at a uniform rate of \$2,626 per noncredit FTES (adjusted for the change in cost of living provided in the State budget act in subsequent fiscal years); and
- (3) set at \$3,092 per FTES (adjusted for the change in cost of living provided in the State budget act in subsequent fiscal years) for a new instructional category of “career development and college preparation.”

Pursuant to SB 361, the Chancellor of the California Community Colleges (the “Chancellor”) developed criteria for one-time grants for districts that would have received more funding under the prior system or a proposed rural college access grant than under the new system and the Budget Act of 2006.

The following table shows the District's historical funding per FTES and total funding with respect to fiscal years 2013-14 through 2016-17 and the projected FTES funding for fiscal year 2017-18.

DESERT COMMUNITY COLLEGE DISTRICT
Program-Based Funding
Fiscal Years 2013-14 through 2016-17 (Actual)
and 2017-18 (Projected)

Fiscal Year	Base Revenue per Unit of FTES ⁽¹⁾	Funded FTES ⁽²⁾	Unfunded FTES ⁽³⁾	Total Funding ⁽⁴⁾
2013-14	\$4,982.45	\$7,354.397	232.573	\$36,642,882
2014-15	4,861.97	7,900.267	40.253	38,410,858
2015-16	5,334.51	9,053.450	--	48,295,709
2016-17	5,293.76	9,132.030	--	48,342,755
2017-18 ⁽⁵⁾	5,302.33	10,137.00	--	53,749,751

⁽¹⁾ One FTES is equivalent to 525 student contact hours, which is determined 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. This table reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.

⁽²⁾ FTES differ from FTES presented on page [A-2] due to different methodology of calculation. Under State community college regulations, if the reported FTES for fiscal year is below the State FTES base level, then the community college receives the base level funding for the next fiscal year. The District has opted to "roll forward" its summer semester FTES in order to meet or exceed the base FTES due to a stable outlook.

⁽³⁾ 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. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.

⁽⁴⁾ Total Funding is a function of base revenue per unit of FTES, funded FTES as well as other factors.

⁽⁵⁾ Projected.

Source: Desert Community College District.

Local revenues are first used to satisfy a community college district's 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 total funding allocation. "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 determinant 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.

State Funding of Education and Recent State Budgets

As described herein, 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 takes any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Information on State Economic Challenges, Prior Year State Budgets and Related Events. The State's financial condition and budget policies affect communities, local public agencies, school districts, and community college districts throughout California. The State has in recent years experienced significant financial and budgetary stress. A structural budget deficit at the State level due in part to overreliance on temporary budgetary remedies in prior State Budget years, including one-time revenues, internal borrowing, payment deferrals, accounting shifts and expenditure reduction proposals that have not materialized, resulted in the implementation of various techniques such as State deferrals of funding, "trigger cuts" and other measures which had a negative impact on agencies, such as the District, which rely on the State for a significant part of its revenues.

2017-18 State Budget. The Governor signed the fiscal year 2017-18 State Budget (the "2017-18 State Budget") on June 27, 2017. The 2017-18 State Budget sets forth a balanced budget for fiscal year 2017-18 that projects approximately \$127.88 billion in revenues, and \$72.47 billion in non-Proposition 98 expenditures and \$52.63 billion in Proposition 98 expenditures. The 2017-18 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties and adds \$1.8 billion to the Proposition 2 Budget Stabilization Account, bringing the balance to \$8.5 billion in 2017-18, which is 66% of the constitutional target. The 2017-18 State Budget uses dedicated proceeds from Proposition 2 to pay down nearly \$1.8 billion in past budgetary borrowing and State employee pension liabilities. The 2017-18 State Budget also includes a \$6 billion supplemental payment to CalPERS (as defined herein) through a loan from the Surplus Money Investment Fund that the Governor expects will reduce unfunded liabilities and

stabilize State contribution rates. The State's general fund share of the repayment will come from Proposition 2's revenues dedicated to reducing debts and long-term liabilities.

Other significant features with respect to community college education funding include the following:

- Enrollment; Apportionments. An increase of \$58 million in Proposition 98 funding to base allocations to support a 1% growth in enrollment system wide. The 2017-18 State Budget also provides \$98 million to fund a 1.56% cost-of-living adjustment to apportionments, \$5 million to fund a 1.56% cost-of-living adjustment to selected categorical programs, and \$1 million to fund a cost-of-living adjustment for financial aid administration. In addition to these base increases, the 2017-18 State Budget provides \$184 million that community college districts may use to fund any educational or operational purpose, including hiring additional faculty, paying retirement costs, professional development and facility maintenance.
- Student Success. An increase of \$150 million in one-time funding for an initiative focused on assisting community college districts (i) integrate existing student success programs and services, (ii) build internal capacity for data analysis, leadership, planning and program implementation, and (iii) develop structured academic courses for incoming students.
- Financial Aid. An increase of \$25 million in Proposition 98 funding to increase the maximum annual Full Time Student Success Grant. This grant was created in fiscal year 2015-16 and provides additional aid to community college students who carry 12 or more credits per term and qualify for Cal Grant B and Cal Grant C awards. The 2017-18 State Budget also provides \$25 million for a Community College Completion Grant, which would provide an additional \$2,000 annually for grant recipients that develop a comprehensive education plan and carry 15 or more units per term. Lastly, the 2017-18 State Budget includes \$1.7 million to double the Cal Grant C book and supply award.
- Innovation Awards. \$20 million in one-time Proposition 98 funding for awards to community college districts that develop innovations that both address specified groups of underrepresented students and use technology to improve instruction and support services.
- Online Education. An increase of \$10 million in Proposition 98 funding, for total ongoing funding of \$20 million, to provide system-wide access to the California Online Education Initiative, a grant-funded collaborative effort among community colleges to increase access to and success in high-quality online courses.
- Library Systems. An increase of \$6 million in one-time Proposition 98 funding to the California Community College Technology Center, a grant funded project that coordinates statewide technology projects. The funding is intended to assist in the procurement and operational of an integrated library system for California community college students.
- Deferred Maintenance and Instructional Equipment. An increase of \$77 million in one-time Proposition 98 funding for deferred facility maintenance, special repairs, hazardous substance abatement, architectural barrier removal, or specified water conservation projects. Funds will be allocated based on full time equivalent student enrollment.
- Proposition 51. A total allocation of \$16.9 million in Proposition 51 bond funds for initial design activities at 15 community college districts.

The complete 2017-18 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2018-19 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2018-19 State budget (the “2018-19 May Revision”) on May 11, 2018. The 2018-19 May Revision proposes a balanced budget for fiscal year 2018-19. The 2018-19 May Revision reflects an increase of \$8 billion in General Fund revenues as compared to the Proposed 2018-19 State Budget. The Governor proposes to use \$4 billion of such surplus in one-time spending to address infrastructure needs, homelessness and mental health. The 2018-19 May Revision estimates that total resources available in fiscal year 2017-18 will be approximately \$135.50 billion (including revenues and transfers of \$129.83 billion and a prior year balance of \$5.67 billion) and total expenditures in fiscal year 2017-18 will be approximately \$127.05 billion. The 2018-19 May Revision projects total resources available for fiscal year 2018-19 of approximately \$141.97 billion, inclusive of revenues and transfers of approximately \$133.51 billion and a prior year balance of approximately \$8.45 billion. The 2018-19 May Revision projects total expenditures of approximately \$137.56 billion, inclusive of non-Proposition 98 expenditures of \$82.54 billion and Proposition 98 expenditures of \$55.03 billion. The 2018-19 May Revision proposes to allocate approximately \$1.17 billion of the General Fund’s projected fund balance to the Reserve for Liquidation of Encumbrances and approximately \$3.24 billion of such fund balance to the State’s Special Fund for Economic Uncertainties. In addition, the 2018-19 May Revision estimates the Rainy Day Fund will have a fund balance of approximately \$13.77 billion.

Although the 2018-19 May Revision assumes continued economic expansion and a balanced budget through fiscal year 2018-19, its forecasts are limited by risks such as recession and changes in fiscal, healthcare, and tax policy. By the end of fiscal year 2017-18, the 2018-19 May Revision projects that the State’s Proposition 2 Rainy Day Fund will have a total balance of approximately \$9.4 billion, which amount is 71% of the target under the State Constitution.

The 2018-19 May Revision includes total funding of \$33.9 billion for all higher education programs, including \$18.8 billion from the General Fund and local property tax and \$15.1 billion from other funds.

Certain adjustments and budgetary proposals for community college districts set forth in the 2018-19 May Revision include the following:

- **Apportionments.** The 2018-19 May Revision proposes an increase of \$73.7 million in Proposition 98 General Fund apportionments. The increase reflects increases to the Proposition 98 General Fund of \$46.9 million to reflect the amount of FTES funding earned back by community college districts that declined in enrollment during the previous three years, \$14.9 reflecting unused growth provided in 2016-17, and \$11.9 million reflecting a change in the cost-of-living adjustment from 2.51 percent to 2.71 percent.
- **Discretionary Resources for Specified Districts.** The 2018-19 May Revision proposes a one-time increase of \$104 million in Proposition 98 General Fund resources to provide limited-term discretionary resources to districts whose year-over-year increase in general purpose apportionment funding would be less than 2.71 percent.
- **Financial Aid Awards.** The 2018-19 May Revision proposes an increase of \$7.8 million in Proposition 98 General Fund resources for the proposed Student Success Completion Grant to reflect an increased estimate of students.

- Financial Aid Technology Improvements. The 2018-19 May Revision proposes an increase of \$13.5 million one-time and \$5 million ongoing Proposition 98 General Fund resources to upgrade colleges' financial aid management systems for more efficient processing.
- Apprenticeships. The 2018-19 May Revision proposes an increase of \$4.8 million ongoing Proposition 98 General Fund resources for increased reimbursements to K-12 and community college-sponsored apprenticeship programs and an increase of \$5.9 million one-time Proposition 98 General Fund resources to backfill shortfalls in Related and Supplemental Instruction hours in the prior years.
- Open Educational Resources. The 2018-19 May Revision proposes an increase of \$6 million one-time Proposition 98 General Fund resources to expand open educational resources.
- NextUp Program Augmentation. The 2018-19 May Revision proposes an increase of \$5 million Proposition 98 General Fund resources to expand the NextUp Program, which supports current and former foster youth, at 20 community college districts.
- K-12 Strong Workforce Program. The 2018-19 May Revision proposes an increase of \$2 million Proposition 98 General Fund resources to support the consortia administrative costs associated with the K-12 Strong Workforce Program.
- Adult Education Block Grant Program. The 2018-19 May Revision proposes an increase of \$1 million in Proposition 98 General Fund resources to reflect a change in the cost-of-living adjustment from 2.51 percent to 2.71 percent.
- Course Identification Numbering System. The 2018-19 May Revision proposes an increase of \$685 thousand one-time Proposition 98 General Fund resources to support a course identification numbering system.
- Categorical Program Cost-of-Living Adjustment. The 2018-19 May Revision proposes an increase of \$581 thousand Proposition 98 General Fund resources to reflect a change in the cost-of-living adjustment from 2.51 percent to 2.71 percent for the Disabled Student Programs and Services program, the Extended Opportunity Programs and Services program, the Special Services for CalWORKs Recipients program, and the Child Care Tax Bailout program.
- Deferred Maintenance. The 2018-19 May Revision proposes a decrease of \$131.7 million one-time Proposition 98 General Fund resources for deferred maintenance, instructional equipment, and specified water conservation projects to reflect alternative spending priorities.
- Local Property Tax Adjustment. The 2018-19 May Revision proposes an increase of \$53 million Proposition 98 General Fund resources as a result of decreased offsetting local property tax revenues.
- Student Enrollment Fee Adjustment. The 2018-19 May Revision proposes a decrease of \$12.8 million in Proposition 98 General Fund resources as a result of increased offsetting student enrollment fees.

In addition, the 2018-19 May Revision reflects feedback and recommendations by the California Community Colleges Chancellor's Office to the new student-focused funding formula in the Proposed 2018-19 State Budget as well as a proposal to consolidate categorical programs. The 2018-19 May Revision also reflects clarifications to the proposed creation of the online college program in the Proposed 2018-19 State Budget.

The complete 2018-19 May Revision is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Analysis of the May Revision of 2018-19 Proposed State Budget Education Proposals. The LAO released its report on the education proposals included in the 2018-19 May Revision entitled, "The 2018-19 Budget: Analysis of the May Revision Education Proposals" on May 14, 2018 (the "May Revise Analysis"). In the May Revise Analysis, the LAO notes that the 2018-19 May Revision contains a few new policy proposals and revisions to the Proposed 2018-19 State Budget. Most notably, the LAO explains that the 2018-19 May Revision proposes a new process for certifying and truing up the Proposition 98 minimum guarantee. The LAO points out that the 2018-19 May Revision also revises the Proposed 2018-19 State Budget proposals for building a new system of support for low-performing school districts, restructuring the community college apportionment formula, and creating a new online college.

The LAO suggests that the Proposition 98 minimum guarantee is unlikely to increase further in fiscal years 2017-18 and 2018-19. Compared to the 2018-19 May Revision, the LAO assumes higher estimates of General Fund revenue from the personal income tax in fiscal years 2017-18 and 2018-19, primarily due to higher projections of capital gains and higher wages and salaries. The LAO notes however, that even if General Fund revenues were to increase a few billion dollars in either or both years from the 2018-19 May Revision estimates, the minimum guarantee would not increase. The LAO explains that the 2018-19 May Revision already assumes that the State pays all the remaining maintenance factor in fiscal year 2017-18 and the minimum guarantee grows based upon per capita personal income. The LAO states that faster revenue growth under these conditions do not increase the Proposition 98 minimum guarantee. As a result of these dynamics, the LAO points out that any additional revenue beyond the levels included in the 2018-19 May Revision would be available for any legislative priority.

Furthermore, the LAO suggests that the Governor's estimate of the 2018-19 Proposition 98 minimum guarantee is too high. Based on preliminary student attendance data for the first half of the 2017-18 school year, the LAO estimates a 0.03% decline in student attendance, but the 2018-19 May Revision assumes an increase of 0.01%. The LAO notes that the hold harmless provision would no longer be operative and the 2018-19 Proposition 98 minimum guarantee would decline in tandem with the decline in attendance projected for that year. Assuming this drop occurs, the LAO points out that the State would have provided more funding than required to meet the Proposition 98 minimum guarantee in fiscal year 2018-19, which may lead to a higher minimum guarantee moving forward.

The LAO explains that the 2018-19 May Revision proposes a new certification process for finalizing the calculation of the Proposition 98 minimum guarantee. The LAO suggests that the new process may lead to timelier certification by addressing existing challenges related to accountability, dispute resolution, budget changes and transparency. The LAO also points out that the 2018-19 May Revision proposes to align spending with the certified minimum guarantee through the use of a new true-up account, capped to a credit of 1% of the minimum guarantee being certified that year. The LAO questions the effect of the proposal where the drop in the minimum guarantee is more than the 1% threshold or the State already has amounts credited from previous years. The LAO further notes that the proposed cap may result in State action that is disruptive to district budgets, including larger mid-year programmatic reductions in

anticipation of a drop in the minimum guarantee. Hence, the LAO suggests approving the new certification process without the proposed cap and instead, monitoring true-up calculations over the next several years to see whether additional refinements may be needed.

The May Revision Analysis is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2018-19 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2018-19 State budget from the 2018-19 May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2018-19 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2018-19 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or 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 beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2018-19 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. [As the Bonds are payable from ad valorem property taxes, the State budget is not expected to have an impact on the payment of the Bonds.]

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment has been to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies,

which local redevelopment agencies have now been dissolved (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*” herein). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years—such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

The State has not entered into any contractual commitment with the District, the Counties, or the owners of the Series 2018 Bonds to provide State budget information to the District or the owners of the Series 2018 Bonds. Although they believe the State sources of information listed above are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in recent years, and could be further challenged in the future. For a discussion of how the provisions of Proposition 98 have been applied to community college funding see “– State Funding of Education” and “– Recent State Budgets” above.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Series 2018 Bonds are payable from the proceeds of an ad valorem tax levied for the payment thereof. The provisions of law discussed below are included in this section to describe the potential effect of Constitutional and statutory measures on the ability of the District to cause the levy of taxes and spend tax proceeds for operating and other purposes. It should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the Counties to levy and cause the collection of taxes for payment of the Series 2018 Bonds. The tax levied for payment of the Series 2018 Bonds was approved by the District's voters in compliance with all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts and community college districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts and community college districts.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school and community college facilities or the acquisition or lease of real property for school and community college facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years. 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 the market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed two percent per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIII A, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including Riverside County and Imperial County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. The "recapture" provision described above continues to be employed in determining the full cash value of property for property tax purposes.

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. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Article XIII B of the California Constitution

Article XIII B ("Article XIII B") of the State Constitution, 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. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government will be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

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

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

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

Article XIII B also includes a requirement that 50% 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 will be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Article XIII B will not impact the District's ability to pay debt service on the Series 2018 Bonds.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D ("Article XIII C" and "Article XIII D," respectively), 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 California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

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

Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID 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 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California 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 62

A statutory initiative ("Proposition 62") was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the District be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Santa Barbara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 62 does not affect the *ad valorem* property taxes to be levied by the Counties to pay debt service on the Series 2018 Bonds.

Proposition 98 and Proposition 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"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the 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 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the appropriations limit for K-14 districts and the K-14 districts appropriations limits 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 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 districts is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the appropriations limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "Proposition 39") to the California Constitution. This amendment (1) allows school and community college 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 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 California 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 and community college facilities, or the acquisition or lease of real property for school and community college facilities; (2) a specific list of school or community college projects to be funded and certification that the school or community college board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school or community college 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 and community college 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 Legislature and approval by the Governor.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the Education Protection Account), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend

the sales tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended 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-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, 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 amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 55, 62 and 39 were each adopted as measures that qualified for the ballot under 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.

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2018 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2018 Bonds in substantially the following form:

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E

RIVERSIDE COUNTY POOLED INVESTMENT FUND

The following information and the investment policy of the County have been provided by the Treasurer-Tax Collector (the "County Treasurer"), and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Further information may be obtained from the County Treasurer.

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of April 30, 2018, the portfolio assets comprising the PIF had a market value of \$7,705,324,013.51.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2017, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 77.82% of the funds on deposit in the County Treasury, while approximately 22.18% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County's PIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2017 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer's Pooled Investment Fund as of April 30, 2018 were as follows:

U.S. Treasury Securities	\$318,493,609.74	4.11%
Federal Agency Securities	3,314,001,585.21	42.79
Cash Equivalent & Money Market Funds	1,055,994,505.65	13.63
Commercial Paper	1,581,424,416.66	20.42
NCD	969,000,000.00	12.51
Medium Term Notes	234,397,056.62	3.03
Municipal Notes	271,371,026.35	3.50
Certificates of Deposit	-	-
Repurchase Agreements	-	-
Local Agency Obligations ⁽¹⁾	195,000.00	0.003
Total Book Value	\$7,744,877,200.23	100.00%
Book Yield	1.75%	
Weighted Average Maturity(years)	1.04	

⁽¹⁾ Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of April 30, 2018, the market value of the PIF was 99.49% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA-bf" from Moody's Investors Service and "AAA/V1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Neither the District nor the Underwriter has made an independent investigation of the investments in the PIF and neither has made an assessment of the current County investment policy, a copy of which is attached hereto. The value of the various investments in the PIF 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 County Treasurer, with the approval of the IOC and 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 PIF will not vary significantly from the values described herein.

APPENDIX F

**COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY**

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2018 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2018 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2018 Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. 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, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

§ _____
**DESERT COMMUNITY COLLEGE DISTRICT
(RIVERSIDE AND IMPERIAL COUNTIES, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2018**

BOND PURCHASE AGREEMENT

_____, 2018

Desert Community College District
43-500 Monterey Avenue
Palm Desert, California 92260

The undersigned, RBC Capital Markets, LLC (the "Underwriter"), acting on its own behalf and not as a fiduciary or agent of any other party, hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Desert Community College District (the "District") which, upon the acceptance hereof, will be binding upon the District and the Underwriter. By execution of this Purchase Agreement, the District acknowledges the terms hereof and recognizes that it will be bound by certain of the provisions hereof, and to the extent binding on the District, acknowledges and agrees to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 PM, California time, on the date hereof.

Section 1. Purchase and Sale of the Bonds. (a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, 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 the \$_____ aggregate principal amount of the Desert Community College District (Riverside and Imperial Counties, California) General Obligation Bonds, Election of 2016, Series 2018 (the "Bonds").

(b) The Bonds shall be issued in the principal amounts and shall bear interest at the rates and shall mature on the dates and in the years shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall bear interest payable from the date thereof and such interest shall be payable on each February 1 and August 1, commencing August 1, 2018.

(c) [The Underwriter shall purchase the Bonds at a price of \$_____ (the "Purchase Price") [(which represents the aggregate principal amount of the Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, and less underwriter's discount in the amount of \$_____)]. From the Purchase Price, the Underwriter shall withhold and hereby agree to wire on the Closing Date (as defined below), in immediately available funds by check, draft or wire transfer to U.S. Bank National Association, as costs administrator, the amount of \$_____ to pay the costs of issuance of the Bonds as provided in Section 10 hereof. The remaining amount of the Purchase Price (\$_____), shall be paid, in immediately available funds, by wire transfer

to or upon the order of the County of Riverside ("Riverside County") on behalf of the District on the Closing Date.]

[The Underwriter shall purchase the Bonds at a price of \$_____ (the "Purchase Price"), in immediately available funds, which shall be delivered to or upon the order of the County of Riverside ("Riverside County") on behalf of the District, in immediately available funds, by check, draft or wire transfer.]

(d) The District acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in 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) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (iv) the District has consulted its own financial and/or municipal, legal, accounting, tax financial and other advisors, as applicable, to the extent it has deemed appropriate.

The District also acknowledges that it previously received from the Underwriter a letter regarding Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Disclosures, and that it has provided the Underwriter an acknowledgement of such letter.

Section 2. The Bonds. (a) The Bonds shall be dated their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto and be subject to redemption all as shown on Exhibit A hereto. The Bonds shall be issued and secured pursuant to the provisions of the Resolution of the Board of Trustees of the District (the "Board of Trustees") adopted on [May 18], 2018 (the "Resolution"), this Purchase Agreement and Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"). The Bonds were authorized under and pursuant to a bond authorization approved by more than 55% of the voters of the District voting at an election held on November 8, 2016 (the "Election") approving an amount not more than \$577,860,000 of general obligation bonds of the District. The Bonds are being issued to [(i)] finance specific acquisition and construction costs authorized at the Election [and (ii) pay costs of issuance relating to the Bonds]. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution.

(b) In order to assist the Underwriter with compliance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"), the District will enter into the Continuing Disclosure Certificate, dated the Closing Date (the "Continuing Disclosure Certificate").

(c) The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolution. The Bonds shall be in definitive form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC").

Section 3. Use of Documents. The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement (defined below), the Official Statement (defined below), the Resolution and the Continuing Disclosure Certificate, 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 Agreement.

Section 4. Establishment of Issue Price. (a) The Underwriter agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the District under this section to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor, Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor"), and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

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

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

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires.

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

(1) "public" means any person other than an underwriter or a related party;

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

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

capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

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

Section 5. Official Statement. (a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2018 (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule. By the execution of this Purchase Agreement, the District ratifies the use by the Underwriter of the Preliminary Official Statement.

(b) The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, 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 and all appendices, exhibits, maps, reports and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the “Official Statement”) in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter 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 other equally prompt means) not later than the first business day following the date upon which each such request is received.

(c) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system.

(d) Each party hereto agrees that it will notify the other party hereto if, within the period from the date of this Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not

misleading. If, in the written opinion of the District or the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the District or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The District and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term "End of the Underwriting Period" means the later of such time as (a) the District delivers the Bonds to the Underwriter, or (b) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date (as defined herein). Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

Section 6. Closing. At 8:30 a.m., California time, on _____, 2018, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the "Closing" or "Closing Date"), the District will direct U.S. Bank National Association, as the paying agent (the "Paying Agent") to deliver to the Underwriter, through the facilities of DTC, 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 shall cause the other documents hereinafter mentioned to be delivered at the offices of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") in Irvine, California. Upon fulfillment of all conditions to Closing herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by wire transfer or such other manner of payment as the Underwriter and the District shall reasonably agree upon) to the account of the District.

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

(a) 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 under the laws of the State and pursuant to the Act;

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the Resolution was duly adopted at a meeting of the Board of Trustees, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, and the Resolution has not been amended, modified or rescinded, (iii) the District has full legal right, power and authority to enter into this Purchase Agreement and the Continuing Disclosure Certificate, to adopt the Resolution, to issue and to deliver the Bonds to the Underwriter, to perform its obligations under each such document or instrument and to carry out and effectuate the

transactions contemplated by this Purchase Agreement and the Resolution; (iv) the execution and delivery or adoption of and the performance by the District of the obligations represented by, the Bonds, the Resolution, the Continuing Disclosure Certificate and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (v) this Purchase Agreement constitutes, and, when executed and delivered, the Continuing Disclosure Certificate will constitute, a valid and legally binding obligation of the District, enforceable against the District in accordance with its terms; and (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement;

(c) 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 or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained;

(d) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(e) As of the time of acceptance hereof and as of the time of the Closing, the District is not and will not be, in any manner which would adversely affect the transactions contemplated hereby and by the Resolution, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated hereby and by the Resolution, a default or event of default under any such instrument; and, as of such times, to the best knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Purchase Agreement, the Resolution, the Continuing Disclosure Certificate and the Bonds and the compliance with the provisions hereof and thereof and of the Resolution do not conflict with or constitute on the part of the District a violation of, or material default under, any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, otherwise pending or 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 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, or the levy of any taxes contemplated by the Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Continuing Disclosure Certificate, the Resolution or this Purchase Agreement; (iii) contesting the completeness or accuracy of the Preliminary Official Statement; or (iv) except as disclosed in the Preliminary Official Statement, in which a final adverse decision could (A) result in any material adverse impact on the financial condition of the District, (B) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement, the Continuing Disclosure Certificate or the Resolution, (C) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (D) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of such interest on the Bonds from California personal income taxation;

(g) Preparation and distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the District, and the information contained therein (excluding the statements and information relating to the book entry system and any information provided by the Underwriter, and so identified as source thereof, for inclusion in the Official Statement) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation and warranty is made concerning statements and information relating to the book entry system or any information provided by the Underwriter, and so identified as source thereof, for inclusion in the final Official Statement;

(h) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain, and up to and including the Closing will contain, no material misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in light of the circumstances in which such statements were made, not misleading. At the time of the Closing, there shall not have been any material adverse changes in the financial condition of the District since the date of the Official Statement;

(i) The District agrees that if at any time before the Closing Date any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter;

(j) 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 or such states and jurisdictions, provided, however, that the District shall not be

required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(k) To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the Resolution and the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement;

(l) Except as disclosed in the Preliminary Official Statement and the Official Statement, in the preceding five years, the District has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of events required by such undertakings;

(m) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the District will not have issued any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement;

(n) The District agrees to take all steps required by law and by Riverside County and the County of Imperial ("Imperial County") to ensure that the Board of Supervisors of Riverside County and the Board of Supervisors of Imperial County annually levy a tax upon all taxable property in the District sufficient in such county to pay the principal of and interest on the Bonds as and when the same become due;

(o) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds, and shall designate the Bonds to be qualified tax exempt obligations pursuant to Section 265(b)(3)(B);

(p) The audited financial statements of the District for the fiscal year ended June 30, 2017, were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial position and results of operation of the District for the period and at the date set forth therein, and there has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise disclosed in the Official Statement;

(q) 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.

Section 8. Conditions to Closing. (a) The Underwriter has entered into this Purchase Agreement 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 Closing Date. The Underwriter's obligations under this Purchase Agreement are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(1) 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 the Closing pursuant hereto shall be true, complete and correct in all material respects on the Closing Date; and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(2) At the time of the Closing, (i) the Official Statement, this Purchase Agreement, 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 parties hereto; (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 has performed all of its obligations required under or specified in the Resolution, this Purchase Agreement, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing;

(3) No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, shall be pending (in which service of process has been completed against the District) or threatened (either in state or federal courts) (i) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (ii) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Agreement, or (iii) in any way contesting the existence or powers of the District, or contesting in any way the completeness or accuracy of the Official Statement;

(4) Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

(i) legislation enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

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

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that 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, or that the Resolution is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(ii) the declaration of war or engagement in or escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(iii) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(iv) 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;

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

(vi) the withdrawal or downgrading of any underlying rating or credit watch status or outlook of the District's outstanding indebtedness by a national rating agency or the occurrence of any adverse change of a material nature of the financial condition, results of operation or properties of the District;

(vii) 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 set forth 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; or

(viii) a material disruption in securities settlement, payment or clearance services or the marketability of the Bonds or the market price thereof, in the opinion

of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

(5) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) An approving opinion of Orrick, Herrington & Sutcliffe LLP as Bond Counsel, substantially in the form attached as Appendix C to the Official Statement, dated the Closing Date and addressed to the District;

(ii) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in Section 8(a)(5)(i) above;

(iii) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that (i) assuming due authorization, execution and delivery by all the parties thereto other than the District, the Continuing Disclosure Certificate and this Purchase Agreement have each been duly executed and delivered by the District and constitute valid and binding obligations of the District, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against community college districts or counties in the State of California (provided that no opinion need be rendered regarding the adequacy of the Continuing Disclosure Certificate for purposes of the Rule), and (ii) statements contained in the Official Statement under the captions "THE SERIES 2018 BONDS" (excluding any and all information contained under the subheadings "- Authority for Issuance; Purpose," "- Application and Investment of Series 2018 Bond Proceeds," "- Debt Service," "- Outstanding Bonds" and "- Aggregate Debt Service") and "TAX MATTERS," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Bonds and the Resolution, and the form and content of Bond Counsel's approving opinion, are accurate in all material respects;

(iv) A certificate, signed by an appropriate official of the District, to the effect that (i) such official is authorized to execute this Purchase Agreement and the Continuing Disclosure Certificate, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing Date, (iii) the District has complied with all the terms of the Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale

or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Agreement, or (C) in any way contesting the existence or powers of the District, (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does 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 in which they were made, not misleading, (vi) each of the conditions listed in Section 8(a)(5) of this Purchase Agreement has been satisfied on the date hereof and the District is not aware of any other condition of this Purchase Agreement that has not been satisfied on the date hereof, and (vii) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution and this Purchase Agreement;

(v) The letter of Orrick, Herrington & Sutcliffe LLP, as disclosure counsel to the District ("Disclosure Counsel"), addressed to the District and the Underwriter, dated the Closing Date, to the effect that, based on such counsel's participation in conferences with representatives of Riverside County, the District, the District's Municipal, the Underwriter, and others, during which the contents of the Official Statement and related matters were discussed, and based on such counsel's participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the District, Riverside County and others and on the records, documents, certificates, opinions and matters herein mentioned, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of such counsel's engagement as disclosure counsel with respect to the Bonds, no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation with respect to the Bonds which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date (except for any CUSIP numbers, financial, accounting, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about DTC or its book-entry system, litigation, ratings, rating agencies, the Underwriter, underwriting, any statements about compliance with prior continuing disclosure undertakings and Appendices [B, E, F and G], included or referred to therein or omitted therefrom, as to which such counsel expressly excludes from the scope of this paragraph and as to which such counsel expresses no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vi) The Continuing Disclosure Certificate signed by an appropriate official of the District and in form and substance reasonably satisfactory to the Underwriter;

(vii) A non-arbitrage certificate of the District with respect to the Bonds in form satisfactory to Bond Counsel;

(viii) Evidence satisfactory to the Underwriter that any ratings described in the Official Statement are in full force and effect as of the Closing Date;

(ix) A certificate, together with fully executed copies of the Resolution, of the District Clerk to the effect that:

(A) such copies are true and correct copies of the Resolution; and

(B) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date;

(x) A fully executed copy of the resolution of the Board of Supervisors of Riverside County;

(xi) Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(xii) An opinion of Norton Rose Fulbright US LLP, as counsel to the Underwriter, in form and substance acceptable to the Underwriter; and

(xiii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (i) compliance by the District and the Paying Agent with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, 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.

(b) If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled 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.

Section 9. 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) the receipt by the District and the Underwriter of the opinions and certificates being delivered at the Closing by persons and entities other than the District.

Section 10. Expenses. (a) [On the Closing Date, the Underwriter will wire \$ _____ from the proceeds of the Bonds and as a portion of the Purchase Price of the Bonds as provided in Section 1 hereof to U.S. Bank National Association, as costs administrator, to be used to pay costs of issuance of the Bonds, including but not limited to the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel, and any other consultants to the District, including the District's Municipal Advisor; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for Bond ratings, including all necessary expenses for travel relating to such ratings; (iv) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (v) the initial fees of the Paying Agent and related fees and expenses; and (vi) all other fees and expenses incident to the issuance and sale of the Bonds.]

[The Underwriter, at the direction of the District, shall pay costs of issuance of the Bonds up to the amount of \$ _____, including but not limited to the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel, and any other consultants to the District, including the District's Municipal Advisor; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for Bond ratings, including all necessary expenses for travel relating to such ratings; (iv) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (v) the initial fees of the Paying Agent and related fees and expenses; and (vi) all other fees and expenses incident to the issuance and sale of the Bonds.]

(b) All out-of-pocket expenses of the Underwriter, including the fees and disbursements for Underwriter's Counsel, California Debt and Investment Advisory Commission fee, CUSIP Bureau registration fees, expenses for travel (except in connection with securing a rating on or sale of the Bonds) and other expenses (except as provided above) shall be paid by the Underwriter.

Section 11. Notices. Any notice or other communication to be given under this Purchase Agreement (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 Desert Community College District at 43-500 Monterey Avenue, Palm Desert, California 92260, Attention: Director, Fiscal Services, or if to the Underwriter, to RBC Capital Markets, LLC, 777 South Figueroa Street, Suite 850, Los Angeles, California 90017; Attention: Frank Vega, Managing Director.

Section 12. Severability. In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13. Parties in Interest; Survival of Representations and Warranties. This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter. This Purchase Agreement 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 Agreement 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 Agreement.

Section 14. Execution in Counterparts. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Section 15. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Authorized Representative

**DESERT COMMUNITY COLLEGE
DISTRICT**

By: _____
Interim Vice President, Administrative
Services

Date: _____, 2018
Time: _____ a.m./p.m. California Time