



MONTEREY PENINSULA  
COLLEGE

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
GOVERNING BOARD OF TRUSTEES**

**REGULAR MEETING  
WEDNESDAY, APRIL 27, 2016**

**NEW BUSINESS**

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. A

Superintendent/President  
College Area

### Proposal:

That the Governing Board accepts a sculpture donation to Monterey Peninsula College from Dale Meyer. The ceramic sculpture is reminiscent of a sailboat and is accompanied by the poem, "Sail On."

### Background:

The Foundation is working with Ms. Meyer who wishes to give the college a sculpture from her mother's collection, along with the accompanying poem. The donor is a very active and generous community member whose parents left a large collection of sculptures and written works to her, which she wishes to share with local organizations like the college.

We have identified a place on campus which we believe would be an ideal location (inside the Library) for the sculpture. A photograph of the sculpture is attached.

### Budgetary Implications:

None.

**RESOLUTION: BE IT RESOLVED**, that the Governing Board accepts the gift of a sculpture to the College with appropriate acknowledgement to the donor, Dale Meyer.

**Recommended By:** Walt A. Tribley  
Dr. Walter Tribley, Superintendent/President

**Prepared By:** Beccie Michael  
Beccie Michael, Executive Director, Monterey Peninsula College Foundation

**Agenda Approval:** Walt A. Tribley  
Dr. Walter Tribley, Superintendent/President



Monterey Peninsula Community College District

Governing Board Agenda

April 27, 2016

New Business Agenda Item No. B

Fiscal Services  
College Area

Proposal:

That the Governing Board review and discuss the 2015-2016 Monthly Financial Report for the period ending March 31, 2016.

Background:

The Board routinely reviews financial data regarding expenses and revenues to monitor District fiscal operations.

Budgetary Implications:

None.

RESOLUTION: BE IT RESOLVED, that the 2015-2016 Monthly Financial Report for the period ending March 31, 2016, be accepted.



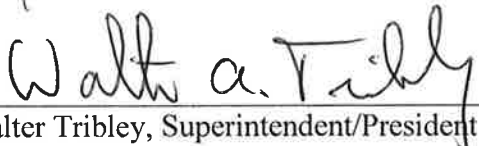
Recommended By:

Steven L. Crow, Ed.D., Vice President of Administrative Services

Prepared By:

  
Rosemary Barrios, Controller

Agenda Approval:

  
Dr. Walter Tribley, Superintendent/President



## Monterey Peninsula College

### Fiscal Year 2015-16 Financial and Budgetary Report March 31, 2016

Enclosed please find attached the Summary of All Funds Report for the month ending March 31, 2016 for your review and approval. The financial report is an internal management report submitted to the Board of Trustees to compare actual financial activities to the approved budgets.

Operating Fund net revenue through March 31, 2016 is \$35,918,592 which is 66.1% of the operating budget for this fiscal year. Expenditures year-to-date total \$33,230,487 and Encumbrances of \$6,523,004 which added together is 73.2% of the operating budget for this fiscal year, for a net difference of -\$3,834,899.

#### **Unrestricted General Fund**

##### **Revenue**

- March Apportionment of \$254,473 has been received this month.
- Prop 30 Education Protection Account funds (EPA) of \$1,286,064 has been received this month.
- Deferred Revenue of \$500K was reversed this month to the current fiscal year.
- Property Taxes received this month of \$357,923.
- Other local revenue received which includes: enrollment fees, non-resident fees, transcripts, and other local revenues totaling \$392,458.

##### **Expenditures**

Overall the District operating funds expenditures continue to track as projected.

#### **Restricted Child Development Fund**

- The revenue in the child development is low because the district has not received its full reimbursement from the state. We still anticipate in receiving the full reimbursement of all expenses for the fiscal year.

#### **Self Insurance Fund**

- Self Insurance Fund (SIF) expenses are at 86.4% of budgeted expenditures.
- The percent of actual to budget is high for this period of time because the experience rate was not adjusted for the 2015-16 FY budget. The District will be reviewing the experience rate and will make the appropriate adjustment to the 2016-2017 Final Budget.
- We will continue to closely track the expenditures in this fund.
- The 2014-15 year-end transfer of \$1M was completed this month. This increased the SIF cash by \$1M and decreased the Unrestricted General Fund cash by \$1M.

### **OPEB Fund**

- The bank wire out of funds to establish the two new bank accounts has been completed this month in the amount of \$4M to be deposited into the irrevocable trust accounts.
- The OPEB fund now reflects a cash balance of \$76,039.

### **Cash Balance:**

The total cash balance for all funds is \$24,963,148 including bond cash of \$9,850,846 and \$15,112,302 for all other funds. Operating funds cash is \$11,212,805. Cash balance in the General Fund is at \$10,045,530 for the month ending March 31, 2016.

# Monterey Peninsula Community College

Monthly Financial Report

March 31, 2016

## Summary of All Funds

<u>Funds</u>	Beginning Fund Balance	Revised Budgets 2015 - 2016		Ending Fund Balance	Year to Date Actual 2015 - 2016			% Actual to Budget		Cash Balance
	<u>07/01/15</u>	<u>Revenue</u>	<u>Expense</u>	<u>6/30/2016</u>	<u>Revenue</u>	<u>Expense</u>	<u>Encumbrances</u>	<u>Rev</u>	<u>Expense/ Enc.</u>	<u>3/31/2016</u>
General - Unrestricted	\$3,802,947	\$41,684,235	\$41,689,289	\$3,797,893	29,864,288	27,270,174	5,321,652	71.6%	78.2%	\$10,045,530
General - Restricted	0	11,289,577	11,289,577	0	5,199,715	5,177,545	1,040,663	46.1%	55.1%	0
Child Dev - Unrestricted	0	132,508	132,508	0	88,074	100,172	7,751	66.5%	81.4%	0
Child Dev - Restricted	0	490,493	490,493	0	229,882	317,512	46,730	46.9%	74.3%	-79,026
Student Center	437,044	258,000	258,000	437,044	163,915	78,457	40,383	63.5%	46.1%	549,212
Parking	558,426	484,000	484,000	558,426	372,718	286,627	65,825	77.0%	72.8%	697,089
<b>Subtotal Operating Funds</b>	<b>\$4,798,417</b>	<b>\$54,338,813</b>	<b>\$54,343,867</b>	<b>\$4,793,363</b>	<b>\$35,918,592</b>	<b>\$33,230,487</b>	<b>\$6,523,004</b>	<b>66.1%</b>	<b>73.2%</b>	<b>\$11,212,805</b>
Self Insurance	2,603,459	6,891,882	6,891,882	2,603,459	3,246,267	5,836,946	119,232	47.1%	86.4%	1,530,967
Worker Comp	125,046	90,000	90,000	125,046	658	92,090	0	0.7%	102.3%	34,929
Other Post Employment Benefits	4,011,612	100,770	4,000,000	112,382	57,489	4,000,000	0	57.0%	100.0%	76,039
Capital Project	378,443	472,898	500,578	350,763	425,384	360,203	26,711	90.0%	77.3%	865,670
Building	9,759,850	60,000	13,788	9,806,062	35,750	5,588	8,200	59.6%	100.0%	9,850,846
Revenue Bond	22,331	22,100	22,100	22,331	22,169	22,100	0	100.3%	100.0%	22,440
Associated Student	92,451	90,000	90,000	92,451	61,246	41,660	0	68.1%	46.3%	223,181
Financial Aid	17,745	5,400,000	5,400,000	17,745	4,116,638	4,116,638	0	76.2%	76.2%	63,933
Scholarship & Loans	272,948	2,149,600	2,149,600	272,948	1,859,538	1,655,781	0	86.5%	77.0%	270,623
Trust Funds	293,917	744,500	744,500	293,917	763,540	573,379	0	102.6%	77.0%	786,142
Orr Estate	12,302	20,000	20,000	12,302	17,013	15,580	0	85.1%	77.9%	25,573
<b>Total all Funds</b>	<b>\$22,388,521</b>	<b>\$70,380,563</b>	<b>\$74,266,315</b>	<b>\$18,502,769</b>	<b>\$46,524,283</b>	<b>\$49,950,452</b>	<b>\$6,677,147</b>	<b>66.1%</b>	<b>67.3%</b>	<b>\$24,963,148</b>

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. C

Fiscal Services  
College Area

### Proposal:

That the Governing Board review and accept the attached Quarterly Financial Status Report (Form CCFS 311Q) for the quarter ending, March 31, 2016.

### Background:

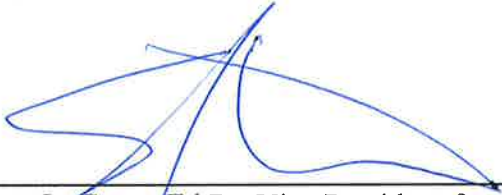
AB 2910, Chapter 1486, Statutes of 1986, requires that quarterly reports on the financial condition of each community college district be presented to local governing boards for review and acceptance. These reports must also be filed with the Chancellor's Office.

### Budgetary Implications:

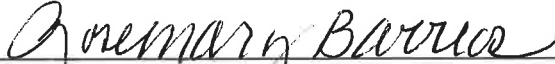
Steps have been taken to ensure close monitoring of the District's budget. Monthly reports, updates and projections will be provided to the Governing Board.

**RESOLUTION: BE IT RESOLVED**, that the Quarterly Financial Status Report for the quarter Ending March 31, 2016, as presented on form CCFS 311Q, be accepted and made part of the minutes of this meeting.

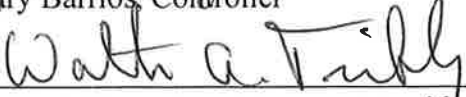
Recommended By:

  
Steven L. Crow, Ed.D., Vice President for Administrative Services

Prepared By:

  
Rosemary Barrios, Controller

Agenda Approval:

  
Dr. Walter Tribley, Superintendent /President



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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

CHANGE THE PERIOD   
Fiscal Year: 2015-2016

District: (460) MONTEREY

Quarter Ended: (Q3) Mar 31, 2016

Line	Description	As of June 30 for the fiscal year specified			
		Actual 2012-13	Actual 2013-14	Actual 2014-15	Projected 2015-2016
<b>I. Unrestricted General Fund Revenue, Expenditure and Fund Balance:</b>					
A.	<b>Revenues:</b>				
A.1	Unrestricted General Fund Revenues (Objects 8100, 8600, 8800)	36,060,096	36,678,285	36,585,802	41,684,235
A.2	Other Financing Sources (Object 8900)	2,055,231	2,545,302	1,400,000	0
A.3	<b>Total Unrestricted Revenue (A.1 + A.2)</b>	<b>38,115,327</b>	<b>39,223,587</b>	<b>37,985,802</b>	<b>41,684,235</b>
B.	<b>Expenditures:</b>				
B.1	Unrestricted General Fund Expenditures (Objects 1000-6000)	31,843,285	37,336,399	36,330,317	41,542,689
B.2	Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600)	6,963,853	1,896,558	1,328,481	146,600
B.3	<b>Total Unrestricted Expenditures (B.1 + B.2)</b>	<b>38,807,138</b>	<b>39,232,957</b>	<b>37,658,798</b>	<b>41,689,289</b>
C.	<b>Revenues Over(Under) Expenditures (A.3 - B.3)</b>	<b>-691,811</b>	<b>-9,370</b>	<b>327,004</b>	<b>-5,054</b>
D.	<b>Fund Balance, Beginning</b>	<b>4,586,890</b>	<b>3,895,079</b>	<b>3,885,709</b>	<b>4,212,954</b>
D.1	Prior Year Adjustments + (-)	0	0	0	0
D.2	<b>Adjusted Fund Balance, Beginning (D + D.1)</b>	<b>4,586,890</b>	<b>3,895,079</b>	<b>3,885,709</b>	<b>4,212,954</b>
E.	<b>Fund Balance, Ending (C. + D.2)</b>	<b>3,895,079</b>	<b>3,885,709</b>	<b>4,212,713</b>	<b>4,207,900</b>
F.1	Percentage of GF Fund Balance to GF Expenditures (E. / B.3)	10%	9.9%	11.2%	10.1%

**II. Annualized Attendance FTES:**

Line	Description	2012-13	2013-14	2014-15	2015-2016
G.1	Annualized FTES (excluding apprentice and non-resident)	6,803	6,659	6,501	6,479

**III. Total General Fund Cash Balance (Unrestricted and Restricted)**

Line	Description	As of the specified quarter ended for each fiscal year			
		2012-13	2013-14	2014-15	2015-2016
H.1	Cash, excluding borrowed funds		6,135,707	4,830,791	10,045,530
H.2	Cash, borrowed funds only		0	0	0
H.3	<b>Total Cash (H.1+ H.2)</b>	<b>1,304,186</b>	<b>6,135,707</b>	<b>4,830,791</b>	<b>10,045,530</b>

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

Line	Description	Adopted Budget (Col. 1)	Annual Current Budget (Col. 2)	Year-to-Date Actuals (Col. 3)	Percentage (Col. 3/Col. 2)
<b>I. Revenues:</b>					
I.1	Unrestricted General Fund Revenues (Objects 8100, 8600, 8800)	41,684,235	41,684,235	29,864,288	71.6%
I.2	Other Financing Sources (Object 8900)	0	0	0	
I.3	<b>Total Unrestricted Revenue (I.1 + I.2)</b>	<b>41,684,235</b>	<b>41,684,235</b>	<b>29,864,288</b>	<b>71.6%</b>
<b>J. Expenditures:</b>					
J.1	Unrestricted General Fund Expenditures (Objects 1000-6000)	41,542,689	41,542,689	27,220,174	65.5%
J.2	Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600)	146,600	146,600	50,000	34.1%
J.3	<b>Total Unrestricted Expenditures (J.1 + J.2)</b>	<b>41,689,289</b>	<b>41,689,289</b>	<b>27,270,174</b>	<b>65.4%</b>
K.	<b>Revenues Over(Under) Expenditures (I.3 - J.3)</b>	<b>-5,054</b>	<b>-5,054</b>	<b>2,594,114</b>	
L.	<b>Adjusted Fund Balance, Beginning</b>	<b>4,212,954</b>	<b>4,212,954</b>	<b>4,212,954</b>	
L.1	<b>Fund Balance, Ending (C. + L.2)</b>	<b>4,207,900</b>	<b>4,207,900</b>	<b>6,807,068</b>	
M.	Percentage of GF Fund Balance to GF Expenditures (L.1 / J.3)	10.1%	10.1%		

V. Has the district settled any employee contracts during this quarter? **NO**

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

Contract Period Settled (Specify)	Management	Permanent	Academic	Temporary	Classified

YYYY-YY	Total Cost Increase	% *	Total Cost Increase	% *	Total Cost Increase	% *	Total Cost Increase	% *
<b>a. SALARIES:</b>								
Year 1:								
Year 2:								
Year 3:								
<b>b. BENEFITS:</b>								
Year 1:								
Year 2:								
Year 3:								

\* As specified in Collective Bargaining Agreement or other Employment Contract

c. Provide an explanation on how the district intends to fund the salary and benefit increases, and also identify the revenue source/object code.

VI. Did the district have significant events for the quarter (include incurrence of long-term debt, settlement of audit findings or legal suits, significant differences in budgeted revenues or expenditures, borrowing of funds (TRANS), issuance of COPs, etc.)? NO

If yes, list events and their financial ramifications. (Enter explanation below, include additional pages if needed.)

VII. Does the district have significant fiscal problems that must be addressed? This year? YES  
Next year? YES

If yes, what are the problems and what actions will be taken? (Enter explanation below, include additional pages if needed.)

The District went into the 2015-16 Budget Year with a \$1.17M Structural deficit. The District used one-time state funds to cover the imbalance. The District's FTE5 at P1 is slightly lower than last fiscal year at this time. The District has established a fund for OPEB and deposited \$3M into an irrevocable trust and \$1M liquidity fund associated with that trust. The rising costs associated with PERS and STRS present immediate challenges and projected to increase personnel expenses annually by \$2M by 2020. The 2016-17 Budget will require additional adjustments to offset rising costs.

CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE

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

CHANGE THE PERIOD

Fiscal Year: 2015-2016

Quarter Ended: (Q3) Mar 31, 2016

District: (460) MONTEREY

Your Quarterly Data is Certified for this quarter.

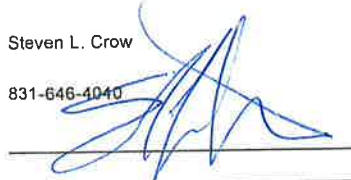
**Chief Business Officer**

**CBO Name:** Steven L. Crow

**CBO Phone:** 831-646-4040

**CBO Signature:**

**Date Signed:**



**Chief Executive Officer Name:** Dr. Walter Tribley

**CEO Signature:**

**Date Signed:**

**Electronic Cert Date:** 04/19/2016

**District Contact Person**

**Name:** Rosemary Barrios

**Title:** Controller

**Telephone:** 831-646-4043

**Fax:** 831-645-1315

**E-Mail:** rbarrios@mpc.edu

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

Send questions to:

Christine Atalig (916)327-5772 [catalig@ccccc.edu](mailto:catalig@ccccc.edu) or Tracy Britten (916)324-9794 [tbritten@ccccc.edu](mailto:tbritten@ccccc.edu)

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# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. D

Administrative Services  
College Area

### Proposal:

That the Governing Board approve the revised Accumulation Program for Part-Time and Limited Services Employees ("Apple Plan") for implementation as described in the attached document.

### Background:

The District currently offers a program for part-time, seasonal or temporary employees as an alternative retirement plan to Social Security (FICA) called the Accumulation Program for Part-time and Limited-service Employees (the "APPLE" Plan). This plan is only available to part-time employees, who are not covered under the State Teachers' Retirement System (STRS) nor the Public Employees Retirement System (PERS). The APPLE Plan was designed with financial goal of supplementing the employee's income at retirement, and to comply with the regulations of IRC 3121, qualified under Section 401(a) as a Defined Contribution Plan. As a participant in the MPCCD Qualified 401(a) Defined Contribution APPLE Plan, the employee defers receipt of a portion of their salary until a later date. This portion of compensation, in the form of contribution to the Plan, is NOT taxed until the employee receives a distribution from the Plan.

Currently, the District has an active APPLE PLAN. Due to new legislation and plan design updates, the following documents have been prepared for the District's approval by Keenan Financial Services and have been reviewed by the Vice President Administrative Services for MPC, Steven Crow.

1. The pre-approved Accumulation Program for Part-Time and Limited Service Employees, as restated, together with an adoption agreement (Appendix "A") as described in the enclosed letter.
2. A copy of the IRS's favorable advisory letter for the restated Plan.

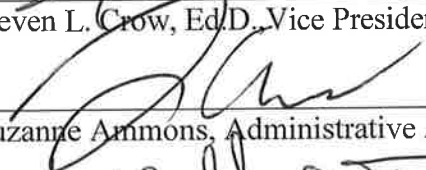
**Budgetary Implications:** No budgetary implications for revised Apple Plan.

**RESOLUTION:** That the Governing Board approve the revised Accumulation Program for Part-Time and Limited Services Employees ("Apple Plan") for implementation as described in the attached document.

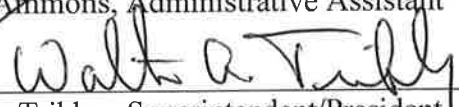
**Recommended By:**

  
\_\_\_\_\_  
Steven L. Crow, Ed.D., Vice President of Administrative Services

**Prepared By:**

  
\_\_\_\_\_  
Suzanne Ammons, Administrative Assistant

**Agenda Approval:**

  
\_\_\_\_\_  
Dr. Walter Tribley, Superintendent/President



March 11, 2016

Earl Davis *Steve Crow*  
Monterey Peninsula Community College  
980 Fremont Street  
Monterey, CA 93940

**Re: Accumulation Program for Part-Time and Limited Service Employees ("APPLE Plan")**

Dear <sup>DC</sup>Mr. Davis: *Crow*

Currently, the District has an active APPLE Plan. Due to new legislation and plan design updates, the following documents items have been prepared for the District's signature and/or files:

1. The pre-approved Accumulation Program for Part-Time and Limited Service Employees, as restated, together with an adoption agreement (Appendix "A"). This restatement of the Plan is intended to comply with the Pension Protection Act of 2006 ("PPA"), the Heroes Earnings Assistance and Tax Relief Act of 2008 ("HEART Act"), the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA"), including Technical Corrections to PPA, and applicable regulatory guidance.
2. A copy of the IRS's favorable advisory letter for the restated Plan

These documents are provided to you as part of our Plan services. If after review by you and your counsel, the documents are satisfactory in form, you should take the following steps in connection with the adoption of the restated Plan:

1. Adopt the restated Plan in accordance with the District's normal procedures. In order for the District to have reliance on the Plan as pre-approved by the IRS, the Plan must be signed **no later than June 30, 2016**.
2. Return a copy of the signed Appendix A in the enclosed pre-paid envelope to Keenan & Associates for our files. Retain the entire Plan Document for your files. *attached.*

We are available to assist you with any questions that you may have regarding these documents. You may contact me at 800-444-9995, ext. 3613.

Sincerely,

*Charlotte Murray*

Charlotte Murray  
Senior Technical Analyst  
Keenan Financial Services

*Done 3/30/16  
K. See*



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Plan Description: Volume Submitter Profit Sharing Plan  
FFN: 315D3800002-001 Case: 201200029 EIN: 95-2798626  
Letter Serial No: J593720a  
Date of Submission: 01/18/2012

KEENAN & ASSOCIATES  
2355 CRENSHAW BLVD., SUITE 200  
TORRANCE, CA 90501

Contact Person:  
Janell Hayes  
Telephone Number:  
513-263-3602  
In Reference To: TEGE:EP:7521  
Date: 03/31/2014

Dear Applicant:

In our opinion, the form of the plan identified above is acceptable under section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion relates only to the acceptability of the form of the plan under the Internal Revenue Code. It is not an opinion of the effect of other Federal or local statutes.

You must furnish a copy of this letter, a copy of the approved plan, and copies of any subsequent amendments to adopting employers if the practitioner is authorized to amend the plan on their behalf, to each employer who adopts this plan. Effective on or after 10/31/2011, interim amendments adopted by the practitioner on behalf of employers must provide the date of adoption by the practitioner.

This letter considers the changes in qualification requirements contained in the 2010 Cumulative List of Notice 2010-90, 2010-52 I.R.B. 909.

Our opinion on the acceptability of the form of the plan is not a ruling or determination as to whether an employer's plan qualifies under Code section 401(a). However, an employer that adopts this plan may rely on this letter with respect to the qualification of its plan under Code section 401(a), as provided for in Rev. Proc. 2011-49, 2011-44 I.R.B. 608, and outlined below. The terms of the plan must be followed in operation.

Except as provided below, our opinion does not apply with respect to the requirements of Code sections 401(a)(4), 401(l), 410(b), and 414(s). Our opinion does not apply for purposes of Code section 401(a)(10)(B) and section 401(a)(16) if an employer ever maintained another qualified plan for one or more employees who are covered by this plan. For this purpose, the employer will not be considered to have maintained another plan merely because the employer has maintained another defined contribution plan(s), provided such other plan(s) has been terminated prior to the effective date of this plan and no annual additions have been credited to the account of any participant under such other plan(s) as of any date within the limitation year of this plan. Also, for this purpose, an employer is considered as maintaining another plan, to the extent that the employer maintains a welfare benefit fund defined in Code section 419(e), which provides postretirement medical benefits allocated to separate accounts for key employees as defined in Code section 419A(d)(3), or an individual medical account as defined in Code section 415(l)(2), which is part of a pension or annuity plan maintained by the employer, or a simplified employee pension plan.

Our opinion does not apply for purposes of the requirement of section 1.401(a)-1(b)(2) of the regulations applicable to a money purchase plan or target benefit plan where the normal retirement age under the employer's plan is lower than age 62.

Letter 4333

Please sign and retain for  
your Plan Records

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

**ACCUMULATION PROGRAM FOR PART-TIME AND**

**LIMITED-SERVICE EMPLOYEES**

**(“APPLE PLAN”)**

**Specimen Plan Document**

**[2014]**

PLAN EFFECTIVE DATE: JANUARY 1, 1992

PLAN RESTATEMENT DATE: JULY 1, 2014

## TABLE OF CONTENTS

INTRODUCTION .....	1
ARTICLE 1     DEFINITIONS.....	2
1.1     Account Balance .....	2
1.2     Account .....	2
1.3     Annual Additions .....	2
1.4     Beneficiary .....	2
1.5     Board.....	2
1.6     Change of Status .....	2
1.7     Code .....	2
1.8     Compensation .....	2
1.9     Contract.....	3
1.10    Contributions.....	3
1.11    Defined Contribution Plan .....	3
1.12    Disability .....	3
1.13    Effective Date .....	3
1.14    Employee .....	3
1.15    Employer.....	3
1.16    Fund .....	3
1.17    Group Annuity Contract .....	3
1.18    Individual Account.....	3
1.19    Insurance Company .....	3
1.20    Leased Employee .....	4
1.21    Limitation Year.....	4
1.22    Maximum Compensation.....	4
1.23    Normal Retirement Date .....	4
1.24    Participant .....	5
1.25    Part-Time Employee .....	5
1.26    Pick-Up Account.....	5
1.27    Pick-Up Contributions .....	5
1.28    Plan or Program .....	5
1.29    Plan Administrator or Administrator .....	5



1.30	Plan Year.....	5
1.31	Rollover Account.....	5
1.32	Rollover Contribution.....	5
1.33	Seasonal Employee.....	5
1.34	Temporary Employee.....	6
1.35	Valuation Date.....	6
1.36	Volume Submitter Practitioner.....	6
ARTICLE 2	ELIGIBILITY AND PARTICIPATION.....	7
2.1	Eligibility.....	7
2.2	Beneficiary Designation.....	7
2.3	Notification of Individual Account Balance.....	7
ARTICLE 3	CONTRIBUTIONS AND ALLOCATIONS.....	8
3.1	Individual Accounts.....	8
3.2	Vesting.....	8
3.3	Employer Contribution.....	8
3.4	Pick-Up Contributions.....	8
3.5	Participant Rollover Contributions.....	8
3.6	Rollover Requirements.....	9
3.7	Allocation of Adjustment.....	9
3.8	Maximum Annual Additions.....	9
3.9	USERRA -- Qualified Military Service.....	10
ARTICLE 4	IN-SERVICE DISTRIBUTIONS.....	11
4.1	Withdrawal of Contributions Before Severance From Employment.....	11
4.2	In-Service Withdrawal of Employer Contributions.....	11
4.3	Withdrawal of Rollover Contributions.....	11
ARTICLE 5	DISTRIBUTIONS AFTER SEVERANCE FROM EMPLOYMENT.....	12
5.1	General.....	12
5.2	Retirement.....	12
5.3	Death.....	12
5.4	Severance from Employment.....	12
5.5	Cash-Out of Small Accounts.....	12
5.6	Minimum Distribution Requirements.....	13
5.7	Direct Rollovers.....	14

ARTICLE 6	PAYMENT OF BENEFITS .....	17
6.1	Forms of Payment .....	17
6.2	Distribution Not Requested.....	17
6.3	Missing Participant or Beneficiary .....	17
ARTICLE 7	FUNDING.....	18
7.1	Contributions.....	18
7.2	Contract Fund or Funds .....	18
7.3	Exclusive Benefit .....	18
7.4	Spendthrift Clause; Qualified Domestic Relations Orders .....	18
7.5	Mistake of Fact .....	18
ARTICLE 8	AMENDMENT AND TERMINATION OF THE PLAN.....	20
8.1	Amendment of the Plan .....	20
8.2	Volume Submitter Practitioner Authority to Amend.....	20
8.3	Termination of the Plan .....	20
8.4	Plan Merger or Consolidation.....	21
ARTICLE 9	ADMINISTRATION.....	22
9.1	Appointment of Administrator.....	22
9.2	Reports .....	22
9.3	Claims for Benefits .....	22
9.4	Plan Administrator Powers and Duties .....	23
9.5	Plan Administrator Reliance .....	24
9.6	Indemnification.....	24
ARTICLE 10	MISCELLANEOUS .....	25
10.1	Governing Law .....	25
10.2	Construction of the Plan.....	25
10.3	Participant’s Rights; Acquittance .....	25
10.4	Counterparts .....	25
APPENDIX A	.....	26

**INDEX OF VARIABLE SECTIONS**

Name of Employer/Plan Sponsor (Plan Introduction, § 1.15).....Appendix A, Section 1

Employer Identification Number .....Appendix A, Section 1

Employer Fiscal Year End .....Appendix A, Section 1

Plan Administrator/Administrator (Plan, § 1.29).....Appendix A, Section 2

Plan Effective Date (Plan, § 1.13) .....Appendix A, Section 3

Plan Year (Plan, § 1.30) .....Appendix A, Section 4

Limitation Year (Plan, § 1.21).....Appendix A, Section 5

Eligibility (Plan, § 2.1).....Appendix A, Section 6

Contribution Amount (Plan, §§ 3.3, 3.4).....Appendix A, Section 7

Post-Severance Compensation (Plan, § 1.8).....Appendix A, Section 8

In-Service Withdrawals of Employer Contributions (Plan, § 4.2).....Appendix A, Section 9

Rollover Contributions (Plan, § 3.5).....Appendix A, Section 10

Treatment of Rollovers in Involuntary Cashouts (Plan, § 5.5).....Appendix A, Section 11

Normal Retirement Date (Plan, § 1.23).....Appendix A, Section 12

Volume Submitter Practitioner Authority to Amend Plan (Plan, § 8.2) .Appendix A, Section 13

## INTRODUCTION

The public employer named in Appendix A (the “Employer”) has established this ACCUMULATION PROGRAM FOR PART-TIME AND LIMITED-SERVICE EMPLOYEES (the “Plan”) pursuant to Internal Revenue Code section 401(a) for the purpose of providing retirement and other benefits for eligible Employees and their Beneficiaries. The Plan is intended to be a profit sharing plan. By signing the Adoption Agreement (Appendix A), the Employer hereby adopts (or restates) this Plan effective as of the date specified in the Adoption Agreement.

This restatement of the Plan is intended to comply with the Pension Protection Act of 2006 (“PPA”), the Heroes Earnings Assistance and Tax Relief Act of 2008 (“HEART Act”), the Worker, Retiree and Employer Recovery Act of 2008 (“WRERA”), including Technical Corrections to PPA, and applicable regulatory guidance.

It is intended that this Plan, as amended and restated, shall be and remain a “qualified retirement plan” under Code section 401(a). It is also intended that each eligible Employee of the Employer, through participation in the Plan, shall be deemed to be a “member of a retirement system” of a State, political subdivision or instrumentality under Code section 3121(b)(7)(F) and the corresponding Treasury Regulations. Finally, it is intended that the Plan, as amended and restated, shall remain a “governmental plan” under section 3(32) of the Employee Retirement Income Security Act of 1974, as amended, and shall therefore be and remain exempt from Title I of such Act.



## ARTICLE 1

### DEFINITIONS

As used herein unless otherwise required by the context, the following words and phrases shall have the meanings indicated:

- 1.1 Account Balance. “Account Balance” means the amount in a Participant’s account as of any date, derived from Participant contributions, Employer contributions, or earnings.
- 1.2 Account. “Account” means accounts or records maintained by the Plan Administrator that indicate the monetary value of the total interest in the Plan Fund for each Participant and Beneficiary.
- 1.3 Annual Additions. “Annual Additions” means for any Participant in any Limitation Year, the sum of (a) Contributions made by the Employer, including Pick-Up Contributions (b) Contributions made by the Participant (if any), (c) amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(l)(2) of the Code, which is part of a pension or annuity plan maintained by the Employer, (d) forfeitures, and (e) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code section 419(A)(d)(3)) under a welfare benefit fund (as defined in section 419(e) of the Code) maintained by the Employer.
- 1.4 Beneficiary. “Beneficiary” means any person designated by a Participant or otherwise entitled to receive benefits that may become payable hereunder after the death of such Participant in accordance with Section 2.2.
- 1.5 Board. “Board” means the Board of Education for the Employer.
- 1.6 Change of Status. “Change of Status” means an Employer-initiated transfer of a Participant to a position or status with the Employer that is not eligible for participation in this Plan.
- 1.7 Code. “Code” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall be deemed to include any applicable regulations and rulings pertaining to such section.
- 1.8 Compensation. “Compensation” means, for any Participant, total earnings, prior to withholding as reported on the Participant’s Internal Revenue Service Form W-2, paid to him by the Employer during a Plan Year including bonuses, overtime, and commissions as well as any portion of said Participant’s pay which would have been received and includible in gross income but for the Participant’s election to participate in a salary reduction arrangement under Code section 125(a) (cafeteria plan), 132(f)(4) (qualified transportation fringe), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) (eligible deferred compensation plan). Compensation shall exclude extraordinary compensation such as the imputed value of group life insurance and any Employer contributions to this or any other

employee benefit program. Compensation in excess of \$150,000, as indexed pursuant to Code section 401(a)(17)(B), shall not be considered. Notwithstanding the foregoing, except as otherwise provided in Appendix A, effective as of the first day of the first Plan Year beginning after December 31, 2001, the limit on annual Compensation taken into account shall be \$200,000 (as indexed).

- 1.9 Contract. “Contract” means any type of annuity contract issued by an Insurance Company to affect the purposes of this Plan.
- 1.10 Contributions. “Contributions” means payments as provided herein by the Employer and/or the Participants to the Insurance Company for the purpose of providing the benefits under this Plan.
- 1.11 Defined Contribution Plan. “Defined Contribution Plan” means a plan that is established and qualified under Code section 401(a) or 403(b), which provides for an individual account for each Participant therein and for benefits based solely on the amount contributed to each Participant’s account and any income and expenses or gains or losses (both realized and unrealized) which may be allocated to such accounts.
- 1.12 Disability. “Disability” means a Participant’s inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration.
- 1.13 Effective Date. “Effective Date” means the date specified in Appendix A as the Effective Date.
- 1.14 Employee. “Employee” means a person reported on the payroll records of the Employer as a common law employee, excluding all other persons, including any independent contractor or Leased Employee.
- 1.15 Employer. “Employer” means the entity identified as the Employer in Appendix A.
- 1.16 Fund. “Fund” means the Plan assets held and invested under the Contract.
- 1.17 Group Annuity Contract. “Group Annuity Contract” means an annuity contract issued by an Insurance Company that may be used as a funding vehicle under the Plan and in which Contributions may be invested, as provided in Section 7.2.
- 1.18 Individual Account. “Individual Account” means the detailed record kept of the amounts credited to each Participant in accordance with the terms hereof. Such Individual Account is comprised of an Employer Account and a Pick-Up Account as described in Article 3.
- 1.19 Insurance Company. “Insurance Company” means any life insurance company licensed to do business in the State of California with whom the Employer has entered into a Contract pursuant to Section 7.2.

- 1.20 Leased Employee. “Leased Employee” means any individual who, pursuant to a written agreement between the Employer and any other individual, has performed services for the Employer (or for the Employer and related individuals determined in accordance with Code section 414(n)(6)), on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction or control of the Employer.
- 1.21 Limitation Year. “Limitation Year” means the twelve (12) month period identified in Appendix A as the Limitation Year.
- 1.22 Maximum Compensation. “Maximum Compensation” means Compensation as defined in Section 1.8, but including extraordinary compensation reported on Form W-2 and excluding any portion of a Participant’s pay that is contributed by the Employer pursuant to Code section 414(h). Effective for Plan Years beginning after December 31, 2008, Maximum Compensation shall include payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code section 414(u)(1)) to the extent that those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering military service. Effective for Limitation Years beginning after July 1, 2007, Maximum Compensation shall not include amounts paid after a Participant’s severance from employment except:
- (a) Regular Pay for Services. Regular pay after the Employee’s severance from employment if it is (i) regular compensation for services during the Employee’s regular working hours, or (ii) compensation for services outside regular working hours (such as overtime and shift differential), commissions, bonuses, or similar compensation that would have been paid prior to the Employee’s termination had the Employee continued in employment with the Employer, and (iii) such amounts are paid by the later of 2-½ months following the Participant’s severance from employment with the Employer or the end of the calendar year that includes the Employee’s severance date.
  - (b) Leave Cashouts. If elected by the Employer in the Adoption Agreement, payments for accrued bona fide sick, vacation, or other leave if (i) the Employee would have been able to use the leave if the Employee’s employment with the Employer had continued; and (ii) such amounts are paid by the later of 2-½ months following the Employee’s severance from employment with the Employer or the end of the calendar year that includes the Employee’s severance date.
  - (c) Compensation During Disability. If elected by the Employer in the Adoption Agreement, compensation paid to a Participant who is permanently and totally disabled (as defined in Code section 22(e)(3)), provided that salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period.
- 1.23 Normal Retirement Date. “Normal Retirement Date” means the date that the Participant attains age 60 or such other age as is specified in the Adoption Agreement. Effective for

Plan Years beginning on or after January 1, 2015 (or any later effective date as permitted by IRS Notice 2012-29), a normal retirement age of less than age 62 must meet the requirements of Treas. Regs. § 1.401(a)-1(b)(2).

- 1.24 Participant. “Participant” means any Employee who becomes a Participant as provided in Article 2 and any former Employee who has not received a distribution of his full Account Balance.
- 1.25 Part-Time Employee. “Part-Time Employee” means an Employee who normally works twenty (20) hours or less per week. Notwithstanding the preceding sentence, a Part-time Employee for purposes of this Plan shall not include a teacher employed by a post-secondary educational institution if said teacher normally has classroom hours of one-half or more of the classroom hours designated by the educational institution as constituting full-time employment.
- 1.26 Pick-Up Account. “Pick-Up Account” means that portion of a Participant’s Individual Account attributable to (a) the Pick-Up Contribution allocated to such Participant pursuant to Article 3, and (b) the Participant’s proportionate share of the adjustments attributable to his Pick-Up Account.
- 1.27 Pick-Up Contributions. “Pick-Up Contributions” means Contributions made by the Employer pursuant to Section 3.4 and Code section 414(h)(2).
- 1.28 Plan or Program. “Plan or Program” means the Accumulation Program for Part-Time and Limited-Service Employees of the Employer, as Amended and Restated herein. This Plan is a governmental plan under Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended, and is accordingly exempt from Title I of such Act.
- 1.29 Plan Administrator or Administrator. “Plan Administrator or Administrator” means that person or committee appointed by the Employer pursuant to Section 9.1 to administer the Plan. In the event that no Plan Administrator is appointed, the Employer shall be the Plan Administrator.
- 1.30 Plan Year. “Plan Year” means the twelve (12) month period identified as the Plan Year in Appendix A; provided that if so indicated in Appendix A, the initial Plan Year shall be a short plan year beginning on the Effective Date of the Plan.
- 1.31 Rollover Account. “Rollover Account” means the separate account established by the Administrator to record a Participant’s Rollover Contributions.
- 1.32 Rollover Contribution. “Rollover Contribution” means a contribution made by a Participant pursuant to Section 3.5.
- 1.33 Seasonal Employee. “Seasonal Employee” means an Employee who normally works on a full-time basis less than five (5) months in a year.

- 1.34 Temporary Employee. “Temporary Employee” means an Employee who is performing services under a contractual arrangement with the Employer of two (2) years or less duration, unless it is significantly likely that the contractual arrangement will be extended. Notwithstanding the preceding sentence, a person employed by the Employer who is covered by a collective bargaining agreement of two (2) years or less duration shall not, for that reason alone, be considered a Temporary Employee for purposes of this Plan.
- 1.35 Valuation Date. “Valuation Date” means the last day of each calendar month subsequent to the Effective Date, as of which date the Fund shall be valued at fair market value. From time to time, the Plan Administrator or its delegate may cause the Fund to be valued as of any other date as it deems desirable.
- 1.36 Volume Submitter Practitioner. “Volume Submitter Practitioner” means Keenan & Associates.

## ARTICLE 2

### ELIGIBILITY AND PARTICIPATION

2.1 Eligibility. Only Part-time, Seasonal, or Temporary Employees will be eligible to participate in the Plan. An eligible Employee shall become a Participant immediately upon first rendering paid service in a classification that is not eligible to participate in the California Public Employees Retirement System (PERS) or the California State Teachers Retirement System (STRS) (or, if later, upon the Effective Date of the Plan), provided that the Employee has completed any enrollment forms required by the Plan Administrator in accordance with Appendix A. A Participant shall remain a Participant until his entire Account Balance has been distributed.

2.2 Beneficiary Designation. Upon commencing participation, each Participant shall designate a Beneficiary on forms furnished by the Plan Administrator. Such forms shall be maintained in files held by the Plan Administrator. The Participant may change his Beneficiary by written notice to the Plan Administrator. Upon such change, the rights of all previously designated Beneficiaries to receive any benefits under this Plan shall cease. In the event of the death of a married Participant, the surviving spouse must be the sole Beneficiary unless the surviving spouse has consented in writing to a different election, has acknowledged the effect of such election, and the consent and acknowledgement are witnessed by the Plan Administrator or a notary public. The consent of the spouse shall not be necessary if it is established to the satisfaction of the Plan Administrator that there is no spouse, the spouse cannot reasonably be located, or for such other reasons as the IRS regulations prescribe.

If no duly designated Beneficiary exists at the date of death of the Participant, or if the designated Beneficiary predeceases the Participant, or if the Participant has revoked a prior designation in writing filed with the Plan Administrator without having filed a new designation, then all death benefits shall be payable to the Participant's estate.

To the extent a Participant's interest in this Plan is invested in a Contract issued by an Insurance Company and such Contract shall have Beneficiary designation and/or payment procedures which are inconsistent with this Section 2.2, such Contract provisions shall apply so long as they will not affect the qualified status of this Plan.

2.3 Notification of Individual Account Balance. After the close of each Plan Year, or more frequently as determined by the Plan Administrator, the Plan Administrator shall notify, in writing, each Participant of the amount of his share in the adjustments and contributions for the Plan Year (or other period) just completed and of the new balance of his Individual Account.

## ARTICLE 3

### CONTRIBUTIONS AND ALLOCATIONS

- 3.1 Individual Accounts. The Plan Administrator shall establish and maintain an Individual Account comprised of an Employer Account and a Pick-Up Account in the name of each Participant. Separate Accounts shall also be established for any Rollover Contributions to this Plan, and the Plan Administrator shall account separately for any after-tax portion of a Rollover Contribution. The Plan Administrator shall credit all amounts allocated to each such Individual Account pursuant to the provisions of this Plan. Separate accounts shall be maintained for each Participant. Such separate accounts shall not require a segregation of the Fund assets and no Participant shall acquire any right to or interest in any specific asset of the Fund as a result of the allocations provided for in the Plan. All allocations shall be made as of the Valuation Date specified in this Plan.
- 3.2 Vesting. Each Participant shall be 100% vested in his Individual Account immediately upon becoming a Participant.
- 3.3 Employer Contribution. The Employer shall make a contribution to the Plan for each Plan Year, which shall be allocated to each Participant's Individual Account in accordance with the contribution formula described for Employer Contributions in Section 7 of Appendix A. The total amount of Pick-Up and Employer Contributions must total a minimum of 7.5% of each Participant's Compensation.
- 3.4 Pick-Up Contributions. Each Participant shall make contributions to the Plan by salary reductions on a pretax basis in an amount designated in Appendix A. Such Participant contributions shall be treated as Employer Pick-up Contributions and allocated to that Participant's Account. The Employer shall specify that the contributions, although designated as Participant contributions, are being paid by the Employer in lieu of contributions by the Participant. The Participant shall not have the option of choosing to receive the contributions directly instead of having them paid to the Plan. The total amount of Pick-Up and Employer Contributions must total a minimum of 7.5% of each Participant's Compensation.
- 3.5 Participant Rollover Contributions. Any Participant who has filed with the Plan Administrator an application in the form specified by the Plan Administrator, and has received the Plan Administrator's written consent, may make a Rollover Contribution to the Plan from an eligible section 401(a) qualified pension or profit sharing plan and trust or from a section 403(a) qualified annuity plan.

If so elected by the Employer in Appendix A, the Plan will accept Participant Rollover Contributions made after December 31, 2001 from the types of plans specified in Appendix A.

The Plan Administrator may require a Participant to furnish satisfactory evidence that the proposed transfer is an eligible rollover distribution as defined in Code section 402(c) and Section 5.7(B)(1) of the Plan. A Rollover Contribution is not an Annual Addition.

3.6 Rollover Requirements. For any Rollover Contribution, the following requirements shall be met:

- (a) The Plan Administrator shall maintain a Participant's Rollover Contributions in a separate Rollover Account.
- (b) The Rollover Contribution will be invested as part of the Plan Fund;
- (c) A Participant's Rollover Contributions shall not be forfeitable nor reduce in any way the obligations of the Employer under this Plan.
- (d) The Plan Administrator shall account separately for the portion of any Rollover Contribution which is includible in gross income and the portion which is not.

3.7 Allocation of Adjustment. The Plan Administrator and the Insurance Company shall determine the investment results of the Fund for the period elapsed since the last preceding Valuation Date. Such results shall be allocated to the Individual Account of each Participant, on the basis of the ratio of the Participant's Individual Account balance to the sum of all Participant Individual Account balances under the Plan. To the extent a Participant's interest in this Plan is invested in a Contract issued by an Insurance Company and such Contract has an allocation procedure which is inconsistent with this Section 3.7, such Contract provision shall apply so long as it will not affect the qualified status of the Plan.

3.8 Maximum Annual Additions. The total Annual Additions made to the Individual Account of a Participant for any Limitation Year commencing on or after the Effective Date, when combined with any Annual Additions credited to the Participant for the same period under another qualified Defined Contribution Plan maintained by the Employer, shall not exceed the lesser of (a) or (b) below:

- (a) Thirty thousand dollars (\$30,000) or such larger amount as may be allowed under regulations issued pursuant to Code section 415(d); and
- (b) Twenty-five percent (25%) of the Participant's Maximum Compensation for the Plan Year.
- (c) Notwithstanding the foregoing, effective for Limitation Years beginning after December 31, 2001, Maximum Annual Addition means the lesser of (a) and (b) below:
  - (i) Forty Thousand Dollars (\$40,000.00) or such larger amount as may be allowed under regulations issued pursuant to Code section 415(d); and
  - (ii) One hundred percent (100%) of the Participant's Maximum Compensation for the Plan Year.

In the event a Participant is covered by one or more other Defined Contribution Plans maintained by the Employer, the maximum Annual Additions under this Plan shall be



decreased to the extent determined necessary by the Employer, prior to the reduction of such other Defined Contribution Plan, to ensure that all such plans will remain qualified under the Code.

If the Annual Additions that would be credited to a Participant's Account for a Limitation Year would exceed the maximum Annual Additions for such Participant for such year, the excess Annual Additions which, but for this Section 3.8, would have been allocated to such Participant's Individual Account, shall be disposed of as follows: The Pick-Up Account shall be first reduced by the amount required to ensure compliance with this Section 3.8, and then the Employer Account shall be reduced. The Employer Contributions otherwise allocable to the Participant's Account will be used to reduce Employer Contributions in the current Limitation Year, and each succeeding Limitation Year if necessary, in accordance with the correction procedures in Rev. Proc. 2013-12 and any subsequent guidance.

- 3.9 USERRA -- Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to "qualified military service" will be made in accordance with Code section 414(u) and the Uniformed Services Employment and Reemployment Rights Act (USERRA). In addition, the survivors of any Participant who dies on or after January 1, 2007 while performing qualified military service shall be entitled to any additional benefits (other than contributions relating to the period of qualified military service) that would have been provided under the Plan had the Participant resumed employment on the day preceding the Participant's death and then terminated employment on account of death.

## ARTICLE 4

### IN-SERVICE DISTRIBUTIONS

- 4.1 Withdrawal of Contributions Before Severance From Employment. Except as provided below, the Plan does not permit a Participant to withdraw any Contributions prior to his severance from employment.
- 4.2 In-Service Withdrawal of Employer Contributions. If permitted in the Adoption Agreement, a Participant may withdraw Employer Contributions (as defined in Section 3.3) from the Plan prior to a severance of employment upon the Participant's Disability or Change of Status.
- 4.3 Withdrawal of Rollover Contributions. A Participant shall have the right to withdraw all or any portion of his Rollover Contributions. A Participant shall make such an election on a form prescribed by and delivered to the Plan Administrator at any time during the Plan Year for which the election shall be effective. In the written election, the Participant shall specify the desired dollar amount to be distributed to the Participant. All distributions under this Section shall be made according to the form of distribution selected under Article 5.

## ARTICLE 5

### DISTRIBUTIONS AFTER SEVERANCE FROM EMPLOYMENT

- 5.1 General. Subject to Article 4, all rights to any benefits under this Plan are conditioned upon a Participant's retirement, death, or severance from employment. No distribution of benefits is permitted under this Plan prior to a Participant's retirement, death or severance from employment.
- 5.2 Retirement. After the Participant attains the Participant's Normal Retirement Date and retires from employment with the Employer, the Plan Administrator shall notify the Participant of his right to receive a distribution. The Participant may make a written election to receive a distribution by completing a form designated by the Administrator for that purpose. Upon receipt of the Participant's request for a distribution, the Administrator shall direct the Insurance Company to distribute the Participant's Account Balance, determined as of the Valuation Date coincident with or next following the Plan Administrator's receipt of the Participant's election. Payment shall be made as soon as administratively feasible following such Valuation Date.
- 5.3 Death. Upon the death of a Participant prior to distribution of his entire Account Balance, the Plan Administrator shall direct the Insurance Company to distribute the Participant's Account balance, (determined as of the Valuation Date coincident with or next following the Administrator's receipt of notice of the Participant's death) to the Participant's Beneficiary. Distribution shall be made as soon as administratively feasible following such Valuation Date. Prior to making any distribution, the Plan Administrator shall require a death certificate or other satisfactory evidence of the Participant's death.
- Any portion of the Participant's Account that is payable to the Participant's Beneficiary will be distributed within five (5) years after the Participant's death. Any remaining portion of the Participant's Account that is not payable to a Beneficiary designated by the Participant will be distributed within five (5) years after the Participant's death.
- 5.4 Severance from Employment. In the event that the Participant terminates employment with the Employer, the Plan Administrator shall notify the Participant of his right to receive a distribution. The Participant may make a written election to receive a distribution by completing a form designated by the Plan Administrator for that purpose. Upon receipt of the Participant's request for a distribution, the Administrator shall direct the Insurance Company to distribute the Participant's Account Balance, determined as of the Valuation Date coincident with or next following receipt of the Participant's distribution election. Payment shall be made as soon as administratively feasible following such Valuation Date.
- 5.5 Cash-Out of Small Accounts. Notwithstanding any other provision of this Article 5, in the event of that a Participant retires or terminates employment with the Employer and does not elect a distribution or a direct rollover of said Participant's Account as provided in this Article 5, the Plan Administrator may direct the Insurance Company to distribute, without the consent of the Participant, the Participant's Account Balance if the value of

the Account (including Rollover Contributions) does not exceed \$5,000 (or such other amount in effect under Code section 411(a)(11)(A)) as of the Valuation Date coincident with or next following the date of the Participant's retirement or severance from employment. Payment shall be made as soon as administratively feasible following such Valuation Date. Effective for distributions on and after March 28, 2005, in the event that the amount of the distribution exceeds \$1,000 (but not more than \$5,000), the Plan Administrator may direct the Insurance Company to pay the distribution in a direct rollover to an individual retirement plan designated by the Plan Administrator.

If elected by the Employer in Appendix A, the value of the Participant's Account shall be determined without regard to the portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto).

## 5.6 Minimum Distribution Requirements.

- A. General Provisions. Notwithstanding any other provision of the Plan, effective January 1, 2003 all distributions from the Plan will comply with the minimum distribution requirements of Code section 401(a)(9) in accordance with section 1.401(a)(9)-2 through 1.401(a)(9)-9 of the Final and Temporary Regulations published in the Federal Register on April 17, 2002, the provisions of which are incorporated herein by reference. The requirements of this Section 5.6 shall apply to any distribution of a Participant's interest and shall override any inconsistent provision of the Plan. In addition, all benefits distributed to any Participant on or after January 1, 2003, will satisfy the incidental death benefit provisions under Code section 401(a)(9)(G) and section 1.401(a)(9)-5(d) of the regulations.
- B. Time and Manner of Distribution.
- (1) Required Beginning Date. Notwithstanding any other provision of the Plan, the Participant's entire benefit shall be distributed, or begin to be distributed, not later than April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70-1/2 or (ii) the calendar year in which he retires.
  - (2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
    - (a) Participant Survived by Surviving Spouse Designated Beneficiary. If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

- (b) Participant Survived by Designated Beneficiary Who Is Not Surviving Spouse. If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
- (c) No Designated Beneficiary. If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (d) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subsection (B)(2), other than subsection (B)(2)(a) will apply as if the surviving spouse were the Participant.

For purposes of subsection (B)(2), unless subsection (B)(2)(d) applies, distributions are considered to begin on the Participant's Required Beginning Date (subsection B(1) above). If subsection (B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection (B)(2)(a).

## 5.7 Direct Rollovers.

### A. Portability.

- (1) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section (except for paragraph (2) below), a distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- (2) Notwithstanding paragraph (1) above, (A) a distributee shall not be permitted to elect a direct rollover with respect to eligible rollover distributions during a year that are reasonably expected to total less than \$200; and (B) for distributions after December 31, 2001 a distributee shall not be permitted to elect to have a portion of an eligible rollover distribution paid to an eligible retirement plan in a direct rollover and to have the remainder paid to the distributee if either (I) the entire amount of the eligible rollover distribution does not exceed \$500 or (II) the entire

amount of the eligible rollover distribution exceeds \$500, but the distributee does not elect to have at least \$500 paid to an eligible rollover distribution in a direct rollover.

B. Definitions.

- (1) An “eligible rollover distribution” is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any hardship distribution; or any distribution to the extent such distribution is required under Code section 401(a)(9).
- (2) An “eligible retirement plan” is a traditional individual retirement account or individual retirement annuity (IRA) described in Code section 408, (effective for distributions after December 31, 2010) a Roth IRA described in Code section 408A(b), a qualified retirement plan described in Code section 401(a), an annuity plan described in Code section 403(a); an annuity contract described in section 403(b) of the Code, or an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan in the preceding sentence shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code.

If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated Roth account, an eligible retirement plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA of such individual.

- (3) A “distributee” includes a Participant or former Participant. In addition, the Participant’s surviving spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p), are distributees with regard to the interest of the spouse or former spouse.

Effective for Plan Years beginning after December 31, 2009, a non-spouse “designated beneficiary” as defined in Code section 401(a)(9)(E) may establish an inherited IRA into which all or a portion of a death benefit to which such non-spouse beneficiary is entitled may be distributed from the

Plan in a direct rollover. Such distribution must otherwise qualify as an eligible rollover distribution under the Plan (but for the fact that it is being paid to a non-spouse designated beneficiary).

- (4) A “direct rollover” is a payment by the Plan to the eligible retirement plan specified by the distributee. Effective for distributions made after December 31, 2001, Eligible Retirement Plan also means an annuity contract described in section 403(b) of the Code, and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state, and which agrees to separately account for amounts transferred into such plan from this Plan.

## ARTICLE 6

### PAYMENT OF BENEFITS

- 6.1 Forms of Payment. Whenever a Participant, or Beneficiary is entitled to receive a distribution of benefits, he or she may elect that benefits be paid in either of the following forms:
- (a) Lump sum, payable in cash, of the Participant's entire Account Balance. Partial distributions are not available.
  - (b) Direct rollover pursuant to Section 5.7.
- 6.2 Distribution Not Requested. If a Participant does not complete the Request for Settlement of Account form and file with the Plan Administrator, the Participant's Account shall remain invested as directed by the Plan Administrator and shall be credited with its proportionate share of gains and losses of the Plan Fund until the Account Balance is paid out to the Participant (or Beneficiary) pursuant to the Participant's (or Beneficiary's) request, or is distributed to the Participant by the Plan Administrator pursuant to Section 5.5.
- 6.3 Missing Participant or Beneficiary. Notwithstanding Section 6.2, if a Participant (or his or her Beneficiary) cannot be located within three years after the Participant's Account becomes payable, and during that period reasonable efforts have been made to find him or her, the Participant's Account shall be escheated to the State of California as unclaimed property pursuant to California Code of Civil Procedure section 1518. "Reasonable efforts" to locate the Participant shall be deemed to have been made if the Plan Administrator first sends written notification by certified or registered mail to the Participant's last known address that the Account is distributable, and if that is unsuccessful, the Plan Administrator uses a letter-forwarding service through the Internal Revenue Service, the Social Security Administration and/or a commercial locator service to locate the Participant.



## ARTICLE 7

### FUNDING

- 7.1 Contributions. Contributions by the Employer on behalf of the Participants shall be paid over to the Insurance Company. All Contributions by the Employer shall be irrevocable, except as herein provided, and may be used only for the exclusive benefit of the Participants and their Beneficiaries.
- 7.2 Contract Fund or Funds. The Employer, in order to establish a Fund for the payment of certain benefits under the Plan, shall enter into a Contract with an Insurance Company for a Group Annuity Contract into which Contributions made to the Plan will be placed and applied to provide the benefits hereunder. The Group Annuity Contract is attached hereto and incorporated by reference as a part of the Plan, and the rights of all persons hereunder are subject to the terms of the Contract. The Contract shall contain such powers and reservations as to control and disbursement of the funds and such other provisions not inconsistent with the provisions of the Plan and its nature and purposes as shall be agreed upon and set forth therein. The Insurance Company shall, in accordance with the terms of the Contract, accept and receive all sums of money paid to it from time to time by the Employer and shall hold, manage, and administer such monies and the earnings and income thereof as a Fund for the exclusive benefit of those entitled to receive benefits under the Plan.
- 7.3 Exclusive Benefit. All assets of the Plan, including all deferred amounts, property and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property or rights, shall be held in the Group Annuity Contract for the exclusive benefit of Participants and their Beneficiaries. The Employer shall have no rights or interest in any assets of the Plan, and no creditor of the Employer shall have any claim to such assets.
- 7.4 Spendthrift Clause; Qualified Domestic Relations Orders. No benefits or other amounts payable under the Plan shall be subject in any manner to anticipation, sale, transfer, assignment, pledge, encumbrance, charge or alienation, except to the extent permitted in section 401(a)(13) of the Code. Notwithstanding the foregoing, all rights and benefits provided to a Participant in this Plan shall be subject to rights afforded to an alternate payee under a "qualified domestic relations order," as defined in Code section 414(p). A distribution to an alternate payee shall be permitted if the Plan Administrator determines that such distribution is authorized by a qualified domestic relations order, even if the affected Participant has not separated from employment with the Employer and even if the Participant's Account is not otherwise distributable.
- 7.5 Mistake of Fact. Notwithstanding any contrary provision in this Plan, if the Employer makes a contribution by a mistake of fact, the contribution must be returned to the Employer within one (1) year of the date of the contribution. The amount of the mistaken contribution to be returned to the Employer is equal to the excess of (a) the amount contributed over (b) the amount that would have been contributed had there not occurred a mistake of fact. Earnings attributable to mistaken contributions shall also be returned to

the Employer. Mistaken contributions returned to the Employer shall be reduced by the amount of any attributable losses.

## ARTICLE 8

### AMENDMENT AND TERMINATION OF THE PLAN

- 8.1 Amendment of the Plan. The Employer shall have the right at any time to modify, alter, or amend the Plan in whole or in part; provided, however, that the duties, powers, and liability of the Plan Administrator and the Insurance Company shall not be increased without their written consent; and provided, further, that the amount of benefits which at the time of any such modification, alteration, or amendment shall have accrued for any Participant or Beneficiary shall not be adversely affected thereby; and provided, further, that no such modification, alteration, or amendment shall have the effect of reinvesting in the Employer any part of the principal or income of the Fund.
- 8.2 Volume Submitter Practitioner Authority to Amend. Keenan & Associates as Volume Submitter Practitioner may amend the Plan on behalf of the Employer to the extent required to comply with changes in the Code, regulations, revenue rulings, other statements published by the Internal Revenue Service (including model, sample or other required good faith amendments that specifically provide that their adoption will not cause the plan to be individually designed) or corrections of the Plan as previously approved by the Internal Revenue Service. Keenan & Associates will no longer have the authority to amend the Plan on behalf of the Employer as of the date the Internal Revenue Service requires the Employer to file Form 5300 as an individually designed plan as a result of an Employer amendment to the Plan to incorporate a type of plan not allowable in the volume submitter program or as a result of amendments to the specimen plan that the Internal Revenue Service in its discretion determines have caused the Plan to be an individually designed plan due to the nature and extent of the amendments to the specimen plan.
- If the Employer is required to obtain a determination letter to have reliance (for example, because the Employer has modified the specimen plan), the authority of Keenan & Associates to amend the Plan on behalf of the Employer is conditioned on the Plan being covered by a favorable determination letter. Keenan & Associates shall maintain a record of the employers that have adopted the plan, and shall make reasonable and diligent efforts to ensure that adopting employers have received and are aware of all plan amendments, and that such employers adopt new documents when necessary. If the Volume Submitter Practitioner reasonably concludes that the Employer's plan may no longer be a qualified plan and the Practitioner does not or cannot submit a request to correct the qualification failure under EPCRS, the Practitioner shall notify the Employer that the plan may no longer be qualified, advise the Employer that adverse tax consequences may result from loss of the plan's qualified status, and inform the Employer about the availability of EPCRS.
- 8.3 Termination of the Plan. The Employer expects to continue the Plan indefinitely, but continuance is not assumed as a contractual obligation and the Employer reserves the right at any time by action of the Board to terminate the Plan. In the event of termination of the Plan or discontinuance of contributions, all Accounts shall be fully vested. In the event of termination of the Plan by the Employer, the Plan Administrator or its delegate

shall value the Fund as of the date of termination. The Individual Accounts of the Participants and Beneficiaries affected by the termination, as determined by the Plan Administrator or its delegate, shall continue to be administered as part of the Fund or distributed to such Participants or Beneficiaries as provided for herein.

- 8.4 Plan Merger or Consolidation. In the case of any merger or consolidation with, or transfer of any assets or liabilities to, any other plan, each Participant in this Plan must be entitled to receive (if the surviving plan is then terminated) a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if this Plan had terminated).

## ARTICLE 9

### ADMINISTRATION

- 9.1 Appointment of Administrator. The Employer shall appoint the Plan Administrator, who shall administer the Plan and be responsible for filing all reporting and disclosure documents as required by law. Service of process on the Plan may be made by personal service on the Employer or the Plan Administrator.
- 9.2 Reports. The Plan Administrator shall be responsible for maintaining all books of account, records and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Employer to furnish to the Internal Revenue Service, Participants, Beneficiaries, and others as required by law.
- 9.3 Claims for Benefits. The Plan Administrator shall furnish to Participants claims procedures to be followed by Participants and Beneficiaries claiming benefits under this Plan, including the procedures for requesting review of a denied claim. All claims shall be paid by the Insurance Company as soon as administratively possible upon receipt of the Request for Settlement of Account form.
- A. Filing of Claim. A Participant or Beneficiary who believes he is entitled to a benefit which he has not received may file a claim in writing with the Employer. The Employer may require a claimant to submit additional information, if necessary to process the claim. The Employer or its delegate shall review the claim and render its decision within ninety (90) days from the date the claim is filed (or the requested additional information is submitted, if later), unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to the claimant within the initial ninety (90) day period. The notice shall indicate the special circumstances requiring the extension and the date by which the Employer expects to reach a decision on the claim. In no event shall the extension exceed a period of ninety (90) days from the end of the initial period.
- B. Notice of Denial of Claim. If the Employer denies a claim, in whole or in part, it shall provide the claimant with written notice of the denial within the period specified in Paragraph 1. The notice shall be written in language calculated to be understood by the claimant, and shall include the following information:
- (i) The specific reason for such denial;
  - (ii) Specific reference to pertinent Plan provisions upon which the denial is based;
  - (iii) A description of any additional material or information which may be needed to clarify or perfect the request, and an explanation of why such information is required; and

- (iv) An explanation of the Plan's review procedure with respect to the denial of benefits.

C. Review Procedure. Any claimant whose claim has been denied, in whole or in part, shall follow those review procedures as set forth herein.

- (i) A claimant whose claim has been denied, in whole or in part, may request a full and fair review of the claim by the Administrator by making written request therefor within sixty (60) days of receipt of the notification of denial. The Administrator, for good cause shown, may extend the period during which the request may be filed. The claimant shall be permitted to examine all documents pertinent to the claim and shall be permitted to submit issues and comments regarding the claim to the Administrator in writing.
- (ii) The Administrator shall render its decision within sixty (60) days after receipt of the application for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case the decision shall be rendered as soon as possible but not later than one hundred and twenty (120) days after receipt of a request for review. If an extension of time is necessary, written notice shall be furnished to the claimant before the extension period commences.
- (iii) The Administrator shall decide whether a hearing shall be held on the claim. If so, it shall notify the claimant in writing of the time and place for the hearing. Unless the claimant agrees to a shorter period, the hearing shall be scheduled at least fourteen (14) days after the date of the notice of hearing. The claimant and/or his authorized representative may appear at any such hearing.
- (iv) The Administrator shall send its decision on review to the claimant in writing within the time specified in (c)(ii) above. If the claim is denied, in whole or in part, the decision shall specify the reasons for the denial in a manner calculated to be understood by the claimant, referring to the specific Plan provisions on which the decision is based. The Administrator shall not be restricted in its review to those provisions of the Plan cited in the original denial of the claim.
- (v) The Administrator's decision on review shall be final and binding on all persons.

9.4 Plan Administrator Powers and Duties. The Plan Administrator shall perform the duties and may exercise the powers and discretion given to it in the Plan. The Plan Administrator shall have sole authority in its discretion to determine all questions and disputes regarding eligibility or benefits, as well as the meaning, interpretation or application of any provision of the Plan. The Plan Administrator's decision shall be final

and conclusive as to all persons. The Plan Administrator shall exercise all of its powers, duties, and discretion under the Plan in a uniform and nondiscriminatory manner.

- 9.5 Plan Administrator Reliance. The Employer shall furnish the Plan Administrator with all data and information available to the Employer that the Plan Administrator may reasonably require to perform its functions under this Agreement. The Plan Administrator may rely without question on any data or information furnished by the Employer.
- 9.6 Indemnification. To the extent permitted by law, the Employer shall indemnify any employee to whom fiduciary duties with respect to the Plan are delegated against all claims, losses, damages, expenses, and liabilities, including attorney's fees, from any alleged action or alleged failure to act in connection with such individual's duties with respect to the Plan, except when the same is determined to be due to gross negligence or willful misconduct of such employee. All expenses of administration may be paid out of the Plan unless paid by the Employer. The Plan Administrator (and any employees of the Employer who assist the Plan Administrator in its functions under the Plan) shall serve without compensation for its services as such, but shall be reimbursed for all necessary expenses incurred in the discharge of its duties.

## ARTICLE 10

### MISCELLANEOUS

- 10.1 Governing Law. The Plan shall be construed, regulated, and administered according to the laws of the State of California.
- 10.2 Construction of the Plan. The headings and subheadings in the Plan have been inserted for convenience of reference only and shall not affect the construction of the provisions hereof. In any necessary construction the masculine shall include the feminine and the singular, the plural and vice versa.
- 10.3 Participant's Rights; Acquittance. No Participant in the Plan shall acquire any right to be retained in the employ of the Employer by virtue of the Plan; nor, upon his dismissal, or upon his voluntary termination of employment, shall he have any right or interest in and to the Fund other than as specifically provided herein. The Employer shall not be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Fund.
- 10.4 Counterparts. The Plan and the Insurance Annuity Contract may be executed in any number of counterparts, each of which shall constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.



**APPENDIX A**

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

**ACCUMULATION PROGRAM  
FOR PART-TIME AND LIMITED-SERVICE EMPLOYEES  
("APPLE PLAN")**

**ADOPTION AGREEMENT**

*Appendix A is to be used only with the Keenan & Associates Accumulation Program for Part-Time and Limited-Service Employees ("APPLE Plan") [2014]. Failure to properly fill out Appendix A may result in failure of the Plan to qualify.*

*The Employer must complete and sign Appendix A when it first adopts the Plan and if the Plan has been restated. The Employer must complete a new signature page if it modifies any prior election or makes new elections in Appendix A.*

**1. Name of Employer/Plan Sponsor.**

The Employer is Monterey Peninsula Community College District

Address: 980 Fremont Street

City: Monterey State: CA Zip: 93940

Telephone: 831-646-4010

Employer's Tax Identification Number: 94-2314506

Employer's Fiscal Year End: June 30

**2. Plan Administrator.**

The Administrator is: [designate person or committee, by name or position]

Monterey Peninsula Community College District

**3. Plan Effective Date.**

The Effective Date of this Plan is: January 1, 1992

If this is an amended and restated Plan, the Effective Date of the Plan amendment and restatement is: July 1, 2014.

*Note: The Effective Date of the Plan, or the Effective Date of the restated Plan, may not be earlier than the first day of the Plan Year during which the Plan (or the Plan as restated) is adopted by the Employer. The Effective Date of a Pick-Up Contribution provision under this Plan may not precede the date of adoption of the Plan (i.e., may not be retroactively effective).*

**4. Plan Year.**

The Plan Year begins July 1 and ends June 30.

**5. Limitation Year.**

The Limitation Year is the **[check one]**:

- Plan Year
- Calendar year

**6. Eligibility.**

An Employee classified as Part-time, Seasonal or Temporary and who is not eligible to participate in PERS or STRS **[check one]**:

- shall automatically become a Participant in accordance with Section 2.1 of the Plan.
- shall become a Participant in accordance with Section 2.1 of the Plan upon completing an election and enrollment form as required by the Plan Administrator.

**7. Contribution Amount.**

Contributions to the Plan for each Plan Year shall be as follows **[Employer Contribution and Employee Contribution must total at least 7.5% of Compensation]**:

Employer Amount [select one]:      0.0 % of Compensation  
Flat dollar amount: \$ \_\_\_\_\_

Employee Amount (Pick-Up Contribution) [select one]:  
7.50 % of Compensation  
Flat dollar amount: \$ \_\_\_\_\_

The amount determined under the contribution formula above will represent the amount to be allocated to each Participant's Individual Account.

**8. Post-Severance Compensation.**

For purposes of the limitations on Annual Additions to a Participant's Account under Section 3.8 of the Plan, Maximum Compensation as defined in Section 1.22 shall include the following items of post-severance compensation *[check one, both or neither]*:

- Leave cashouts as described in Section 1.22(b).
- Compensation during disability as described in Section 1.22(c).

**9. In-Service Withdrawals of Employer Contributions.**

In-service withdrawals *[check one]*:

- shall be permitted in accordance with Section 4.2.
- shall not be permitted.

**10. Rollover Contributions.**

The Plan will accept Rollover Contributions as follows *[check all that apply]*:

(a) A direct rollover of an eligible rollover distribution from:

- A qualified plan described in section 401(a) or 403(a) of the Code. Such amounts shall *[check one]*

- include

- exclude

after-tax employee contributions.

- A Code section 403(b) annuity contract, excluding after-tax employee contributions.

- An eligible plan under Code section 457(b) maintained by a state, political subdivision of the state, or any agency or instrumentality of the state or political subdivision of the state.

(b) Participant Rollover Contributions from:

- A qualified plan described in section 401(a) or 403(a) of the Code.

- An annuity contract described in section 403(b) of the Code.

- An eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of the state, or any

agency or instrumentality of the state or political subdivision of the state.

**11. Treatment of Rollovers in Involuntary Cashouts.**

The employer [*check one*]  elects  does not elect to exclude Rollover Contributions in determining the value of the Participants' Account Balance for purposes of the Plan's involuntary cashout provisions (Section 5.5 of the Plan).

**12. Normal Retirement Date.**

*[Complete only if Normal Retirement Date is to be an age other than age 60, as provided in Section 1.23]* Normal Retirement Date means the date the Participant attains age: \_\_\_\_\_ *[may not be earlier than age 55 or later than age 65].*

**13. Volume Submitter Practitioner Authority to Amend Plan.**

The undersigned Employer acknowledges agrees that, in accordance with Section 8.2, Keenan & Associates, as Volume Submitter Practitioner, is authorized to amend the Plan on behalf of the Employer to comply with legal requirements, and that in the absence of such authority, this Plan will be treated as an individually designed plan.

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this 23 day of March, 2016.

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

[NAME OF EMPLOYER]

By: Steven L. Crow

Its: Vice Pres., Admin. Svc.

[Title]

*Note: An Employer adopting this plan may rely on the currently valid IRS advisory letter issued to Keenan & Associates for the specimen plan without filing its own request for an IRS determination letter that the plan is qualified, provided that the Employer's plan is identical to the approved Keenan & Associates specimen plan, the Employer has chosen only options permitted under the terms of the approved plan, the Employer has followed the terms of the plan, and the Employer adopts the plan after the date of issuance of the favorable letter to Keenan & Associates.*

***Keenan & Associates will inform the Employer of any amendments made to the Plan or of the discontinuance or abandonment of the Plan.***

***For inquiries regarding adoption of the plan, the meaning of plan provisions, or the effect of the IRS advisory letter, contact Keenan & Associates, 2355 Crenshaw Boulevard, Suite 200, Torrance, CA 90501, telephone: (310) 212-0363.***

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# Monterey Peninsula Community College District Governing Board Agenda

April 27, 2016

New Business Agenda Item No. E

Administrative Services  
College Area

## **Proposal:**

That the Governing Board adopt Resolution #2015-2016/127 authorizing the issuance of the Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds.

## **Background:**

An election was held in the Monterey Peninsula Community College District (the "District") on November 5, 2002 for the issuance and sale of general obligation bonds of the District for various purposes in the maximum principal amount of \$145,000,000 (the "2002 Authorization"). Pursuant to the 2002 Authorization, the District has previously caused the issuance of three series of bonds, including \$95,994,769.60 of its Tax-Exempt General Obligation Bonds, Election of 2002, Series C (the "Prior Bonds").

The District now desires to refinance all or a portion of the outstanding Prior Bonds (so refunded, the "Refunded Bonds") through the issuance of general obligation refunding bonds (the "Refunding Bonds"), in an aggregate principal amount not-to-exceed \$110,000,000. The refinancing is intended to generate debt service savings, with all benefits from the refunding delivered to the property owners in the District. The final maturity of the Refunding Bonds will not be later than the maturity date of the Refunded Bonds (August 1, 2034).

The Refunding Bonds may be issued in one or more series, and as tax-exempt or federally taxable bonds. Further, the Refunding Bonds may be in any combination of current interest, capital appreciation or convertible capital appreciation bonds.

There are two critical legal requirements for the transaction. First, all the benefits of refunding must be given to the local taxpayers, the District will not receive any money from the transaction. Second, the term of the Refunded Bonds cannot be extended. Thus, the issuance of the Refunding Bonds will not change the number of years that the District's Refunded Bonds will be outstanding.

(a) Resolution. This Resolution authorizes the issuance of the Refunding Bonds, in one or more series of federally taxable or federally tax-exempt bonds, specifies the basic terms, parameters and forms of the Refunding Bonds, and approves the form of Purchase Contract, Continuing Disclosure Certificate, Escrow Agreement and Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Refunding Bonds to be issued (\$110,000,000). Section 4 of the Resolution states the maximum underwriting discount (0.50%) with respect to the Refunding Bonds, and authorizes the Refunding Bonds to be sold at a negotiated sale to Piper Jaffray & Co., as underwriter (the "Underwriter"). The Resolution authorizes the issuance of current interest bonds, capital appreciation bonds and convertible capital appreciation bonds.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, the Underwriter will agree to buy the Refunding Bonds from the District. All of the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Refunding Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

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

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

(e) Escrow Agreement. Pursuant to the Escrow Agreement, proceeds from the sale of the Refunding Bonds in an amount sufficient to redeem the Refunded Bonds will be deposited in an escrow fund (the "Escrow Fund") held by MUFG Union Bank, N.A. (acting as "Escrow Agent"). The monies in the Escrow Fund will be used by the Escrow Agent to refund the Refunded Bonds on the first available redemption date therefor following the closing of the Refunding Bonds (February 1, 2018). As a result of the deposit and application of funds so provided in the Escrow Agreement, the Refunded Bonds will be defeased and the obligation of Monterey County to levy *ad valorem* property taxes for payment of the Refunded Bonds will cease.

The above referenced documents are included as attachments.

**Budgetary Implications:** There is no fiscal impact to the General Fund resulting from the issuance of the Refunding Bonds.

**RESOLUTION** – That the Governing Board adopt Resolution #2015-2016/127 authorizing the issuance of the Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds.

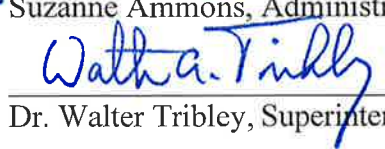
**Recommended By:**

  
Steven L. Crow, Ed.D., Vice President of Administrative Services

**Prepared By:**

  
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**Agenda Approval:**

  
Dr. Walter Tribley, Superintendent/President

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

**RESOLUTION NO. #2015-2016/127**

**RESOLUTION AUTHORIZING THE ISSUANCE OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT (MONTEREY COUNTY, CALIFORNIA) 2016 GENERAL OBLIGATION REFUNDING BONDS**

**WHEREAS**, a duly called election was held in the Monterey Peninsula Community College District (the “District”), Monterey County, California (the “County”) on November 5, 2002 and thereafter canvassed pursuant to law;

**WHEREAS**, at such election there was submitted to and approved by the requisite 55% vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$145,000,000, payable from the levy of an *ad valorem* tax against taxable property in the District (the “Authorization”);

**WHEREAS**, pursuant to the Authorization, the Board of Trustees of the District (the “Board”) previously caused the issuance of three series of bonds, including \$95,994,769.60 of its Tax-Exempt General Obligation Bonds, Election of 2002, Series C (the “Prior Bonds”);

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

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

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

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT, MONTEREY COUNTY, CALIFORNIA, AS FOLLOWS:**

**SECTION 1. Purpose.** To refund all or a portion of the currently outstanding principal amount of the Prior Bonds, and to pay all necessary legal, financial, and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Refunding Bonds pursuant to the Act in one or more Series of Taxable Bonds or Tax-Exempt Bonds (as defined herein), to be styled as the “Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds,” with appropriate additional Series designations if more than one Series of Refunding



Bonds are issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds, as set forth in the fully executed Purchase Contract (as defined herein). The Board further orders such Bonds sold such that the Refunding Bonds shall be dated as of a date to be determined by an Authorized Officer (as defined herein), shall be payable upon such terms and provisions as shall be set forth in the Refunding Bonds, and shall be in an aggregate Principal Amount not-to-exceed \$110,000,000. Additional costs authorized to be paid from the proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Section 53550(e) and (f) and Section 53587 of the Government Code.

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

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

**SECTION 4. Purchase Contract.** The form of Purchase Contract by and between the District and Piper Jaffray & Co. (the “Underwriter”), substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the maximum interest rates on the Refunding Bonds shall not exceed that authorized by law, and (ii) the aggregate underwriting discount, excluding original issue discount, shall not exceed 0.50% of the principal amount of the Refunding Bonds issued. The Authorized Officers, each alone, are further authorized to determine the aggregate principal amount of the Refunding Bonds to be specified in the Purchase Contract for sale by the District up to \$110,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

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

(a) **“Accreted Interest”** means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) **“Accretion Rate”** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond prior to the Conversion Date, and compounded semiannually on each February 1 and August 1, commencing August 1, 2016 (unless otherwise provided in the Purchase Contract), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds)

and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) **“Accreted Value”** means, as of the date of calculation, with respect to Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing August 1, 2016 (unless otherwise provided in the Purchase Contract) at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve, 30-day months.

(d) **“Act”** means Sections 53550 *et seq.* of the California Government Code.

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

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

(g) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Conversion Value and Maturity Value of and interest on the Refunding Bonds.

(h) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing August 1, 2016 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

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

(j) **“Capital Appreciation Bonds”** means the Refunding Bonds the interest component of which is compounded semiannually on each February 1 and August 1 (commencing August 1, 2016 (unless otherwise provided in the Purchase Contract)) to maturity as shown in the table of Accreted Value for such Refunding Bonds in the Official Statement or Purchase Contract, as the case may be.

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

(l) **“Continuing Disclosure Certificate”** means that certain contractual undertaking executed by the District in connection with the issuance of the Refunding Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities and

Exchange Act of 1934, dated as of the date of issuance of the Refunding Bonds, as amended from time to time in accordance with the provisions thereof.

(m) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Refunding Bonds bear interest on a current, periodic basis.

(n) **“Conversion Value”** means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.

(o) **“Convertible Capital Appreciation Bonds”** means the Refunding Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table of Accreted Values for the Refunding Bonds in the Official Statement or Purchase Contract, as the case may be, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually on each Bond Payment Date.

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

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

(r) **“Denominational Amount”** means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond.

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

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

(u) **“Escrow Agent”** means MUFG Union Bank, N.A., or any other successor thereto, in its capacity as escrow agent for the Refunded Bonds.

(v) **“Escrow Agreement”** means the Escrow Agreement or Escrow Agreements relating to the Refunded Bonds, by and between the District and the Escrow Agent.

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

(x) **“Holder”** or **“Owner”** means the registered owner of a Refunding Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 6 hereof.

(y) **“Information Services”** means Financial Information, Inc.’s “Financial Daily Called Bond Service; Standard & Poor’s J.J. Kenny Information Services’ Called Bond Service; or Mergent Inc.’s Called Bond Department.

(z) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

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

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

(cc) **“Official Statement”** means the Official Statement for the Refunding Bonds, as described in Section 17 hereof.

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

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

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

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

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

(ff) **“Paying Agent”** means initially MUFG Union Bank, N.A., or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as the authenticating agent, bond registrar, transfer agent and paying agent for the Refunding Bonds.

(gg) **“Principal” or “Principal Amount”** means, with respect to any Current Interest Bond, the Principal Amount thereof, and with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Denominational Amount thereof.

(hh) **“Purchase Contract”** means the contract or contracts for purchase and sale of the Refunding Bonds, by and between the District and the Underwriter. To the extent the Refunding Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the Board, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve.

(ii) **“Record Date”** means the close of business on the fifteenth day of the month preceding each Bond Payment Date.

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

(kk) **“S&P”** means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and their assigns, or, if such entity shall be dissolved or liquidated

or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(ll) **“Taxable Bonds”** means any Refunding Bonds not issued as Tax-Exempt Bonds.

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

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

(oo) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bond, the Conversion Value.

(pp) **“Treasurer”** means the Treasurer-Tax Collector of Monterey County.

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

(a) **Denomination, Interest, Dated Dates.** The Refunding Bonds shall be issued as fully registered bonds registered as to both Principal and interest, in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Refunding Bonds will be initially registered in the name of “Cede & Co.,” as the Nominee of DTC.

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

The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, and shall have Accretion Rates and denominations per each \$5,000 in Maturity Value (except for one odd denomination, if necessary) as shown in the Accreted Value Table attached to the Official Statement or Purchase Contract. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, and shall have Accretion Rates and denominations per each \$5,000 in Conversion Value as shown in such Accreted Value Table; provided, however, that in the event that the amount shown in such Accreted Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial delivery. Capital Appreciation Bonds will not bear interest on a current or periodic basis.

Prior to their respective Conversion Dates, each Convertible Capital Appreciation Bond shall not bear current interest but will accrete in value through the Conversion Date thereof, from its Denominational Amount on the Date of Delivery thereof to its Conversion Value on the applicable Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the respective Conversion Dates thereof. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear current, periodic interest, and such interest will accrue based upon the Conversion Value of such Convertible Capital Appreciation Bonds at the Conversion Date. Following their respective Conversion Dates, each Convertible Capital Appreciation Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof, unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date after the Conversion Date, in which event it will bear interest from the Conversion Date.

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

(b) Redemption.

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

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

(c) Selection of Refunding Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Refunding Bonds and less than all Outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Refunding Bonds for redemption as directed by the District, and if not so directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof, and (C) the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof.

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

pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

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

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

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

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

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

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

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

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

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

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

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

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

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



thereof, and, in the case of Current Interest Bonds and Convertible Capital Appreciation Bonds after the Conversion Date, accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Refunding Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

(c) Book-Entry System.

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

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

(1) Delivery of Letter of Representations. In order to qualify the Refunding Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of

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

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

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

(4) Transfer of Refunding Bonds to Substitute Depository.

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

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

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

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

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

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

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

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

**SECTION 8. Paying Agent; Transfer and Exchange.** So long as any of the Refunding Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its principal

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

Any Refunding Bond may be exchanged for a Refunding Bond of like tenor, Series, maturity and Transfer Amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Refunding Bond may be transferred on the Bond Register only upon presentation and surrender of the Refunding Bond at the principal corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Refunding Bond or Refunding Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Refunding Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

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

If signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Refunding Bonds only after the new Refunding Bonds are signed by the authorized officers of the District, as provided in Section 7. In all cases of exchanged or transferred Refunding Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Refunding Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Refunding Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Refunding Bonds surrendered upon that exchange or transfer.

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

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

**SECTION 9. Payment.** Payment of interest on any Current Interest Bond or Convertible Capital Appreciation Bond after its respective Conversion Date, shall be made on any Bond Payment Date to the person appearing on the Bond Register of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his or her address as it appears on such Bond Register or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal of and redemption premium, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, payable on the Capital Appreciation Bonds, and the Accreted Value, Conversion Value and redemption premiums, if any, on the Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent. The Principal, Accreted Value and Conversion Value of, premiums, if any, and interest on the Refunding Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Refunding Bonds when duly presented for payment at maturity, and to cancel all Refunding Bonds upon payment thereof. The Refunding Bonds are obligations of the District, and, except as provided in the Act, are payable solely from the levy of *ad valorem* property taxes upon all property subject to taxation within the District, which taxes are unlimited as to rate or amount. The Refunding Bonds do not constitute an obligation of the County and no part of any fund of the County is pledged or obligated to the payment of the Refunding Bonds.

**SECTION 10. Form of Refunding Bonds.** The Refunding Bonds shall be in substantially the form attached as Exhibit A hereto, allowing those officials executing the Refunding Bonds to make the insertions and deletions necessary to conform the Refunding Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein.

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

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

Any accrued interest received by the District from the sale of the Refunding Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the “Monterey Peninsula Community College District, 2016 General Obligation Refunding Bonds Debt Service Fund” (the “Debt Service Fund”) for the Refunding Bonds and used only for payments of Principal, Accreted Value or Conversion Value of and interest on the Refunding Bonds. The Debt Service Fund shall be held by the County, and may contain subaccounts if the Refunding Bonds are sold in more than one Series. A portion of the premium received by the District from the sale of the Refunding Bonds may be transferred to the Debt Service Fund or applied to the payment of cost of issuance of the Refunding Bonds, or some combination of deposits. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes set forth herein for which the Refunding Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the Principal, Accreted Value or Conversion Value of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

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

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

**SECTION 13. Rebate Fund.**

(a) **General.** If necessary, there shall be created and established a special fund designated the “Monterey Peninsula Community College District 2016 General Obligation Refunding Bonds Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, as the same may be amended from time to time, and the Treasury Regulations promulgated thereunder (the “Rebate Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and Section 14 of this Resolution and by that certain tax certificate concerning certain matters pertaining to the use and

investment of proceeds of the Refunding Bonds, executed and delivered to the District on the date of issuance of the Refunding Bonds, including any and all exhibits attached thereto (the "Tax Certificate").

(b) Deposits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**SECTION 17. Official Statement.** The Preliminary Official Statement relating to the Refunding Bonds, substantially in the form on file with the Clerk of or Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Refunding Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement “final” pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as an Authorized Officer executing such final Official Statement shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Refunding Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Refunding Bonds. Execution of the Official Statement shall conclusively evidence the District’s approval of the Official Statement.

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

the Bond Insurer for the payment of such interest to the Owners of the Refunding Bonds, and (ii) in the case of subrogation as to claims for past due Principal, Accreted Value or Conversion Value, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Refunding Bonds maintained by the Paying Agent upon surrender of the Refunding Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

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

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

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

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

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

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

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

(a) Officers of the Board, District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Refunding Bonds and

otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

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

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

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

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

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

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

**SECTION 22. Request to County to Levy Tax.** The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all Principal, Accreted Value or Conversion Value of and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds. The District hereby requests the Board of Supervisors of the County to annually levy a tax upon all taxable property in the District sufficient to pay all such Principal, Accreted Value or Conversion Value and interest coming due on the Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds.

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

**SECTION 24. Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

**SECTION 25. Recitals.** All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

**SECTION 26. Effective Date.** This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 27th day of April, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

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President, Board of Trustees  
Monterey Peninsula Community College  
District

Attest:

---

Secretary to the Board of Trustees  
Monterey Peninsula Community College District

SECRETARY'S CERTIFICATE

I, Walter Tribley, Ph.D., Secretary to the Board of Trustees of the Monterey Peninsula Community College District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of the District duly and regularly and legally held at the regular meeting place thereof on April 27, 2016, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: April \_\_\_, 2016

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Secretary to the Board of Trustees  
Monterey Peninsula Community  
College District

**EXHIBIT A**

(Form of Current Interest Bond)

**REGISTERED  
NO.**

**REGISTERED  
\$**

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(MONTEREY COUNTY, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

**INTEREST RATE:**            **MATURITY DATE:**            **DATED AS OF:**            **CUSIP**  
\_\_\_\_% per annum            August 1, 20\_\_\_\_            \_\_\_\_\_, 2016            \_\_\_\_\_

**REGISTERED OWNER:    CEDE & CO.**

**PRINCIPAL AMOUNT:**

The Monterey Peninsula Community College District (the "District") in Monterey County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2016. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it shall bear interest from the Date of Delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially MUFG Union Bank, N.A., San Francisco, California. Principal is payable upon presentation and surrender of this bond at the principal corporate trust office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the bond register maintained by the Paying Agent at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds issued by the District pursuant to California Government Code Section 53550 *et seq.* (the "Act") for the purpose of refunding certain of the District's outstanding bonded indebtedness, and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Trustees of the District adopted on April 27, 2016 (the "Bond Resolution"). This bond and the issue of which this bond is one are general obligation bonds of the District payable as to both Principal and interest solely from the proceeds of the

levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The bonds of this issue comprise (i) \$\_\_\_\_\_ Principal amount of Current Interest Bonds, of which this bond is a part, (ii) Capital Appreciation Bonds of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value (each, a “Refunding Bond”).

This bond is exchangeable and transferable for a bond of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal corporate trust office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of Principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

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

The Current Interest Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective maturity dates. The Current Interest 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 Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

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

Redemption Date (August 1)	Principal Amount
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<sup>(1)</sup> Maturity.

In the event that a portion of the Current Interest Term Bonds maturing on August 1, 20\_\_ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above

shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000 of Principal Amount, in respect of the portion of such Current Interest Term Bonds optionally redeemed.

Whenever provision is made for the redemption of Refunding Bonds and less than all Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Refunding Bond to be redeemed in part shall be in integral multiples of \$5,000 Principal Amount.

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

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

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

[REMAINDER OF PAGE LEFT BLANK]



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

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_ (Facsimile Signature)  
President, Board of Trustees

COUNTERSIGNED:

\_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2016.

By: MUFG UNION BANK, N.A., as Paying Agent

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

ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

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

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

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

LEGAL OPINION

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

By: \_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

(Form of Legal Opinion)

(Form of Capital Appreciation Bond)

REGISTERED  
NO.

REGISTERED  
\$

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(MONTEREY COUNTY, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS

ACCRETION RATE:            MATURITY DATE:            DATED AS OF:            CUSIP  
\_\_\_\_\_ %                            August 1, \_\_\_\_\_            \_\_\_\_\_, 2016

REGISTERED OWNER:            CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Monterey Peninsula Community College District (the "District") in Monterey County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2016, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially MUFG Union Bank, N.A., San Francisco, California. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This bond is one of an authorization of bonds issued by the District pursuant to California Government Code Section 53550 *et seq.* (the "Act") for the purpose of refunding certain of the District's outstanding bonded indebtedness, and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Trustees of the District adopted on April 27, 2016 (the "Bond Resolution"). This bond and the issue of which this bond is one are general obligation bonds of the District payable as to both Principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The bonds of this issue comprise (i) \$\_\_\_\_\_ Principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which this bond is a part, and of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value (each, a "Refunding Bond").

This bond is exchangeable and transferable for a bond of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal corporate trust office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of Principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

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

The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole, or in part, on any date on or after August 1, 20\_\_ at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds called for redemption, as of the date fixed for redemption, without premium.

The Capital Appreciation Term Bonds maturing on August 1, 20\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Accreted Value thereof, as of the date fixed for redemption, without premium. The Accreted Value represented by such Capital Appreciation Term Bonds to be so redeemed, the dates therefor and the final Accreted Value payment date are as indicated in the following table:

<u>Redemption Dates</u>	<u>Accreted Value</u>
TOTAL	

In the event that a portion of the Capital Appreciation Term Bonds maturing on August 1, 20\_\_ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Maturity Value, in respect of the portion of such Capital Appreciation Term Bonds optionally redeemed.

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

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

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

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_ (Facsimile Signature)  
President, Board of Trustees

COUNTERSIGNED:

\_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2016.

By: MUFG UNION BANK, N.A., as Paying Agent

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

ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

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

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

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

LEGAL OPINION

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

By: \_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

(Form of Legal Opinion)

(Form of Convertible Capital Appreciation Bond)

REGISTERED  
NO.

REGISTERED  
\$

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(MONTEREY COUNTY, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS

ACCRETION RATE:            MATURITY DATE:            DATED AS OF:            CUSIP  
\_\_\_\_\_ %                    August 1, \_\_\_\_\_            \_\_\_\_\_, 2016

REGISTERED OWNER:            CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Monterey Peninsula Community College District (the "District") in Monterey County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2016, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially MUFG Union Bank, N.A., San Francisco, California. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest following the Conversion Date is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Convertible Capital Appreciation Bonds in the aggregate Conversion Value of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.



This bond is one of an authorization of bonds issued by the District pursuant to California Government Code Section 53550 *et seq.* (the “Act”) for the purpose of refunding certain of the District’s outstanding bonded indebtedness, and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Trustees of the District adopted on April 27, 2016 (the “Bond Resolution”). This bond and the issue of which this bond is one are general obligation bonds of the District payable as to both Principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The bonds of this issue comprise (i) \$\_\_\_\_\_ Principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which this bond is a part, and of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value (each, a “Refunding Bond”).

This bond is exchangeable and transferable for a bond of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal corporate trust office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of Principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

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

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20\_\_ at a redemption price equal to either (i) the Accreted Value thereof as of the date set for redemption, without premium, if redeemed prior to the Conversion Date, or (ii) the Conversion Value thereof, together with interest accrued thereon to the date set for redemption, without premium, if redeemed on and after the Conversion Date.

The Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Conversion Value of such Convertible Capital Appreciation Bonds, together with interest accrued thereon to the date set for redemption, without premium. The Conversion Value represented by such Convertible Capital Appreciation Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Dates

Conversion Value

TOTAL

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

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

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

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_ (Facsimile Signature)  
President, Board of Trustees

COUNTERSIGNED:

\_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2016.

By: MUFG UNION BANK, N.A., as Paying Agent

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

ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

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

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

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

LEGAL OPINION

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

By: \_\_\_\_\_ (Facsimile Signature)  
[Secretary to/Clerk of] the Board of Trustees

(Form of Legal Opinion)

§ \_\_\_\_\_  
**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
**(Monterey County, California)**  
**2016 General Obligation Refunding Bonds**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2016

Monterey Peninsula Community College District  
980 Fremont Street  
Monterey, California 93940

Ladies and Gentlemen:

The undersigned, Piper Jaffray & Co. (the “Underwriter”), offers to enter into this Purchase Contract (the “Purchase Contract”) with the Monterey Peninsula Community College District (the “District”), which, upon the District’s acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Resolution (as defined herein).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, fiduciary of or financial advisor to the District, (iii) the Underwriter has not assumed a financial advisory or a fiduciary responsibility in favor of the District with respect to (A) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters) or (B) any other obligation to the District except the obligations expressly set forth in this Purchase Contract, and (iv) the District has consulted with its own legal and other professional advisors to the extent it has deemed appropriate in connection with the offering of the Bonds. The District further acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required disclosure under rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

**1. Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$ \_\_\_\_\_ aggregate principal amount of the Monterey Peninsula Community College District 2016 General Obligation Refunding Bonds (the “Bonds”).

The Bonds shall be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”), and shall accrue or accrete interest at the

rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds will be dated the date of delivery thereof (the "Date of Delivery") and shall bear interest from such date, payable semiannually on each February 1 and August 1, commencing August 1, 2016. The Capital Appreciation Bonds will be dated as of their Date of Delivery, and will not bear interest on a periodic basis, instead accreting interest from the Date of Delivery thereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2016, and shall be paid at maturity or early redemption as shown in Appendix A hereto. The final maturity dates, interest and accretion rates, yields and redemption provisions of the Bonds are shown in Appendix A hereto.

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

The net proceeds of the Bonds will be used to advance refund certain of the District's outstanding Tax-Exempt General Obligation Bonds, Election of 2002, Series C (the "Refunded Bonds"), pursuant to an Escrow Agreement dated as of \_\_\_\_\_ 1, 2016 (the "Escrow Agreement"), by and between the District and MUFG Union Bank, N.A., as escrow bank (the "Escrow Agent"). Such net proceeds will be deposited into an escrow fund held pursuant to the Escrow Agreement and invested in certain Federal Securities, as such term is defined in the Resolution, the principal of and interest on which shall be used, together with funds deposited with the Escrow Agent and held uninvested as cash, to pay the redemption price of the Refunded Bonds on February 1, 2018, such date being the first available redemption date therefor, and interest due thereon on and before such date.

**2. The Bonds.** The Bonds shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on April 27, 2016 (the "Resolution"), and Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolution. The Bonds shall bear CUSIP numbers; be in fully registered book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"); and initially be in authorized denominations of Five Thousand Dollars (\$5,000) principal amount or Maturity Value, as applicable, or any integral multiple thereof.

**3. Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Escrow Agreement, the Preliminary Official Statement (as defined herein), the Official Statement, the Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transaction contemplated by this Purchase Contract.

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside front cover of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds. On or prior to the Closing (as defined herein), the

Underwriter shall certify to the District in writing, in form and substance satisfactory to the District and to Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, bond counsel with respect to the Bonds (“Bond Counsel”) that: (i) as of the date of sale, all of the Bonds were reasonably expected to be reoffered in a bona fide public offering; (ii) as of the date of the certification, all of the Bonds purchased had actually been offered to the general public; and (iii) the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or was reasonably expected to be sold to the general public.

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 2016 (the “Preliminary Official Statement”). The District represents that it has duly authorized and prepared the Preliminary Official Statement for use by the Underwriter in connection with the sale of the Bonds, and that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, Maturity Value, principal amount per maturity, Maturity Value per maturity, delivery date, rating(s), redemption provisions, and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

The Underwriter agrees that prior to the time the Official Statement relating to the Bonds is available, 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 electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing.

**6. Closing.** At 9:00 A.M., California Time, on \_\_\_\_\_, 2016, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the “Closing”), the District will deliver to the Underwriter, through the facilities of the DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel, in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds identified in Section 1 above.

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

(a) **Due Organization.** The District is a community college district duly organized and validly existing under the laws of the State of California (the “State”), with the power to issue the Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to refund the Refunded Bonds, to enter into this Purchase Contract, the Continuing Disclosure Certificate (as defined herein), and the Escrow Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Escrow Agreement, the Continuing Disclosure Certificate, and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in, the Bonds, the Resolution, the Escrow Agreement, the Continuing Disclosure Certificate, and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract, assuming the due authorization, execution and delivery by the other party thereto, and the Continuing Disclosure Certificate constitute valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract;

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract, the Continuing Disclosure Certificate, and the Escrow Agreement, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, which have not been taken or obtained, excepting therefrom such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof;

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

(e) No Conflicts. To the knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the Escrow Agreement, the Continuing Disclosure Certificate, and the Resolution, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the State Constitution or any existing law, charter, ordinance, regulation, decree, order or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or 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 or collection of *ad valorem* property taxes contemplated by the Resolution and pledged or to be



pledged or available to pay the principal and Accreted Value of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Escrow Agreement or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, this Purchase Contract, or the Escrow Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Contract, the Escrow Agreement or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from State personal income taxation;

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor any person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes, or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

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

(i) Continuing Disclosure. In accordance with the requirements of the Rule, at or prior to the Closing, the District shall have duly authorized, executed and delivered a continuing disclosure certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Official Statement in Appendix C. Except as otherwise disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events;

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. As of the date hereof and on the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein;

If the Official Statement is supplemented or amended pursuant to paragraph (f) of Section 8 of this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official

Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by Monterey County (the “County”) or otherwise necessary in order to arrange for the levy and collection of *ad valorem* property taxes and the payment of the Bonds. In particular, the District hereby agrees to provide to the County Auditor-Controller and the County Treasurer-Tax Collector copies of the Resolution, Appendix A hereto, and a full debt service schedule for the Bonds, in accordance with State Education Code Section 15140(c) and policies and procedures of the County;

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

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

**8. Covenants of the District.** The District covenants and agrees with the Underwriter that:

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

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of an 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 being herein called the “Official Statement”) in such quantities as may be requested by the Underwriter not later than seven (7) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District

hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is ninety (90) days following the Closing;

(e) References. References herein to the Preliminary Official Statement and the Official Statement include the cover page, inside front cover, and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (as defined herein) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

(1) For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the date of Closing.

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

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

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

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

**10. Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject, at the option of the Underwriter, to the following further conditions at the Closing:

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

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

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

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

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences

of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

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

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

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

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

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

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

(7) the withdrawal or downgrading of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(8) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay the principal and Accreted Value of and interest on the Bonds;

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

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

(11) the suspension by the SEC of trading in the outstanding securities of the District.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive copies of the following documents satisfactory in form and substance thereto:

(1) Opinions of Bond Counsel. (i) An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, and addressed to the District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement as Appendix A; and (ii) a defeasance opinion of Bond Counsel, addressed to the District and the Underwriter, with respect to the effective defeasance of the Refunded Bonds, and including therein an opinion that the Escrow Agreement has been duly authorized and delivered by the District and, assuming due authorization, execution and delivery by the Escrow Agent, is a valid and binding agreement of the District;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the opinion described in Section 10(e)(1)(i) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, dated as of the date of Closing, substantially to the following effect:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS," "LEGAL MATTERS - Continuing Disclosure – Current Undertaking" and "TAX MATTERS," to

the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Certificate, and the form and content of Bond Counsel's approving opinion regarding the treatment of interest on the Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices A, D, E, or F to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District's compliance with its obligations to file annual reports or provide notice of the events described in the Rule, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "UNDERWRITING;" and (vii) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption "RATINGS;"

(ii) this Purchase Contract and the Continuing Disclosure Certificate have each been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by any other parties thereto, constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, Keygent LLC as pricing consultant to the District, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which

they were made, not misleading (provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices A, D, E, or F to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “UNDERWRITING;” and (vi) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption “RATINGS”);

(5) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Escrow Agreement, the Continuing Disclosure Certificate, and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing, and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution, and (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading;

(6) Arbitrage. A nonarbitrage and tax certificate of the District in form satisfactory to Bond Counsel, with respect to the Bonds;

(7) Ratings. Evidence satisfactory to the Underwriter that (i) the Bonds shall have been rated “\_\_\_” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business and “\_\_\_” by Moody’s Investors Service, and (ii) such ratings have not been revoked or downgraded;

(8) Resolution. A certificate, together with fully executed copies of the Resolution of the District, of the Clerk of or Secretary to the District Board of Trustees to the effect that:

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



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

(9) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

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

(11) Certificate of the Escrow Agent. A certificate of the Escrow Agent, dated the date of Closing, signed by a duly authorized officer of the Escrow Agent, and in form and substance satisfactory to the Underwriter, to the effect that (i) the Escrow Agent has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (ii) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the District, the Escrow Agreement constitutes the valid and binding agreement of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Agent and, to the best knowledge of the Escrow Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Agent is subject or by which it is bound; and (iv) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) against the Escrow Agent in any way contesting or affecting the validity or enforceability of the Bonds or the Escrow Agreement;

(12) Verification Report. A report and opinion of Causey Demgen & Moore P.C., Denver, Colorado, with respect to the sufficiency of the Federal Securities, together with the interest and earning thereon and any cash held uninvested, to refund the Refunded Bonds as provided in the Escrow Agreement;

(13) Underwriter's Counsel Opinion. An opinion of Kutak Rock LLP, Denver, Colorado, as counsel to the Underwriter, dated as of the date of Closing, in a form and substance acceptable to the Underwriter;

(14) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(15) Escrow Agreement. The Escrow Agreement, dated as of \_\_\_\_\_ 1, 2016, and executed by the District and the Escrow Agent; and

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 herein, then the obligation to purchase the Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 14 and 12(c) hereof.

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

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

**12. Expenses.** (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid) costs of issuance of the Bonds from the proceeds thereof, including but not limited to the following (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of the District's Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for the bond rating, including all necessary travel expenses; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees, if any, of the Paying Agent, Fiscal Agent (as defined herein) and Escrow Agent; (vii) the fees of Keygent LLC, as pricing consultant to the District; (viii) the fees of the Verification Agent; (ix) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; and (x) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby directs the Underwriter to deposit a portion of the purchase price of the Bonds not-to-exceed \$\_\_\_\_\_ with MUFG Union Bank, N.A., as fiscal agent to the District (the "Fiscal Agent"), for the payment of costs of issuance with respect to the Bonds. In the event that following payment of the expenses set forth above, there is any portion remaining, such remaining amount shall be deposited into the Debt Service Fund (as defined in the Resolution) for the Bonds.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP fees, the fees of counsel to the Underwriter, and other expenses (except those expressly provided above) without limitation, except travel and related expenses in connection with the bond rating.

(c) Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 12(a)(ix) above that are attributable to District personnel.

**13. Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to Monterey Peninsula Community College District, 980 Fremont Street, Monterey, California 93940, Attention: Assistant Superintendent, Business Services; or if to the Underwriter, to Piper Jaffray & Co., 55 California Street, Suite 3100, San Francisco, California 94111, attention: Ivory Li.

**14. Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract, when accepted by the District in writing as heretofore specified, shall constitute the entire agreement between the District and the Underwriter. This Purchase Contract is made solely for the benefit of the District and the Underwriter. No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

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

**16. Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

**PIPER JAFFRAY & CO.,** as Underwriter

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

The foregoing is hereby agreed to and accepted at \_\_\_\_\_ p.m. California time as of the date first above written:

**MONTEREY PENINSULA COMMUNITY  
COLLEGE DISTRICT**

By: \_\_\_\_\_  
Dr. Steven Crow  
Vice President, Administrative Services

**APPENDIX A**

**\$ \_\_\_\_\_  
MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(Monterey County, California)  
2016 General Obligation Refunding Bonds**

**\$ \_\_\_\_\_ Current Interest Serial Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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**\$ \_\_\_\_\_ - \_\_\_\_% Current Interest Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_**

**\$ \_\_\_\_\_ Capital Appreciation Serial Bonds**

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Yield</u>	<u>Maturity Value</u>
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**\$ \_\_\_\_\_ Capital Appreciation Term Bonds**

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Yield</u>	<u>Maturity Value</u>
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<sup>(1)</sup> Yield to call at par on August 1, 2026.

**Redemption Provisions**

***Optional Redemption.***

Current Interest Bonds. The Current Interest Bonds maturing on or before August 1, 2026 are not subject to redemption prior to their respective maturity dates. The Current Interest Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2026, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or before August 1, 2026 are not subject to redemption prior to their respective maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole, or in part, on any date on or after August 1, 2026 at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds called for redemption, as of the date fixed for redemption, without premium.

***Mandatory Redemption.***

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

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>
<sup>(1)</sup> Total	

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<sup>(1)</sup> Maturity.

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

Capital Appreciation Bonds. The Capital Appreciation Term Bonds maturing on August 1, 20\_\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_\_, at a redemption price equal to the Accreted Value thereof, as of the date fixed for redemption, without premium. The Accreted Value represented by such Capital Appreciation Term Bonds to be so redeemed, the dates therefor and the final Accreted Value payment date are as indicated in the following table:

Redemption Date ( <u>August 1</u> )	Accreted <u>Value</u>
(1)	
Total	

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<sup>(1)</sup> Maturity.

In the event that a portion of the Capital Appreciation Term Bonds maturing on August 1, 20\_\_\_ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Maturity Value, in respect of the portion of such Capital Appreciation Term Bonds optionally redeemed.

**NEW ISSUE -- FULL BOOK-ENTRY**

**RATINGS: Moody's: "\_\_\_\_"; S&P: "\_\_\_\_"  
See "RATINGS" herein**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**\$104,000,000\***

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(Monterey County, California)  
2016 General Obligation Refunding Bonds**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

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

The Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds (the "Bonds"), in the aggregate principal amount of \$104,000,000\*, are being issued by the Monterey Peninsula Community College District (the "District") to (i) advance refund certain of the District's remaining outstanding Tax-Exempt General Obligation Bonds, Election of 2002, Series C and (ii) pay the costs of issuance of the Bonds.

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

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

The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds accrues from their Date of Delivery, such interest to be payable on February 1 and August 1 of each year, commencing August 1, 2016. The Capital Appreciation Bonds are dated as of their Date of Delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2016. The Capital Appreciation Bonds will not pay interest on a periodic basis. The Current Interest Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Value or any integral multiple thereof.

Payments of principal and Accreted Value of and interest on the Bonds will be made by MUFG Union Bank, N.A., as paying agent, bond registrar, authentication agent and transfer agent (collectively, the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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

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

*The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available for delivery through the facilities of the Depository Trust Company in New York, New York, on or about \_\_\_\_\_, 2016\*.*

**PIPER JAFFRAY & CO.**

Dated: \_\_\_\_\_, 2016

\* Preliminary, subject to change.

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



**MATURITY SCHEDULE\***

**\$104,000,000\***

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

**(Monterey County, California)**

**2016 General Obligation Refunding Bonds**

**Base CUSIP<sup>†</sup>: 612574**

**\$ \_\_\_\_\_ Current Interest Serial Bonds**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>†</sup></u></b>
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**\$ \_\_\_\_\_ - \_\_\_\_\_% Current Interest Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_ - CUSIP<sup>†</sup>: \_\_\_\_\_**

**\$ \_\_\_\_\_ Capital Appreciation Serial Bonds**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Denominational</u></b> <b><u>Amount</u></b>	<b><u>Accretion</u></b> <b><u>Rate</u></b>	<b><u>Reoffering</u></b> <b><u>Yield</u></b>	<b><u>Maturity</u></b> <b><u>Value</u></b>	<b><u>CUSIP<sup>†</sup></u></b>
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**\$ \_\_\_\_\_ Capital Appreciation Term Bonds**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Denominational</u></b> <b><u>Amount</u></b>	<b><u>Accretion</u></b> <b><u>Rate</u></b>	<b><u>Reoffering</u></b> <b><u>Yield</u></b>	<b><u>Maturity</u></b> <b><u>Value</u></b>	<b><u>CUSIP<sup>†</sup></u></b>
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<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Financial Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Financial Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds or Refunded Bonds. Neither the District, the Financial Advisor nor the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or Refunded Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement:

“The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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 the completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 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 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 COVER PAGE AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

**Board of Trustees**

Mr. Rick Johnson, *Trustee Area 3, Chair*  
Dr. Loren Steck, *Trustee Area 5, Vice Chair*  
Mr. Charles Brown, *Trustee Area 1, Trustee*  
Dr. Margaret-Anne Coppernoll, *Trustee Area 2, Trustee*  
Ms. Marilyn Gustafson, *Trustee Area 4, Trustee*

**District Administration**

Dr. Walter Tribley, *Superintendent/President*  
Dr. Steven Crow, *Vice President, Administrative Services*  
Kiran Kamath, *Vice President, Academic Affairs*

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**Bond Counsel and Disclosure Counsel**

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*San Francisco, California*

**Paying Agent and Escrow Agent**

MUFG Union Bank, N.A.  
*San Francisco, California*

**Verification Agent**

Causey Demgen & Moore P.C.  
*Denver, Colorado*

**TABLE OF CONTENTS**

**Page**

<b>INTRODUCTION .....</b>	<b>1</b>
THE DISTRICT .....	1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS .....	2
PURPOSE OF ISSUE .....	2
DESCRIPTION OF THE BONDS .....	2
TAX MATTERS .....	3
AUTHORITY FOR ISSUANCE OF THE BONDS .....	3
OFFERING AND DELIVERY OF THE BONDS .....	3
CONTINUING DISCLOSURE .....	4
PROFESSIONALS INVOLVED IN THE OFFERING .....	4
FORWARD LOOKING STATEMENTS .....	4
OTHER INFORMATION .....	4
<b>THE BONDS .....</b>	<b>5</b>
AUTHORITY FOR ISSUANCE .....	5
SECURITY AND SOURCES OF PAYMENT .....	5
DESCRIPTION OF THE BONDS .....	6
ANNUAL DEBT SERVICE .....	8
REDEMPTION .....	8
BOOK-ENTRY ONLY SYSTEM .....	11
TRANSFER AND EXCHANGE OF BONDS .....	14
DEFEASANCE .....	14
<b>REFUNDING PLAN .....</b>	<b>15</b>
<b>ESTIMATED SOURCES AND USES OF FUNDS .....</b>	<b>17</b>
<b>TAX BASE FOR REPAYMENT OF BONDS .....</b>	<b>17</b>
<i>AD VALOREM</i> PROPERTY TAXATION .....	17
ASSESSED VALUATIONS .....	18
ASSESSED VALUATION BY JURISDICTION .....	21
ASSESSED VALUATION AND PARCELS BY LAND USE .....	22
ASSESSED VALUATION OF SINGLE FAMILY HOMES .....	23
ALTERNATIVE METHOD OF TAX APPORTIONMENT - "TEETER PLAN" .....	23
TAX LEVIES, COLLECTIONS AND DELINQUENCIES .....	24
PRINCIPAL TAXPAYERS .....	25
TAX RATES .....	25
STATEMENT OF DIRECT AND OVERLAPPING DEBT .....	26
<b>CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS .....</b>	<b>28</b>
ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION .....	28
LEGISLATION IMPLEMENTING ARTICLE XIII A .....	29
UNITARY PROPERTY .....	29
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION .....	29
ARTICLE XIII C AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION .....	30
PROPOSITION 26 .....	31
PROPOSITIONS 98 AND 111 .....	31
PROPOSITION 39 .....	33
<i>JARVIS V. CONNELL</i> .....	34
PROPOSITION 1A AND PROPOSITION 22 .....	34
PROPOSITION 30 .....	35
PROPOSITION 2 .....	35
FUTURE INITIATIVES .....	37

**TABLE OF CONTENTS (cont'd)**

	<u>Page</u>
<b>FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA.....</b>	<b>37</b>
MAJOR REVENUES .....	37
TAX SHIFTS AND TRIPLE FLIP .....	39
BUDGET PROCEDURE .....	39
MINIMUM FUNDING GUARANTEES FOR CALIFORNIA COMMUNITY COLLEGE DISTRICTS	
UNDER PROPOSITIONS 98 AND 111 .....	42
STATE DISSOLUTION OF REDEVELOPMENT AGENCIES .....	43
STATE ASSISTANCE.....	44
<b>MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT.....</b>	<b>49</b>
INTRODUCTION .....	49
ADMINISTRATION .....	49
LABOR RELATIONS .....	50
RETIREMENT PROGRAMS .....	50
OTHER POST-EMPLOYMENT BENEFITS .....	55
RISK MANAGEMENT .....	56
PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES .....	57
ACCOUNTING PRACTICES.....	57
COMPARATIVE FINANCIAL STATEMENTS .....	57
DISTRICT DEBT STRUCTURE .....	59
<b>TAX MATTERS .....</b>	<b>61</b>
<b>LEGAL MATTERS .....</b>	<b>63</b>
CONTINUING DISCLOSURE .....	63
LEGALITY FOR INVESTMENT IN CALIFORNIA .....	63
ABSENCE OF MATERIAL LITIGATION .....	63
INFORMATION REPORTING REQUIREMENTS .....	63
LEGAL OPINION .....	63
ESCROW VERIFICATION .....	64
FINANCIAL STATEMENTS .....	64
<b>RATINGS.....</b>	<b>64</b>
<b>UNDERWRITING .....</b>	<b>65</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>65</b>
APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT.....	A-1
APPENDIX B – FORM OF OPINION OF BOND COUNSEL.....	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE .....	C-1
APPENDIX D – GENERAL ECONOMIC DATA FOR THE CITY OF MONTEREY AND MONTEREY COUNTY .....	D-1
APPENDIX E – MONTEREY COUNTY TREASURY POOL .....	E-1
APPENDIX F – ACCRETED VALUES TABLE .....	F-1

**\$104,000,000\***  
**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
**(Monterey County, California)**  
**2016 General Obligation Refunding Bonds**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds (the "Bonds").

**This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover 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 Bonds to potential investors is made only by means of the entire Official Statement.**

**The District**

Monterey Peninsula College (the "College") was founded in 1947 and was established as the Monterey Peninsula Community College District (the "District") in 1961. The District serves the coastal portion of Monterey County, California (the "County"). The District maintains the College, which is a comprehensive community college campus in Monterey, California, an educational center in Marina, California and a Public Safety Training Center in Seaside, California. The College is fully accredited by the Accrediting Commission of Community and Junior Colleges ("ACCJC"). The District provides collegiate level instruction across a wide spectrum of subjects in grades 13 and 14 as well as vocational training. The District has a fiscal year 2015-16 assessed valuation of \$30,651,273,824 and has projected a fiscal year 2015-16 full-time equivalent students ("FTES") count of 6,478.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected by voters within the five trustee areas making up the District. Trustees serve four-year terms, and are elected by voters within their respective trustee area. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Walter Tribble is the District's Superintendent/President and Dr. Steven Crow is the Vice President, Administrative Services. See "MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT" herein.

For more information regarding the District's tax base, see "TAX BASE FOR REPAYMENT OF BONDS" herein. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT" herein for more general information regarding the District and its finances.

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\* Preliminary, subject to change.

## **Security and Sources of Payment for the Bonds**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal and Accreted Value of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). See “THE BONDS – Security and Sources of Payment” herein.

## **Purpose of Issue**

The proceeds of the Bonds will be used to (i) advance refund certain of the District’s remaining outstanding Tax-Exempt General Obligation Bonds, Election of 2002, Series C (the “2002 Series C Bonds”) and (ii) pay the costs of issuance of the Bonds. The 2002 Series C Bonds to be refunded with proceeds of the Bonds are also referred to herein as the “Refunded Bonds.” See also “REFUNDING PLAN” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

## **Description of the Bonds**

***Current Interest Bonds and Capital Appreciation Bonds.*** The Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”).

The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Current Interest Bonds will bear interest on a periodic basis as further described herein. The Capital Appreciation Bonds will not bear interest on a periodic basis. The value at maturity of a Capital Appreciation Bond (the “Maturity Value”) is equal to its Accreted Value (as defined herein) upon the maturity thereof, such Accreted Value being composed of its initial principal amount (the “Denominational Amount”) and the interest accreting thereon between the Date of Delivery (as defined herein) and its respective maturity date.

***Form and Registration.*** The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the inside cover page, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS – Book-Entry Only System” herein. In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See “THE BONDS – Transfer and Exchange of Bonds” herein.

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

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

**Redemption.\*** The Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 2026 or on any date thereafter as a whole, or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See “THE BONDS – Redemption” herein.

**Payments.** Interest on the Current Interest Bonds accrues from their initial date of delivery (the “Date of Delivery”), and is payable semiannually on each February 1 and August 1 (each a “Bond Payment Date”), commencing August 1, 2016. Principal of the Current Interest Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Interest on the Capital Appreciation Bonds accretes on the basis of a 360-day year of twelve, 30-day months from the Date of Delivery at the accretion rates set forth in the table of accreted values as shown in “APPENDIX F” attached hereto, compounded semiannually on each February 1 and August 1, commencing August 1, 2016. The Maturity Value of the Capital Appreciation Bonds (or Accreted Value if redeemed prior to maturity) is payable on August 1, in the amounts and years as set forth in “APPENDIX F” attached hereto and on the inside cover page hereof.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by MUFG Union Bank, N.A., as the designated paying agent, bond registrar, authenticating agent and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. See also “THE BONDS – Book-Entry Only System” herein.

### **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), based on existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (the “State”) personal income tax. In the further opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. See “TAX MATTERS” herein.

### **Authority for Issuance of the Bonds**

The Bonds are issued pursuant to certain provisions of the State Government Code and other applicable law, and pursuant to a resolution adopted by the Board. See “THE BONDS – Authority for Issuance” herein.

### **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2016\* (the “Closing Date”).

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\* Preliminary, subject to change.



## **Continuing Disclosure**

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in compliance with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). See “LEGAL MATTERS – Continuing Disclosure” herein. The specific nature of the information to be made available and of the notices of material events required to be provided are summarized in form of the Continuing Disclosure Certificate in “APPENDIX C” attached hereto.

## **Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter (as defined herein) by Kutak Rock LLP, Denver, Colorado. MUFG Union Bank, N.A., San Francisco, California, has been appointed as Paying Agent for the Bonds, and as Escrow Agent (as defined herein) with respect to the Refunded Bonds. Causey Demgen & Moore P.C., Denver, Colorado is acting as Verification Agent (as defined herein) for the Bonds.

## **Forward Looking Statements**

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

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

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Vice President, Administrative Services, Monterey Peninsula Community College District, 980 Fremont Street, Monterey, California 93940. The District may impose a charge for copying, mailing and handling.

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

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

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

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

## **THE BONDS**

### **Authority for Issuance**

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board on April 27, 2016 (the "Resolution").

### **Security and Sources of Payment**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal and Accreted Value of and interest on the Bonds 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). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the District can make no representation that such reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future.

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the above-described *ad valorem* property tax. The lien will automatically attach, without further action or authorization by the Board, and will be valid and binding from the time the Bonds are executed and delivered at the Closing Date. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and

all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Such taxes, when collected, will be deposited by the County into the “Monterey Peninsula Community College District 2016 General Obligation Refunding Bonds Debt Service Fund” (the “Debt Service Fund”), which is segregated and maintained by the County and which has been designated for the payment of principal and Accreted Value of and interest on the Bonds when due, and for no other purpose. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy an *ad valorem* property tax for the payment of the Bonds, and will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County. See “TAX BASE FOR REPAYMENT OF BONDS” herein.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal and Accreted Value of and interest on the Bonds, as the same become due and payable, will be transferred by the County to the Paying Agent who will in turn remit such funds to DTC for subsequent disbursement to the Beneficial Owners of the Bonds.

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

### **Description of the Bonds**

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive certificates representing their interests in the Bonds.

**Current Interest Bonds.** Interest on the Current Interest Bonds accrues from the Date of Delivery thereof, and is payable semiannually on each Bond Payment Date, commencing August 1, 2016. Interest on the Current Interest Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it will bear interest from the Date of Delivery. The Current Interest Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

**Capital Appreciation Bonds.** The Capital Appreciation Bonds are payable only at maturity, and will not pay interest on a current or periodic basis. The Capital Appreciation Bonds accrete in value from the Date of Delivery thereof at the accretion rates per annum set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year commencing August 1, 2016. The Maturity Value of a Capital Appreciation Bond is its Accreted Value at its maturity date.

Interest with respect to each Capital Appreciation Bond is represented by the amount each such Bond accretes in value from its Denominational Amount to the date for which the Accreted Value is calculated. The Accreted Value of a Capital Appreciation Bond is calculated by discounting on a 30-day month, 360-day year basis its Maturity Value on the basis of a constant interest rate (the “Accretion Rate”) compounded semiannually on February 1 and August 1, of each year to the date for which an Accreted Value is calculated, and if the date for which the Accreted Value is calculated is between February 1 and August 1, by pro-rating the Accreted Values to the closest prior or subsequent February 1 and August 1. See the maturity schedule on the inside cover page hereof and “APPENDIX F – Table of Accreted Values” attached hereto. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Value or any integral multiple thereof (except for one odd denomination, if necessary).

**Payments.** The principal and Maturity Value of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Current Interest Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a “Record Date”), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered Owner at such registered Owner’s address as it appears on such registration books or at such address as the registered Owner may have filed with the Paying Agent for that purpose. The interest payments on the Current Interest Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered Owner of at least \$1,000,000 principal amount of such outstanding Current Interest Bonds who shall have requested in writing such method of payment of interest on such Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

[REMAINDER OF PAGE LEFT BLANK]

**Annual Debt Service**

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

Year Ending (August 1)	Current Interest Bonds		Capital Appreciation Bonds		Total Annual Debt Service
	Annual Principal Payment	Annual Interest Payment <sup>(1)</sup>	Annual Principal Payment	Annual Interest Payment <sup>(2)</sup>	

<sup>(1)</sup> Interest payments on the Current Interest Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

<sup>(2)</sup> The Capital Appreciation Bonds are payable only at maturity on August 1 of the years indicated above, and interest on such Capital Appreciation Bonds will accrete from the Date of Delivery, compounded semiannually on February 1 and August 1, commencing August 1, 2016.

See “MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

**Redemption**

***Optional Redemption.\****

Current Interest Bonds. The Current Interest Bonds maturing on or before August 1, 2026 are not subject to redemption prior to their respective maturity dates. The Current Interest Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates at the option of the District, from any source of available funds, as a whole or in part, on any date on or after August 1, 2026, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or before August 1, 2026 are not subject to redemption prior to their respective maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 2027 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole, or in part, on any date on or after August 1, 2026 at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds called for redemption, as of the date fixed for redemption, without premium.

\* Preliminary, subject to change.

***Mandatory Redemption.\****

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

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>
(1)	
Total	

---

(1) Maturity.

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

Capital Appreciation Bonds. The Capital Appreciation Term Bonds maturing on August 1, 20\_\_\_, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_\_, at a redemption price equal to the Accreted Value thereof, as of the date fixed for redemption, without premium. The Accreted Value represented by such Capital Appreciation Term Bonds to be so redeemed, the dates therefor and the final Accreted Value payment date are as indicated in the following table:

<u>Redemption Date</u> <u>(August 1)</u>	<u>Accreted</u> <u>Value</u>
(1)	
Total	

---

(1) Maturity.

In the event that a portion of the Capital Appreciation Term Bonds maturing on August 1, 20\_\_\_ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Maturity Value, in respect of the portion of such Capital Appreciation Term Bonds optionally redeemed.

***Selection of Bonds for Redemption.*** Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as directed by the District, and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be

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\* Preliminary, subject to change.

redeemed in part shall be in integral multiples of \$5,000 principal amount or Maturity Value, as applicable.

**Notice of Redemption.** When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds (or portions thereof). Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) the Redemption Notice will be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor’s J.J. Kenny Information Services’ “Called Bond Record,” 55 Water Street, 45th Floor, New York, New York 10041.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

**Payment of Redeemed Bonds.** When notice of redemption has been given substantially as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, Accreted Value, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

***Effect of Notice of Redemption.*** If, on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance” herein, and if Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

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

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

### **Book-Entry Only System**

*The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange*



*Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds of the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

## **Transfer and Exchange of Bonds**

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which, with respect to the Current Interest Bonds, means the principal amount, and, with respect to the Capital Appreciation Bonds, means the Maturity Value) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal corporate trust office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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

## **Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

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

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

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

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to

circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Standard & Poor's Ratings Service, a Standard & Poor's Financial Services, LLC business ("S&P") or Moody's Investors Service ("Moody's").

### **REFUNDING PLAN**

The Bonds are being issued by the District to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuance of the Bonds.

The net proceeds from the sale of the Bonds will be paid to MUFG Union Bank, N.A., acting as escrow agent (the "Escrow Agent"), to the credit of an escrow fund (the "Escrow Fund") established pursuant to an escrow agreement relating to the Refunded Bonds (the "Escrow Agreement") by and between the District and the Escrow Agent. Pursuant to the Escrow Agreement, the amount deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds on the first optional redemption date therefor, as well as the interest due thereon on and before such date. The following tables present information regarding specific maturities of the 2002 Series C Bonds to be refunded with proceeds of the Bonds, as well as those maturities to remain outstanding following the refunding described herein.

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**REFUNDED BONDS\***  
**Monterey Peninsula Community College District**  
**Tax-Exempt General Obligation Bonds, Election of 2002, Series C**

<u>Maturity Date</u> <u>(August 1)</u>	<u>CUSIP†</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Par Amount)</u>
2018	612574CE1	\$3,450,000	5.00%	February 1, 2018	100%
2034	612574CW1	16,845,000	5.00	February 1, 2018	100

<u>Maturity Date</u> <u>(August 1)</u>	<u>CUSIP†</u>	<u>Denominational</u> <u>Amount</u>	<u>Accreted Value to</u> <u>be Redeemed</u>	<u>Accretion</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Accreted Value)</u>
2022	612574CJ0	\$4,689,667.80		4.76%	February 1, 2018	100%
2023	612574CK7	4,627,071.90		4.82	February 1, 2018	100
2024	612574CL5	4,560,954.65		4.88	February 1, 2018	100
2025	612574CM3	4,486,915.00		4.94	February 1, 2018	100
2026	612574CN1	4,409,483.40		5.00	February 1, 2018	100
2027	612574CP6	4,344,950.40		5.04	February 1, 2018	100
2028	612574CQ4	4,277,829.25		5.08	February 1, 2018	100
2029	612574CR2	4,215,185.70		5.11	February 1, 2018	100
2030	612574CS0	4,161,192.00		5.13	February 1, 2018	100
2031	612574CT8	4,105,351.50		5.15	February 1, 2018	100
2032	612574CU5	4,057,371.00		5.16	February 1, 2018	100
2033	612574CV3	3,628,797.00		5.17	February 1, 2018	100

**UNREFUNDED BONDS\***  
**Monterey Peninsula Community College District**  
**Tax-Exempt General Obligation Bonds, Election of 2002, Series C**

<u>Maturity Date</u> <u>(August 1)</u>	<u>CUSIP†</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2016	612574CC5	\$2,575,000	4.00%
2017	612574CD3	3,000,000	4.00

**Escrow Verification.** The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds on February 1, 2018, such date being the first optional redemption date therefor, as well as the accrued interest due on the Refunded Bonds on and before such date, all as described above will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the

\* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Financial Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Financial Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds or Refunded Bonds. Neither the District, the Financial Advisor nor the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or Refunded Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate. See “LEGAL MATTERS – Escrow Verification” herein.

***Debt Service Fund.*** Any accrued interest on the Bonds, when received by the District from the sale of the Bonds, any surplus moneys in the Escrow Fund, when received by the District following the redemption of the Refunded Bonds, and any other excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, shall be transferred to the Debt Service Fund and applied to the payment of principal and Accreted Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Debt Service Fund are expected to be invested through the County Treasury Pool. See “APPENDIX E – MONTEREY COUNTY TREASURY POOL” attached hereto.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds with respect to the Bonds are as follows:

#### Sources of Funds

Principal Amount of the Bonds  
Net Original Issue Premium  
Total Sources

#### Uses of Funds

Escrow Fund  
Costs of Issuance<sup>(1)</sup>  
Total Uses

<sup>(1)</sup> Reflects all costs of issuance, including but not limited to the Underwriter’s discount, legal fees, printing costs, rating agencies fees, pricing consultant fees, and the costs and fees of the Paying Agent, Verification Agent and Escrow Agent.

### **TAX BASE FOR REPAYMENT OF BONDS**

*The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes levied and collected by the County on taxable property in the District. The District’s general fund is not a source for the repayment of the Bonds.*

#### ***Ad Valorem Property Taxation***

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.” A supplemental roll is developed when property changes hands or new construction is completed. Unsecured property comprises certain property

not attached to land such as personal property or business property. Boats and airplanes are examples of such property. Unsecured property is assessed on the “unsecured roll.”

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1, respectively, and, if unpaid, become delinquent on December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment, plus a minimum \$10 cost on the second installment, plus any additional amount determined by the County treasurer-tax collector. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, 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 beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County recorder’s office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also “—Tax Levies, Collections and Delinquencies” herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts and community college districts (collectively, “K-14 school districts”) will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

### **Assessed Valuations**

The assessed valuation of property in the District is established by the tax assessing authority for the County, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed and re-assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein. Certain classes of property, such as churches, colleges, not for profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The following table shows the 18-year history of assessed valuations in the District.

**ASSESSED VALUATIONS**  
**Fiscal Years 1998-99 through 2015-16**  
**Monterey Peninsula Community College District**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
1998-99	\$11,225,608,787	\$1,792,497	\$528,916,753	\$11,756,318,037
1999-00	12,181,404,646	1,614,043	555,333,866	12,738,352,555
2000-01	13,359,435,273	2,388,390	573,351,860	13,935,175,523
2001-02	15,069,927,069	2,418,829	595,015,780	15,667,361,678
2002-03	16,182,084,791	2,404,375	684,411,846	16,868,901,012
2003-04	17,403,982,341	7,546,696	713,625,188	18,125,154,225
2004-05	18,743,374,351	2,677,821	714,093,229	19,460,145,401
2005-06	20,757,607,148	1,616,640	750,027,716	21,509,251,504
2006-07	23,018,404,565	1,532,998	761,829,302	23,781,766,865
2007-08	24,831,168,886	1,154,519	780,604,612	25,612,928,017
2008-09	26,144,459,581	4,818,502	904,046,843	27,053,324,926
2009-10	26,261,021,826	4,817,793	893,842,495	27,159,682,114
2010-11	25,223,382,763	4,820,408	827,070,177	26,055,273,348
2011-12	25,328,418,255	4,826,230	789,580,423	26,122,824,908
2012-13	25,614,195,914	1,036,459	773,252,202	26,388,484,575
2013-14	26,652,815,166	1,036,459	761,919,627	27,415,771,252
2014-15	28,087,917,925	1,036,459	770,625,965	28,859,580,349
2015-16	29,836,672,291	1,036,459	813,565,074	30,651,273,824

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment” herein.

**Drought.** On January 17, 2014, the State Governor (the “Governor”) declared a state-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; the State’s rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor’s declaration, the State Water Resources Control Board (the “Water Board”) issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016. On May 5, 2015, the Water Board adopted an emergency regulation to implement the Governor’s April 1, 2015 executive order, the provisions of which went into effect on May 18, 2015. On



November 13, 2015, the Governor issued an executive order directing the Water Board to extend the emergency water conservation regulation should the drought conditions persist through January 2016. Following the Governor's executive order, and a result of the State's continuing severe drought, on February 2, 2016, the Water Board adopted a revised emergency regulation to extend water conservation mandates through the end of October 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

***Appeals and Adjustments of Assessed Valuations.*** Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

**Assessed Valuation by Jurisdiction**

The following table shows an analysis of the assessed valuation of property within the District by jurisdiction for fiscal year 2015-16.

**ASSESSED VALUATION BY JURISDICTION<sup>(1)</sup>  
Fiscal Year 2015-16  
Monterey Peninsula Community College District**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Carmel-by-the Sea	\$3,595,785,241	11.73%	\$3,595,785,241	100.00%
City of Del Rey Oaks	264,638,427	0.86	264,638,427	100.00
City of Marina	1,635,530,969	5.34	1,655,780,817	98.78
City of Monterey	4,984,846,445	16.26	4,984,846,445	100.00
City of Pacific Grove	2,894,837,646	9.44	2,894,837,646	100.00
City of Sand City	254,287,191	0.83	254,287,191	100.00
City of Seaside	2,055,048,202	6.70	2,055,048,202	100.00
Unincorporated Monterey County	<u>14,966,299,703</u>	<u>48.83</u>	28,572,830,171	52.38
Total District	\$30,651,273,824	100.00%		
<u>Monterey County</u>	\$30,651,273,824	100.00%	\$56,896,930,273	53.87%

<sup>(1)</sup> Before deduction of redevelopment incremental valuation. Includes unsecured property.  
Source: California Municipal Statistics, Inc.

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## Assessed Valuation and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2015-16 assessed valuation of such parcels (excluding utility and unsecured assessed valuations).

### ASSESSED VALUATION AND PARCELS BY LAND USE Fiscal Year 2015-16 Monterey Peninsula Community College District

	2015-16 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b>Non-Residential:</b>				
Agricultural/Rural	\$193,445,008	0.65%	587	1.05%
Commercial/Office	1,947,350,960	6.53	2,151	3.84
Vacant Commercial	60,959,209	0.20	276	0.49
Hotel/Motel	1,494,056,407	5.01	273	0.49
Industrial	262,483,141	0.88	244	0.44
Vacant Industrial	8,768,568	0.03	65	0.12
Recreational/Golf	465,146,253	1.56	110	0.20
Government/Social/Institutional	60,955,301	0.20	1,974	3.52
Miscellaneous/Water Company	<u>169,510,898</u>	<u>0.57</u>	<u>1,155</u>	<u>2.06</u>
Subtotal Non-Residential	\$4,662,675,745	15.63%	6,835	12.20%
<b>Residential:</b>				
Single Family Residence	\$21,371,027,080	71.63%	32,746	58.47%
Condominium/Townhouse	1,564,253,795	5.24	4,125	7.37
Mobile Home	16,796,691	0.06	625	1.12
Mobile Home Park	48,225,224	0.16	16	0.03
2-4 Residential Units	555,797,402	1.86	1,444	2.58
5+ Residential Units/Apartments	772,001,154	2.59	597	1.07
Timeshare Properties	100,524,326	0.34	6,845	12.22
Vacant Residential	<u>745,370,874</u>	<u>2.50</u>	<u>2,769</u>	<u>4.94</u>
Subtotal Residential	\$25,173,996,546	84.37%	49,167	87.80%
<b>Total</b>	<b>\$29,836,672,291</b>	<b>100.00%</b>	<b>56,002</b>	<b>100.00%</b>

<sup>(1)</sup> Reflects local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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## Assessed Valuation of Single Family Homes

The following table displays the per-parcel analysis of single family residences within the District, in terms of their fiscal year 2015-16 assessed valuation.

### ASSESSED VALUATION OF SINGLE FAMILY HOMES Fiscal Year 2015-16 Monterey Peninsula Community College District

	No. of <u>Parcels</u>	2015-16 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	32,746	\$21,371,027,080	\$652,630	\$380,000

2015-16 <u>Assessed Valuation</u>	No. of <u>Parcels</u> <sup>(1)</sup>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$99,999	4,471	13.654%	13.654%	\$290,637,617	1.360%	1.360%
100,000 - 199,999	4,542	13.870	27.524	666,702,779	3.120	4.480
200,000 - 299,999	4,236	12.936	40.460	1,055,651,822	4.940	9.419
300,000 - 399,999	3,890	11.879	52.339	1,362,232,611	6.374	15.793
400,000 - 499,999	3,177	9.702	62.041	1,415,141,606	6.622	22.415
500,000 - 599,999	2,328	7.109	69.150	1,275,816,149	5.970	28.385
600,000 - 699,999	1,821	5.561	74.711	1,179,727,246	5.520	33.905
700,000 - 799,999	1,595	4.871	79.582	1,193,370,987	5.584	39.489
800,000 - 899,999	1,113	3.399	82.981	943,731,373	4.416	43.905
900,000 - 999,999	801	2.446	85.427	760,386,809	3.558	47.463
1,000,000 - 1,099,999	583	1.780	87.208	610,194,861	2.855	50.319
1,100,000 - 1,199,999	469	1.432	88.640	538,518,638	2.520	52.838
1,200,000 - 1,299,999	444	1.356	89.996	553,396,901	2.589	55.428
1,300,000 - 1,399,999	352	1.075	91.071	474,571,479	2.221	57.649
1,400,000 - 1,499,999	259	0.791	91.862	375,022,184	1.755	59.403
1,500,000 - 1,599,999	260	0.794	92.656	402,587,330	1.884	61.287
1,600,000 - 1,699,999	215	0.657	93.312	354,564,219	1.659	62.946
1,700,000 - 1,799,999	182	0.556	93.868	317,856,686	1.487	64.434
1,800,000 - 1,899,999	147	0.449	94.317	271,749,207	1.272	65.705
1,900,000 - 1,999,999	120	0.366	94.683	234,190,998	1.096	66.801
2,000,000 and greater	<u>1,741</u>	<u>5.317</u>	100.000	<u>7,094,975,578</u>	<u>33.199</u>	100.000
	32,746	100.000%		\$21,371,027,080	100.000%	

<sup>(1)</sup> Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

### Alternative Method of Tax Apportionment - "Teeter Plan"

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

## Tax Levies, Collections and Delinquencies

The following table shows secured tax levies within the District for its general obligation bonded debt, and amounts delinquent as of June 30, for fiscal years 2007-08 through 2014-15.

### SECURED TAX LEVIES AND DELINQUENCIES Fiscal Years 2007-08 through 2014-15 Monterey Peninsula Community College District

	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amount Delinquent (as of June 30)</u>	<u>Percent Delinquent (as of June 30)</u>
2007-08	\$4,951,565.00	\$150,163.04	3.03%
2008-09	5,172,327.00	166,660.15	3.22
2009-10	5,859,950.00	154,603.14	2.64
2010-11	5,388,201.00	100,775.49	1.87
2011-12	5,942,348.00	96,193.06	1.62
2012-13	5,701,925.00	75,560.76	1.33
2013-14	4,184,637.00	43,249.39	1.03
2014-15	9,081,707.00	80,364.82	0.88

<sup>(1)</sup> Reflects secured tax charges and levies for the District's general obligation bond debt service.  
Source: *California Municipal Statistics, Inc.*

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**Principal Taxpayers**

The following table lists the major taxpayers in the District in terms of their fiscal year 2015-16 secured assessed valuations.

**LARGEST LOCAL SECURED TAXPAYERS  
Fiscal Year 2015-16  
Monterey Peninsula Community College District**

<u>Property Owner</u>	<u>2015-16 Primary Land Use</u>	<u>% of Assessed Valuation</u>	<u>Total<sup>(1)</sup></u>
1. Pebble Beach Company	Hotel & Golf	\$757,707,200	2.54%
2. California-American Water Co.	Water Company	126,272,831	0.42
3. AAT Del Monte LLC	Shopping Center	118,499,553	0.40
4. Cannery Row Hotel Development Venture LP	Hotel	64,118,240	0.21
5. The Cannery Row Company	Hotel	56,281,239	0.19
6. OWRP Carmel LLC	Shopping Center	54,240,839	0.18
7. San Carlos Associates LLC	Hotel	47,820,360	0.16
8. P Monterey LP	Apartments	43,684,058	0.15
9. Inns of Cannery Row	Hotel	43,179,088	0.14
10. SWVP Monterey LLC	Hotel	40,807,409	0.14
11. Carl D. Panattoni	Residential Properties	37,779,965	0.13
12. 1000 Aguajito LLC	Hotel	37,465,999	0.13
13. Muller-Ryan LLC	Office Building	37,125,353	0.12
14. Carmel Valley Partners	Shopping Center	36,089,001	0.12
15. Sunbay Resort Associates LLC	Apartments	35,149,717	0.12
16. Custom House Hotel Co. Ltd.	Hotel	34,703,735	0.12
17. Ankle Crisper LLC	Residential Properties	32,020,996	0.11
18. WAS & HCS PB LLC	Residential Properties	31,250,000	0.10
19. CVR HSGE LLC	Hotel	30,151,166	0.10
20. Monterey Peninsula Country Club	Country Club	<u>29,244,823</u>	<u>0.10</u>
		<u>\$1,693,591,572</u>	<u>5.68%</u>

<sup>(1)</sup> The District's fiscal year 2015-16 local secured assessed valuation is \$29,836,672,291.  
Source: California Municipal Statistics, Inc.

**Tax Rates**

A representative tax rate area ("TRA") located within the District is TRA 3-000. The table below shows the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2011-12 through 2015-16.

**TYPICAL TAX RATES (TRA 3-000)  
Fiscal Years 2011-12 through 2015-16  
Monterey Peninsula Community College District**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
County-Wide	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Monterey Peninsula Community College District	.023570	.022367	.015772	.032471	.023039
Monterey Peninsula Unified School District	<u>.028790</u>	<u>.027965</u>	<u>.021309</u>	<u>.022774</u>	<u>.030000</u>
Total	1.052360%	1.050332%	1.037081%	1.055245%	1.053039%

<sup>(1)</sup> The fiscal year 2015-16 assessed valuation of TRA 3-000 is \$3,219,728,027.  
Source: California Municipal Statistics, Inc.

## **Statement of Direct and Overlapping Debt**

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., effective as of April 1, 2016, for debt issued as of March 17, 2016. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**  
**Monterey Peninsula Community College District**

2015-16 Assessed Valuation: \$30,651,273,824

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/16</u>
<b>Monterey Peninsula Community College District</b>	<b>100.000%</b>	<b>\$110,099,770<sup>(1)</sup></b>
Carmel Unified School District	100.000	31,683,445
Monterey Peninsula Unified School District	99.973	54,126,370
Pacific Grove Unified School District	100.000	51,880,000
City of Marina	98.777	7,778,689
City of Pacific Grove	100.000	185,000
Monterey County Water Resources Agency, Zone No. 2C	7.944	2,320,840
City of Marina Community Facilities District No. 2003-1	100.000	940,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$259,014,114</b>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Monterey County General Fund Obligations	53.872%	\$112,355,443
Monterey County Board of Education	53.872	891,582
City of Carmel-by-the-Sea General Fund Obligations	100.000	6,140,000
City of Carmel-by-the-Sea Pension Obligation Bonds	100.000	5,005,000
City of Marina Pension Obligation Bonds	98.777	1,452,022
City of Monterey General Fund Obligations	100.000	7,885,000
City of Pacific Grove Pension Obligation Bonds	100.000	10,252,079
City of Seaside Pension Obligation Bonds	100.000	5,420,000
Monterey County Regional Fire Protection District Pension Obligation Bonds	45.262	3,442,175
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$152,843,301</b>
Less: Monterey County supported obligations		28,020,472
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$124,822,829</b>

<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Sand City Redevelopment Agency	100.000%	\$6,945,000
Seaside Redevelopment Agency	100.000	7,465,000
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$14,410,000</b>

GROSS COMBINED TOTAL DEBT	\$426,267,415 <sup>(2)</sup>
NET COMBINED TOTAL DEBT	\$398,246,943

Ratios to 2015-16 Assessed Valuation:

<b>Direct Debt (\$110,099,770)</b> .....	<b>0.36%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	0.85%
Gross Combined Total Debt.....	1.39%
Net Combined Total Debt .....	1.30%

Ratios to Redevelopment Incremental Valuation (\$2,578,484,508):

Total Overlapping Tax Increment Debt.....	0.56%
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<sup>(1)</sup> Excludes the Bonds and includes the Refunded Bonds to be refunded with proceeds of the Bonds as described herein.

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

Source: California Municipal Statistics, Inc.



## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal and Accreted Value of and interest on the Bonds are payable from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes on behalf of the District for payment of the Bonds.*

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

Article XIII A ("Article XIII A") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

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

## **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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

## **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 as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula for community college districts. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues” and “MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT” herein.

## **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. As amended, Article XIII B defines

- (a) “change in the cost of living” with respect to K-14 districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a K-14 school district means the percentage change in the average daily attendance of such K-14 school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article 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 such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

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

Article XIII B also includes a requirement that 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 shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "- Propositions 98 and 111" herein.

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

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

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article 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 school districts and 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 State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The 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 State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

### **Proposition 26**

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

### **Propositions 98 and 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues

decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such district's minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” (also referred to as a “maintenance factor”) to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

### **Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% 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 or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

### ***Jarvis v. Connell***

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

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

On November 2, 2004, State voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for school districts and community college districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Dissolution of Redevelopment Agencies" herein.

### **Proposition 30**

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing on January 1, 2012 and ending in the taxable year commencing on December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Since the District is not a Basic Aid district, the revenues the District receives from the EPA are offset against the State apportionment.

### **Proposition 2**

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



Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated Minimum Funding Guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

## **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39 and 98 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## **FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA**

*The information in this section concerning State funding of community colleges 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 and Accreted Value of or interest on the Bonds is payable from State revenues. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.*

## **Major Revenues**

**General.** State community college districts (other than Basic Aid Districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which generally is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

A bill passed by the State Legislature ("SB 361"), and signed by the Governor on September 29, 2006, established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also specified that, commencing with the 2006-07 fiscal year, the minimum funding per FTES would be: (a) not less than \$4,367 per credit FTES; (b) at a uniform rate of \$2,626 per noncredit FTES; and (c) set at \$3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Each such minimum funding rate is subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the State Chancellor (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the current system.

The following table shows the District's FTES figures from fiscal years 1997-98 through 2014-15, along with a projected FTES count for fiscal year 2015-16.

**FULL TIME EQUIVALENT STUDENTS<sup>(1)</sup>**  
**Fiscal Years 1997-98 through 2015-16**  
**Monterey Peninsula Community College District**

<u>Fiscal</u> <u>Year</u>	<u>Funded</u> <u>FTES</u>	<u>Unfunded</u> <u>FTES</u>
1997-98	6,435	624
1998-99	6,680	--
1999-00	7,554	193
2000-01	8,027	101
2001-02	8,275	266
2002-03	8,667	65
2003-04	8,766	--
2004-05	8,599	--
2005-06	8,488	--
2006-07	8,547	--
2007-08	8,227	--
2008-09	8,534	2
2009-10	7,886	--
2010-11	7,682	--
2011-12	7,094	--
2012-13	6,882	--
2013-14	6,523	--
2014-15	6,508	--
2015-16 <sup>(3)</sup>	6,478	--

<sup>(1)</sup> One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Includes non-resident FTES counts, which are generally excluded from State funding formula calculations and pay the full cost of tuition to the District.

<sup>(2)</sup> In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.

<sup>(3)</sup> Projected.

Source: Monterey Peninsula Community College District.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's State apportionment. State aid is subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to 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 taxes, student enrollment fee collections, and Education Protection Account ("EPA") funds exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any general apportionment funding from the State (though they are currently entitled to the minimum amount of funding derived from taxes levied pursuant to Proposition 30, in an amount equal to \$100 per unit of FTES). See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30" herein. The current law in the State allows

these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual COLA and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District does not currently qualify as 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 requires these funds to be used for instructional purposes, and prohibits their use for capital purposes.

### **Tax Shifts and Triple Flip**

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and K-14 school districts. See also "- State Dissolution or Redevelopment Agencies" herein. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to \$135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for K-14 school districts, the legislation provides for K-14 school districts to receive other state general fund revenues.

### **Budget Procedure**

On or before September 15, the Board is required under State Code of Regulations Section 58305, to adopt a balanced budget. Each September, every State agency, including the State Chancellor's Office of the California Community Colleges (the "Chancellor's Office") submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's Budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May of each year, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify community college districts at risk and, when necessary, the authority to intervene in the management of a community college district to bring about improvement in such district's financial condition. To stabilize such a district's financial condition, the State Chancellor may, as a last resort, seek an appropriation from the State for an emergency apportionment.

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

The table on the following page shows the District's combined unrestricted and restricted general fund budgets for fiscal years 2012-13 through 2015-16, the District's actual results for fiscal years 2012-13 through 2014-15, and the District's projected totals for fiscal year 2015-16. See also "APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto for fiscal year 2014-15 audited actual results.

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**COMPARISON OF GENERAL FUND BUDGETS AND ACTUAL RESULTS**  
**Fiscal Years 2012-13 through 2015-16**  
**Monterey Peninsula Community College District**

	Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16	
	Budgeted <sup>(1)</sup>	Actual <sup>(1)</sup>	Budgeted <sup>(1)</sup>	Actual <sup>(1)</sup>	Budgeted <sup>(1)</sup>	Actual <sup>(1)</sup>	Budgeted <sup>(1)</sup>	Projected <sup>(2)</sup>
<b>REVENUES:</b>								
Federal	\$2,116,379	\$2,238,257	\$2,043,053	\$2,290,130	\$2,353,642	\$2,410,125	\$2,646,665	
State	22,528,499	18,590,147	20,548,105	20,013,419	20,989,733	20,318,544	27,204,379	
Local	16,601,062	20,390,750	18,658,154	20,227,506	18,605,295	21,099,641	20,194,966	
<b>TOTAL REVENUES</b>	41,245,940	41,219,154	41,249,312	42,531,055	41,948,670	43,828,310	50,046,010	
<b>EXPENDITURES:</b>								
Academic Salaries	15,321,947	15,532,477	15,642,863	16,129,512	16,082,501	16,166,038	17,151,497	
Classified Salaries	8,723,792	8,767,644	8,802,544	8,778,270	8,244,369	8,351,045	8,864,627	
Employee Benefits	4,916,330	4,472,096	4,827,956	9,813,309	10,580,122	10,011,979	11,711,686	
Supplies and Materials	745,425	792,115	796,719	872,928	699,827	947,225	705,088	
Other Operating Expenses and Services	6,336,606	6,505,618	6,900,242	7,144,017	7,617,459	7,070,442	9,266,775	
Capital Outlay	453,153	277,976	452,574	283,381	591,392	795,047	1,397,352	
<b>TOTAL EXPENDITURES</b>	36,497,253	36,347,926	37,422,898	43,021,417	43,815,670	43,341,776	49,097,025	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,748,687	4,871,228	3,826,414	(490,362)	(1,867,000)	486,534	948,985	
<b>OTHER FINANCING SOURCES (USES)</b>	2,121,907	2,114,417	2,612,550	2,609,624	2,708,981	1,467,774	96,600	
<b>OTHER OUTGO</b>	(6,870,592)	(7,677,455)	(6,419,798)	(2,128,390)	(841,984)	(1,627,304)	(1,045,591)	
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	2	(691,810)	19,166	(9,128)	(3)	327,004	(6)	
<b>BEGINNING FUND BALANCE</b>	4,586,888	4,586,888	3,895,078	3,895,078	3,885,950	3,885,950	4,212,954	
<b>Prior Year Adjustments</b>	--	--	--	--	--	--	--	
<b>Adjusted Beginning Balance</b>	4,586,888	4,586,888	3,895,078	3,895,078	3,885,950	3,885,950	4,212,954	
<b>ENDING FUND BALANCE</b>	\$4,586,890	\$3,895,078	\$3,914,244	\$3,885,950	\$3,885,947	\$4,212,954	\$4,212,948	

<sup>(1)</sup> From the District's CCFES-311 Reports filed with the Chancellor's Office. Unaudited results for fiscal years 2012-13 through 2014-15 in object-oriented format provided for comparison. For audited results of those fiscal years in revised reporting format, see "Monterey Peninsula Community College District – Comparative Financial Statements" herein.

<sup>(2)</sup> As of \_\_\_\_\_, 2016.

Source: *Monterey Peninsula Community College District.*

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

**General.** In 1988, State voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added Test 3 to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

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

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

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

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 1% of the prior-year funding level as a funding supplement.

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

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

### **State Dissolution of Redevelopment Agencies**

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the DOF that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to



certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received . . . had the redevelopment agency existed at that time,” and that the county auditor-controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

### **State Assistance**

*State 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 take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

**2015-16 Budget.** On June 24, 2015, the Governor signed into law the State budget for fiscal year 2015-16 (the “2015-16 Budget”). The following information is drawn from the DOF’s summary of the 2015-16 Budget, as well as a summary prepared by the Legislative Analyst’s Office (the “LAO”).

For fiscal year 2014-15, the 2015-16 Budget projects total State general fund revenues of \$111.3 billion, and total State general fund expenditures of \$114.5 billion. The 2015-16 Budget projects that the State will end the 2014-15 fiscal year with a general fund ending balance of \$2.4 billion and total reserves of \$3 billion (including \$1.5 billion in the traditional general reserve and \$1.6 billion in the BSA). For fiscal year 2015-16, the 2015-16 Budget projects total State general fund revenues of \$115 billion and total expenditures of \$115.4 billion, leaving the State with a year-end general fund balance of approximately \$2 billion. The 2015-16 Budget projects total year-end reserves of \$4.6 billion, including \$1.1 billion in the traditional general fund reserve and \$3.5 billion in the BSA.

As a result of higher than anticipated State revenues, the 2015-16 Budget includes revised estimates to the minimum funding guarantees for fiscal years 2013-14 and 2014-15. The 2013-14 minimum guarantee is revised upward to \$58.9 billion, an increase of \$612 million over the estimate included in the 2014-15 State budget. For fiscal year 2014-15, the 2015-16 Budget revises the minimum guarantee upward to \$66.3 billion, an increase of \$5.4 billion over the estimate included in the 2014-15 State budget.

The 2015-16 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2015-16 at \$68.4 billion, including \$49.4 billion of support from the State general fund. This represents an year-to-year increase of \$2.1 billion over the revised level for fiscal year 2014-15. For community college districts, the 2015-16 Budget provides total Proposition 98 funding of \$7.9 billion, including \$5.3 billion from the State general fund. Under the 2015-16 Budget, per-FTES spending in fiscal year 2015-16 is \$6,379, an increase of \$626 (or 11%) from the prior year.

Significant features of the 2015-16 Budget related to community college education include the following:

- *Base Allocations* – An increase of \$156.5 million in Proposition 98 funding for general purpose apportionments to fund 3% enrollment growth. The LAO estimates that this equates to an additional 30,000 FTES Statewide. Funds will be distributed in accordance with a new growth formula mandated by the State budget for fiscal year 2014-15 that gives first priority to districts identified as having the greatest unmet need in adequately serving local educational needs. The 2015-16 Budget also provides \$61 million to fund a 1.02% COLA, and \$266.7 million to increase base allocations in recognition of increased operating expenses including in the areas of facilities, retirement benefits and professional development.
- *K-14 Deferrals* – \$992 million to eliminate all outstanding apportionment deferrals, including \$94 million for community college districts, consistent with a revenue-based trigger mechanism included in the 2014-15 State budget.
- *Non-Credit FTES* – \$49.5 million to reflect an increase in the funding rate for CDCP non-credit courses approved by the 2014-15 State budget, to equal the rate provided for similar credit courses.
- *Maintenance Factor/Settle Up Payments* – The 2015-16 Budget reduces the outstanding Proposition 98 maintenance factor to \$772 million. The maintenance factor is created in years where the State provides less growth in K-14 funding than growth in the State economy by implementing “Test 3” or suspends the guarantee entirely. The 2015-16 Budget also provides \$256 million in “settle up” payments to repay obligations created in years where revenue projections understate the minimum funding guarantee.
- *Student Success* - \$185 million to improve and expand student success and support programs, including \$100 million for orientation, assessment, placement, academic counseling and other education planning services. The balance is allocated to close access and achievement gaps, as identified by local student equity plans and to provide additional support to current and former foster youth students.
- *Full-Time Faculty* – \$62.3 million in Proposition 98 funding to increase the number of full-time faculty within each district. Funding will be allocated based on full-time equivalent enrollment, but community college districts with relatively low proportions of full-time faculty will be required to increase the amount of such faculty more than districts with higher proportions. It is expected that this proposal will create approximately 670 additional full-time faculty positions Statewide.
- *Basic Skills* – \$10 million of Proposition 98 funding to support a pilot program designed to incentivize high schools, community college districts and the California State University system to coordinate the delivery of basic skills instruction to incoming CSU students. The 2015-16 Budget also provides \$60 million to assist community college districts to improve the delivery of basic skills instruction by adopting or expanding the use of evidenced-based models of placement, remediation and student support for underprepared students.

- *Apprenticeship Programs* – \$29.1 million to support the expansion of apprenticeship programs. This includes \$14.1 million to grow such existing programs and \$15 million to create innovative apprenticeship projects that focus on new and emerging industries with unmet labor demands.
- *Career Technical Education Pathways Program* – \$48 million in one-time Proposition 98 funding to support the Career Pathways Trust Program, which provides grant awards to community college districts to develop, enhance and expand career technical education programs that build upon existing regional capacity to meet labor demands.
- *Statewide Performance Strategies* – \$15 million in Proposition 98 funding to implement strategies to improve college performance and student success and outcomes. Of this amount, \$3 million will provide local technical assistance to support implementation of effective practices across all districts. The additional \$12 million is intended to assist in the development and dissemination of effective professional, administrative and educational practices.
- *Cal Grant B Access Awards* – \$39 million in Proposition 98 funding to augment the Cal Grant B Access Awards, to assist students taking more than 12 units with living costs. The 2015-16 Budget also provides \$3 million to assist districts establish administrative procedures to distribute these additional funds.
- *Deferred Maintenance and Instructional Equipment* – \$148 million in one-time Proposition 98 funding that community college districts can use to fund deferred facility maintenance, instructional equipment, or specified water conservation projects. Districts will not be required to provide matching funds for deferred maintenance.
- *Mandates* – \$621 million in Proposition 98 funding to reduce a backlog of unpaid reimbursement claims to community college districts for the cost of State-mandated programs.
- *Categorical Programs* – \$2.5 million in Proposition 98 funding to support a 1.02% COLA to certain categorical programs.
- *Adult Education* – \$500 million to fund the Adult Education Block Grant program. Prior budgetary legislation mandated the establishment of regional adult education consortia composed of school districts, community college districts and certain other stakeholders to coordinate the delivery of adult education services. Up to \$375 million is available to be distributed directly to K-12 school districts and county offices of education to match amounts that have been spent on adult education within the past two years. The balance will be apportioned directly to consortia for distribution to their member agencies. Beginning in fiscal year 2016-17, all funds for adult education will be apportioned directly to consortia. The 2015-16 Budget also provides \$25 million in one-time Proposition 98 funding to assist consortia develop or update data systems necessary to evaluate the effectiveness of their programs, as well as to fund State-level activities to develop consistent data policies and data collection procedures.

For additional information regarding the 2015-16 Budget, see the DOF's website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference.

**Proposed 2016-17 Budget.** On January 7, 2016, the Governor released his proposed State budget for fiscal year 2016-17 (the “Proposed Budget”). The following information is drawn from the DOF’s report of the Proposed Budget, and well as the LAO’s summary of the Proposed Budget.

The Proposed Budget projects, for fiscal year 2015-16, total general fund revenues and transfers of \$117.6 billion and total expenditures of \$116.1 billion. The State is projected to end the 2015-16 fiscal year with total available reserves of \$8.7 billion, including \$4.2 billion in the traditional general fund reserve and \$4.5 billion in the BSA). For fiscal year 2016-17, the Proposed Budget assumes total general fund revenues of \$120.6 billion and authorizes expenditures of \$122.6 billion. The State is projected to end the 2016-17 fiscal year with total available reserves of \$10.2 billion, including \$2.2 billion in the traditional general fund reserve and \$8 billion in the BSA.

The Proposed Budget provides for retroactive increases to the Proposition 98 minimum funding guarantee for both fiscal years 2014-15 and 2015-16. For fiscal year 2014-15, the minimum funding guarantee is increased to \$66.7 billion, an increase of \$387 million from the level set by the 2015-16 Budget. The revision is due largely to an increase in the amount of local property tax collections allocable to K-14 school districts. For fiscal year 2015-16, the minimum funding guarantee is revised at \$69.2 billion, reflecting an increase of \$766 million over the level set by the 2015-16 Budget. The increase is due largely to increases in State general fund revenues, which requires the State to make a larger maintenance factor payment in fiscal year 2015-16.

For fiscal year 2016-17, the Proposed Budget sets the minimum funding guarantee at \$71.6 billion, including \$51 billion from the State general fund, reflecting an increase of \$2.4 billion over the revised fiscal year 2015-16 level. Ongoing Proposition 98 per-FTES expenditures in fiscal year 2016-17 are set at \$7,003, reflecting an increase of \$125 (or 1.8%) above the revised prior-year level. Under the Proposed Budget, fiscal year 2016-17 is projected to be a “Test 3” year, with the higher minimum funding guarantee driven primarily by a 2.4% increase in per-capita State general fund revenues. The State is projected to create a \$548 million maintenance factor obligation in fiscal year 2016-17.

Significant features of the 2015-16 Budget related to community college education include the following:

- *Base Allocations* – \$114.7 million in Proposition 98 funding to support a 2% growth in student enrollment. The Proposed Budget also provides \$29.3 million to support a 0.47% COLA to general purpose apportionments.
- *Career Technical Education (CTE)* – \$200 million in ongoing funding to support a workforce program under which community college districts would be required to collaborate with local education, business, labor and civic groups to develop regional plans for CTE. The Proposed Budget also includes \$48 million in ongoing support for the Career Technical Education Pathways Grant Program.
- *Proposition 39* - Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires that, for a five-year period starting in fiscal year 2013-14, and requires that a portion of these additional revenues be used allocated to local education agencies to improve energy efficiency and expand the use of alternative energy in public buildings. The Proposed Budget allocates \$45.2 million to support community college energy efficiency projects and clean energy job development programs.
- *Deferred Maintenance and Instructional Equipment* - \$283 million in Proposition 98 funding that community college districts can use to fund deferred facility maintenance, instructional

equipment, or specified water conservation projects. Districts will not be required to provide matching funds for deferred maintenance in fiscal year 2016-17.

- *Basic Skills* - \$30 million in Proposition 98 funding to implement practices that increase incoming students' mobility to college-level courses.
- *Innovation Awards* - \$25 million in Proposition 98 funding for innovation awards focusing on innovations in technology and data, effective transfer pathways and successful transitions from higher education into the workforce.
- *Zero-Textbook-Cost-Degrees* - \$5 million in Proposition 98 funding to support the creation of degree, certificate and credentialing programs that use only freely accessible, openly licensed educational resources.
- *Statewide Performance Strategies* - \$10 million in Proposition 98 funding to implement strategies to improve college performance in student success and outcomes. Of this amount, \$2 million will provide local technical assistance to support the implementation of effective practices across all districts and \$8 million to develop and disseminate effective professional, administrative, and educational practices.
- *Mandates* - \$76 million in one-time Proposition 98 funding to reduce the existing backlog of unpaid reimbursement claims to community college districts for the cost of State-mandated programs. The funding would be provided to local educational agencies on a per-student basis, and would be available to be used at local discretion. After this payment, the Proposed Budget estimates that the State will have a remaining mandate backlog of \$1.8 billion.
- *Telecommunications and Technology* - \$3 million in Proposition 98 funding for systemwide data security efforts.
- *Categorical Programs* – \$1.3 million in Proposition 98 funding to support a 0.47% COLA to certain categorical programs.

For additional information regarding the Proposed Budget, see the DOF's website at [www.dof.ca.gov](http://www.dof.ca.gov) and the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov). However, the information presented on such websites is not incorporated herein by reference

***Future Actions.*** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal and Accreted Value of and interest on the Bonds would not be impaired.

## MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

*The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and Accreted Value of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### Introduction

The College was founded in 1947 and was established as the District in 1961. The District serves the coastal portion of the County. The District maintains the College, which is a comprehensive community college campus in Monterey, California, an educational center in Marina, California and a Public Safety Training Center in Seaside, California. The College is fully accredited by the ACCJC. The District provides collegiate level instruction across a wide spectrum of subjects in grades 13 and 14 as well as vocational training. The District has a fiscal year 2015-16 assessed valuation of \$30,651,273,824 and has projected a fiscal year 2015-16 FTES count of 6,478.

### Administration

The District is governed by a five-member Board, each member of which is elected by voters within the five trustee areas making up the District. Trustees serve four-year terms, and are elected by voters within their respective trustee area. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Rick Johnson	Chair	December 2018
Dr. Loren Steck	Vice Chair	December 2018
Mr. Charles Brown	Trustee	December 2017
Dr. Margaret-Anne Coppernoll	Trustee	December 2017
Ms. Marilynn Gustafson	Trustee	December 2018

The management and policies of the District are administered by a Superintendent/President appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Walter Tribley is the District's current Superintendent/President. Brief biographies of the Superintendent/President and Vice President, Administrative Services follow:

***Dr. Walter Tribley, Superintendent/President.*** Dr. Tribley began his tenure at the District on December 17, 2012. Prior to working with the District, he served as Vice President of Administration at Wenatchee College and Chief Administrative Officer of the Wenatchee Valley College – Omale Campus, in Washington State. Dr. Tribley received his Ph.D. in Biochemistry and Biophysics from the Washington State University; his M.S. Degree in Biological Sciences from the University of Idaho, and his B.S. Degree in Secondary Science Education from the University of Idaho.

***Dr. Steven Crow, Vice President, Administrative Services.*** Dr. Crow has held the position of Vice President, Administrative Services of the District since September 2015. Immediately prior thereto he served as the Vice President for Business and Financial Affairs at the Southwestern Community College District. He has also served as Vice President, Administrative & Information Services for the Siskiyou Joint Community College District. Dr. Crow holds a B.A. in Business Management, a M.Ed.

degree in Education, an A.A.S. degree in Computer Information Systems and an Ed.D. from the University of California, Davis.

**Labor Relations**

The District currently employs 118 full-time and 235 part-time faculty professionals, 124 full-time classified employees and 11 supervisors/managers. District employees, except management and some part-time employees, are represented by two bargaining units as noted below:

**BARGAINING UNITS  
Monterey Peninsula Community College District**

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Monterey Peninsula College Teachers Association		June 30, 2011 <sup>(1)</sup>
California School Employees Association, Ch. #245		June 30, 2017

<sup>(1)</sup> Employees continue to work under the terms of an expired contract while a new contract is negotiated.  
Source: Monterey Peninsula Community College District.

**Retirement Programs**

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by either the District or the Underwriter.*

**STRS.** All full-time certificated employees, as well as certain classified employees, are members of the State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

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

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

*Source: AB 1469.*

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

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

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

*Source: AB 1469.*

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



The District's contribution to STRS was \$1,118,703 for fiscal year 2011-12, \$1,117,709 for fiscal year 2012-13, \$1,196,528 for fiscal year 2013-14 and \$1,288,241 for fiscal year 2014-15. The District currently projects \$\_\_\_\_\_ as its contribution to STRS for fiscal year 2015-16.

The State also contributes to STRS, currently in an amount equal to 4.891% of teacher payroll for fiscal year 2015-16. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to AB 1469, the State contribution rate will increase over a three year period to a total of 6.328% in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014 included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.847% of eligible salary expenditures for fiscal year 2015-16. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2015-16. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS was \$1,466,472 for fiscal year 2011-12, \$1,529,127 for fiscal year 2012-13, \$976,216 for fiscal year 2013-14 and \$948,461 for fiscal year 2014-15. The District currently projects \$\_\_\_\_\_ as its contribution to PERS for fiscal year 2015-16.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS**  
**(Dollar Amounts in Millions)<sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2013-14**

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	Value of Trust Assets (MVA) <sup>(2)</sup>	Unfunded Liability (MVA) <sup>(2)(3)</sup>	Value of Trust Assets (AVA) <sup>(4)</sup>	Unfunded Liability (AVA) <sup>(4)</sup>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	Value of Trust Assets (MVA) <sup>(2)</sup>	Unfunded Liability (MVA) <sup>(2)</sup>	Value of Trust Assets (AVA) <sup>(4)</sup>	Unfunded Liability (AVA) <sup>(4)</sup>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(5)</sup>	-- <sup>(5)</sup>

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> Reflects market value of assets.

<sup>(3)</sup> Excludes assets allocated to the SBPA reserve.

<sup>(4)</sup> Reflects actuarial value of assets.

<sup>(5)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

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

According to the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2014, the future revenue from contributions and appropriations for the STRS Defined Benefit Program was projected to be sufficient to finance its obligations. This finding reflects the scheduled contribution increases specified in AB 1469 and is based on the valuation assumptions and the valuation policy adopted by the STRS Board.

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

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS member

public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

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

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

**GASB Statement Nos. 67 and 68.** On June 25, 2012, GASB approved Statements Nos. 67 and 68 (“Statements”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (previously, such unfunded liabilities are typically included as notes to the government’s financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District’s proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for STRS and PERS and a deferred outflow of resources for STRS and PERS are as shown in the following table.

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Proportionate Share of Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense</u>
STRS	\$18,691,915	\$1,288,241	\$4,602,848	\$1,613,716
PERS	9,225,415	948,461	3,169,956	819,951
Total	<u>\$27,917,330</u>	<u>\$2,236,702</u>	<u>\$7,772,804</u>	<u>\$2,433,667</u>

Source: Monterey Peninsula Community College District.

For more information, see “APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11” attached hereto.

### **Other Post-Employment Benefits**

**Plan Description.** The Monterey Peninsula Community College District Health Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District. The plan provides medical benefits (the “Benefits”) to eligible retirees and their spouses. As of June 30, 2015, membership of the Plan consisted of 117 retirees and beneficiaries currently receiving Benefits and 235 active Plan members.

**Funding Policy.** The contribution requirements of the 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. The District contributed \$833,473, \$671,851, \$266,118, and \$895,760 towards the Benefits in fiscal years 2011-12, 2012-13, 2013-14 and 2014-15, respectively, all of which was used for current

premiums. For fiscal year 2015-16, the District has projected its contribution for the Benefits to be \$ \_\_\_\_\_, all of which will be used for current premiums.

In fiscal year 2015-16, the District established an irrevocable, GASB-qualifying trust to fund its UAAL (as defined herein) with respect to the Benefits (the "OPEB Trust"). As of \_\_\_\_\_, 2016, the value of assets in the OPEB Trust was \$ \_\_\_\_\_. The District has projected a contribution of \$ \_\_\_\_\_ to the OPEB Trust in fiscal year 2015-16.

In addition, the District has established an internal service fund to begin funding its UAAL with respect to the Benefits. As of \_\_\_\_\_, 2016, there was approximately \$ \_\_\_\_\_ on deposit in such fund. This internal service fund, however, has not been irrevocably pledged to the payment of the Benefits, and may be accessed for other purposes upon Board action.

**Actuarial Study.** The District has implemented *Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its liability with respect to the Benefits. The most recent of these studies, dated August 6, 2014 (the "Study") was completed prior to the District's establishment and funding of the OPEB Trust described above. The Study concluded that the unfunded actuarial accrued liability (the "UAAL") with respect to such Benefits, as of a December 1, 2013 valuation date, was \$11,216,214, and that the annual required contribution (the "ARC") was \$1,160,728. The ARC is the annual amount that would be necessary to fund the Benefits in accordance with the GASB Statements Nos. 43 and 45. For more information regarding the District's other post-employment benefit liability, see "APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

**Net OPEB Obligation.** As of June 30, 2015, the District recognized a net liability (the "Net OPEB Obligation") of \$2,586,676 with respect to its accrued liability for the Benefits. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2014-15, plus interest on the prior year's Net OPEB Obligation and minus any adjustments to the ARC.

## **Risk Management**

**Insurance Coverage.** The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for property and liability with coverages of \$1 million, subject to various policy limits ranging from \$1 million to \$250 million and deductibles ranging from \$100,000 to \$250,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage limit of \$20 million, all subject to various deductibles. Employee health coverage benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

**Joint Powers Authority Risk Pools.** During fiscal year 2014-15, the District contracted with the Bay Area Community College District Joint Powers Authority ("BACCD") for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation.** During fiscal year 2014-15, the District participated in the Northern California Community College Pool ("NCCCP"), an insurance purchasing pool. The intent of the pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is

calculated as one experience, and a common premium rate is applied to all districts in the pool. Each participant pays its workers' compensation premium based on its individual rate. Participation in the pool is limited to community college districts that can meet the pool's selection criteria.

See also "APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" attached hereto.

### **Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of BACCD, the Schools Excess Liability Fund ("SELF"), NCCCP, and the Alameda County Schools Insurance Group ("ASCIP") joint powers authority. The District pays annual premiums for its property and liability, health, workers' compensation, dental and vision coverage. The relationship between the District and the joint powers authorities are such that they are not component units of the District for financial reporting purposes. During fiscal year 2014-15, the District made payments of \$3,360, \$264,613 and \$362,922 to BACCD, NCCCP and ASCIP, respectively. For fiscal year 2015-16, the District has projected contributions of \$\_\_\_\_, \$\_\_\_\_ and \$\_\_\_\_ to BACCD, NCCCP and ASCIP, respectively.

### **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the State Education Code, is to be followed by all State community college districts. GASB Statement No. 34 makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between \$10 million and \$100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

### **Comparative Financial Statements**

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows rather than the fund-group perspective previously required. The table on the following page displays the District's revenues, expenses and changes in net position for fiscal years 2010-11 through 2014-15.

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**STATEMENT OF TOTAL REVENUES AND EXPENSES AND  
CHANGES IN NET POSITION – PRIMARY GOVERNMENT<sup>(1)</sup>  
Fiscal Years 2010-11 through 2014-15  
Monterey Peninsula Community College District**

	2010-11 <u>Audited</u>	2011-12 <u>Audited</u>	2012-13 <u>Audited</u>	2013-14 <u>Audited</u>	2014-15 <u>Audited</u>
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$5,422,453	\$8,797,356	\$7,653,142	\$8,094,681	\$7,689,313
Less: Scholarship discounts and allowances	<u>(1,460,793)</u>	<u>(4,657,855)</u>	<u>(3,002,167)</u>	<u>(3,074,663)</u>	<u>(3,102,355)</u>
Net tuition and fees	<u>3,961,660</u>	<u>4,139,501</u>	<u>4,650,975</u>	<u>5,020,018</u>	<u>4,586,958</u>
<b>TOTAL OPERATING REVENUES</b>	3,961,660	4,139,501	4,650,975	5,020,018	4,586,958
<b>OPERATING EXPENSES</b>					
Salaries	25,859,951	24,675,027	24,803,711	25,505,094	25,100,799
Employee benefits	11,587,799	11,560,877	11,921,398	11,267,715	4,959,873
Supplies, materials and other operating expenses and services	8,529,767	5,250,557	9,773,354	9,535,310	15,673,750
Student financial aid	7,991,186	6,845,165	7,024,823	6,737,586	6,706,968
Equipment, maintenance and repairs	--	--	--	--	541,749
Depreciation	<u>3,081,759</u>	<u>3,285,719</u>	<u>3,438,953</u>	<u>3,705,741</u>	<u>3,616,986</u>
<b>TOTAL OPERATING EXPENSES</b>	57,050,462	51,617,345	56,962,239	56,751,446	56,600,125
<b>OPERATING INCOME(LOSS)</b>	(53,088,802)	(47,477,844)	(52,311,264)	(51,731,428)	(52,013,167)
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
State apportionments, noncapital	21,560,660	17,481,763	14,674,721	15,153,658	14,441,246
Federal grants and contracts, noncapital	10,512,794	9,343,466	9,330,135	9,107,059	9,109,082
State grants and contracts, noncapital	2,845,707	2,706,069	2,944,767	3,669,935	5,351,158
Local property taxes, levied for general purposes	13,909,980	14,029,569	15,717,216	15,519,843	16,801,680
Taxes levied for other specific purposes	5,922,707	6,508,649	6,355,336	4,916,779	9,649,677
State taxes and other revenues	1,172,111	1,232,443	1,147,750	1,346,804	1,736,242
Investment income	184,073	315,611	75,288	191,861	126,890
Loss on investment	--	--	--	--	--
Interest expense on capital related debt	(6,911,712)	(6,975,678)	(6,345,134)	(6,416,209)	(6,487,170)
Investment income on capital asset-related debt, net	549,578	502,371	219,440	11,721	6,815
Transfer from agency fund	--	--	--	--	29,676
Transfer to agency fund	--	--	--	--	(72,311)
Other nonoperating revenue	<u>1,502,377</u>	<u>1,884,202</u>	<u>2,041,289</u>	<u>1,643,509</u>	<u>546,044</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	51,248,275	47,028,465	46,160,808	45,144,960	51,239,029
<b>INCOME (LOSS) BEFORE OTHER REVENUES</b>	(1,840,527)	(449,379)	(6,150,456)	(6,586,468)	(774,138)
<b>OTHER REVENUES</b>					
State revenues, capital	--	1,747,493	1,005,594	487,042	431,577
Local revenues, capital	194,540	180,284	165,325	51,905	49,807
Loss on disposal of capital assets	--	--	--	--	(4,687)
<b>TOTAL OTHER REVENUES</b>	194,540	1,927,777	1,170,919	538,947	476,697
<b>CHANGE IN NET POSITION</b>	(1,645,987)	1,478,398	(4,979,537)	(6,047,521)	(297,441)
<b>NET POSITION, BEGINNING OF YEAR</b>	62,500,643	60,854,656	62,333,054	61,332,435	53,874,944
<b>PRIOR PERIOD RESTATEMENT</b>	--	--	<u>3,978,918<sup>(2)</sup></u>	<u>(1,409,970)<sup>(3)</sup></u>	<u>(33,251,788)<sup>(4)</sup></u>
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	--	--	<u>66,311,972</u>	<u>59,922,465</u>	<u>20,623,156</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$60,854,656</u>	<u>\$62,333,054</u>	<u>\$61,332,435</u>	<u>\$53,874,944</u>	<u>\$20,325,715</u>

(1) From the District's comprehensive audited financial statements for fiscal years 2010-11 through 2014-15, respectively.

(2) Restated to recognize capitalized interest as part of the historical cost of constructing certain business-type activity assets as a result of the implementation of GASB Statement No. 62.

(3) Restated to recognize the deferred cost of issuance of bonds as a result of the implementation of GASB Statement No. 65.

(4) Restated to recognize the net pension liability, net of related deferred outflows of resources, as a result of the implementation of GASB Statement No. 68. See "Retirement Programs – GASB Statement Nos. 67 and 68" herein and "APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Source: Monterey Peninsula Community College District.

## District Debt Structure

**Short-Term Debt.** [The District currently has no outstanding short-term debt obligations.]

**Long-Term Debt.** A schedule of the District's long-term debt as of June 30, 2015, is shown below:

	Balance Beginning of Year, as restated	Additions	Deductions	Balance End of Year
<b>Bonds and Notes Payable</b>				
2005 General obligation refunding bonds	\$4,733,865	\$425,835	\$2,655,000	\$2,504,700
2002 General obligation bonds, Series B	2,907,200	70,490	1,815,000	1,162,690
2002 General obligation bonds, Series C	96,557,347	3,526,121	--	100,083,468
Unamortized premium	2,822,732	--	134,416	2,688,316
2013 General obligation refunding bonds, Series A	18,950,000	--	95,000	18,855,000
Unamortized premium	2,713,730	--	378,660	2,335,070
2013 General obligation refunding bonds, Series B	14,330,000	--	310,000	14,020,000
Lease revenue bonds	95,000	--	15,000	80,000
<b>Total Bonds and Notes Payable</b>	<b>143,109,874</b>	<b>4,022,446</b>	<b>5,403,076</b>	<b>141,729,244</b>
<b>Other Liabilities</b>				
Compensated absences	954,251	--	32,280	921,971
Early retirement plan	85,396	85,792	111,952	59,236
Net OPEB obligation	2,326,468	1,155,968	895,760	2,586,676
Aggregate net pension obligation <sup>(1)</sup>	<u>35,403,232</u>	--	<u>7,485,902</u>	<u>27,917,330</u>
<b>Total Other Liabilities</b>	<b>38,769,347</b>	<b>1,241,760</b>	<b>8,525,894</b>	<b>31,485,213</b>
<b>Total Long-Term Obligations</b>	<b>181,879,221</b>	<b>5,264,206</b>	<b>13,928,970</b>	<b>173,214,457</b>

<sup>(1)</sup> Reflects the aggregate of the District's proportionate share of the net pension liabilities for the STRS and PERS programs. See also "– Retirement Programs – GASB Statement Nos. 67 and 68" herein and "APPENDIX A – THE 2014-15 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Source: Monterey Peninsula Community College District.

**General Obligation Bonds. General Obligation Bonds.** The District received authorization at an election held on November 5, 2002 (the "2002 Authorization") at which the requisite vote of at least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of \$145,000,000 principal amount of general obligation bonds of the District. On June 18, 2003, the District issued its Election of 2002 General Obligation Bonds, Series A in the aggregate principal amount of \$40,000,000 (the "2002 Series A Bonds"). On January 24, 2008, the District issued its Taxable General Obligation Bonds, Election of 2002, Series B in the aggregate principal amount of \$9,004,530 (the "2002 Series B Bonds") and its 2002 Series C Bonds in the aggregate principal amount of \$95,994,769.60. On January 5, 2006, the District issued its 2005 General Obligation Refunding Bonds in the aggregate principal amount of \$33,304,384.75 (the "2005 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the then-outstanding 2002 Series A Bonds. On May 7, 2013, the District concurrently issued its (i) 2013 General Obligation Refunding Bonds, Series A (Federally Tax-Exempt) in the aggregate principal amount of \$19,235,000 (the "2013A Refunding Bonds"), the proceeds of which were used to advance refund a portion of the then-outstanding 2002 Series C Bonds and 2005 Refunding Bonds, and (ii) 2013 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$14,585,000 (the "2013B Refunding Bonds"), the proceeds of which were used to advance refund a portion of the then-outstanding 2005 Refunding Bonds. The District expects to use the proceeds of the Bonds to advance refund a portion of the remaining outstanding 2002 Series C Bonds.



The table on the following page shows the total debt service with respect to the District's outstanding general obligation bonded debt, including the Bonds (and assuming no optional redemptions).

**GENERAL OBLIGATION BONDED DEBT SERVICE\***  
**Monterey Peninsula Community College District**

Year Ending (August 1)	2002 Series B Bonds	2002 Series C Bonds <sup>(1)</sup>	2013A Refunding Bonds	2013B Refunding Bonds	The Bonds	Total Annual Debt Service
2016	\$10,700.00	\$3,812,750.00	\$1,107,475.00	\$2,901,349.06		
2017	10,700.00	4,134,750.00	1,111,475.00	2,895,129.66		
2018	10,700.00	4,464,750.00	1,103,875.00	2,902,711.76		
2019	10,700.00	842,250.00	5,077,500.00	2,901,462.90		
2020	10,700.00	842,250.00	5,444,400.00	2,894,778.70		
2021	210,700.00	842,250.00	8,517,600.00	--		
2022	--	10,127,250.00	--	--		
2023	--	10,532,250.00	--	--		
2024	--	10,957,250.00	--	--		
2025	--	11,392,250.00	--	--		
2026	--	11,847,250.00	--	--		
2027	--	12,322,250.00	--	--		
2028	--	12,817,250.00	--	--		
2029	--	13,327,250.00	--	--		
2030	--	13,862,250.00	--	--		
2031	--	14,417,250.00	--	--		
2032	--	14,992,250.00	--	--		
2033	--	15,592,250.00	--	--		
2034	--	16,217,250.00	--	--		
Total	<u>\$264,200.00</u>	<u>\$183,343,250.00</u>	<u>\$22,362,325.00</u>	<u>\$14,495,432.08</u>		

<sup>(1)</sup> Includes debt service on the Refunded Bonds to be refinanced with proceeds of the Bonds as described herein.

Source: Monterey Peninsula Community College District.

**Lease Revenue Bonds.** The District issued \$500,000 principal amount of lease revenue bonds in 1968 to finance improvements to the District's student center (the "Lease Revenue Bonds"). The Lease Revenue Bonds are secured by revenue from the District's bookstore and student center building fees collected at registration. The principal balance of the Lease Revenue Bonds at June 30, 2015, was \$80,000, and future debt service on the Lease Revenue Bonds as of such date is shown in the following table.

**LEASE REVENUE BONDS DEBT SERVICE**  
**Monterey Peninsula Community College District**

Year Ending June 30,	Principal	Interest to Maturity	Total
2016	\$20,000	\$2,100	\$22,100
2017	20,000	1,500	21,500
2018	20,000	900	20,900
2019	20,000	300	20,300
Total	<u>\$80,000</u>	<u>\$4,800</u>	<u>\$84,800</u>

Source: Monterey Peninsula Community College District.

\* Preliminary, subject to change.

**Early Retirement Plan.** The District has entered into an agreement to provide certain benefits to employees participating in the early retirement incentive program. The District will pay a total of \$59,236 on behalf of retirees over the next two years in accordance with the following schedule:

**EARLY RETIREMENT PLAN PAYMENTS  
Monterey Peninsula Community College District**

Year Ending <u>June 30,</u>	<u>Principal</u>
2016	\$47,797
2017	<u>11,439</u>
Total	<u>\$59,236</u>

*Source: Monterey Peninsula Community College District.*

**TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and

the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

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

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX B.

## LEGAL MATTERS

### Continuing Disclosure

The District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain 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 (the District’s fiscal year ends on June 30), commencing with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of enumerated events is described in the form of Continuing Disclosure Certificate attached hereto as Appendix C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

*Prior Undertakings.* [TO COME.]

### Legality for Investment in California

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

### Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

### Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as Appendix B.

## **Escrow Verification**

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

## **Financial Statements**

The financial statements with supplemental information for the year ended June 30, 2015, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 15, 2015 of Vavrinek, Trine, Day & Co., LLP (the "Auditor"), are included in this Official Statement as APPENDIX A. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

## **RATINGS**

Moody's and S&P have assigned ratings of "\_\_\_" and "\_\_\_", respectively, to the Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS - Continuing Disclosure" herein and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

## UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co. as underwriter (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_, plus net original issue premium of \$\_\_\_\_\_, less the Underwriter's discount of \$\_\_\_\_\_. The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

## ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All of the data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

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

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

### MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

By \_\_\_\_\_  
Dr. Steven Crow  
Vice President, Administrative Services

**APPENDIX A**  
**THE 2014-15 AUDITED FINANCIAL STATEMENTS OF**  
**THE DISTRICT**

## APPENDIX B

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:*

[Closing Date]

Board of Trustees  
Monterey Peninsula Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$\_\_\_\_\_ Monterey Peninsula Community College District (Monterey County, California) 2016 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Monterey Peninsula Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on Capital Appreciation Bonds. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original



issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Monterey Peninsula Community College District (the “District”) in connection with the issuance of \$\_\_\_\_\_ of the District’s 2016 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on April 27, 2016. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall initially mean Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Holders” shall mean the registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement, dated as of \_\_\_\_\_, 2016, relating to the offer and sale of the Bonds.

“Participating Underwriter” shall mean Piper Jaffray & Co. or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2015-16 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District for the last completed fiscal year;

(b) FTES of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation for real property located within the District for the current fiscal year; and

(f) list of top ten taxpayers, together with their assessed valuation and percentage of total assessed valuation of the District for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.
2. tender offers.
3. defeasances.
4. rating changes.
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. unscheduled draws on the debt service reserves reflecting financial difficulties.
7. unscheduled draws on credit enhancement reflecting financial difficulties.
8. substitution of the credit or liquidity providers or their failure to perform.
9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as

agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2016

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_  
Vice President, Administrative Services

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of District: MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2016 General Obligation Refunding Bonds

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By \_\_\_\_\_ [form only; no signature required]



## APPENDIX D

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF MONTEREY AND MONTEREY COUNTY

*The following information regarding the City of Monterey (the "City") and Monterey County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel or the Underwriter.*

#### General

**Monterey County.** The County borders the Pacific Ocean almost at the midpoint of the State of California (the "State") coastline, approximately 130 miles south of San Francisco and 240 miles north of Los Angeles, and was incorporated in 1850 as one of the State's original 27 counties. The County covers an area of approximately 3,300 square miles, with a population in excess of 400,000. Agriculture, tourism and government are major contributors to the County's economy. The Salinas Valley, located in the eastern portion of the County, is a rich agricultural center and one of the nation's major vegetable-producing areas. The Monterey Peninsula, famed for its scenic beauty, is a year-round tourist attraction. The Monterey Bay Aquarium and the City of Carmel also are attractions that draw tourists to the Monterey Peninsula.

**The City of Monterey.** The City was founded in 1770 and incorporated in 1850, serving as the State's first capital. The City is a charter city which operates under a City Council/City Manager form of government. The Council is responsible for appointing the City Manager, who serves as the professional administrator of the City and is responsible for coordinating all day-to-day operations and administration.

#### Population

The following table shows historical population figures for the City, the County and the State from 2006 through 2015.

**POPULATION  
2006 through 2015  
City of Monterey, Monterey County and State of California**

Year <sup>(1)</sup>	City of Monterey		Monterey County		State of California	
	Population	% Change	Population	% Change	Population	% Change
2006	29,034	--	406,935	--	36,116,202	--
2007	28,819	(0.7)%	406,890	0.0%	36,399,676	0.8%
2008	27,924	(3.1)	409,387	0.6	36,704,375	0.8
2009	27,799	(0.4)	412,233	0.7	36,966,713	0.7
2010	27,921	0.0	415,108	0.7	37,223,900	0.8
2011	28,019	0.8	416,968	0.5	37,427,946	0.5
2012	28,472	1.6	420,799	0.9	37,680,593	0.7
2013	28,419	(0.2)	424,064	0.8	38,030,609	0.9
2014	28,319	(0.4)	424,774	0.2	38,357,121	0.9
2015	28,163	(0.6)	425,413	0.2	38,714,725	0.9

<sup>(1)</sup> As of January 1.

Source: California Department of Finance.

## Personal Income

The following table summarizes per capita personal income in the County, State of California and United States from 2005 through 2014.

**PER CAPITA PERSONAL INCOME<sup>(1)</sup>**  
**2005 through 2014**  
**Monterey County, State of California, and United States**

<u>Year</u>	<u>Monterey County</u>	<u>State of California</u>	<u>United States</u>
2005	\$37,586	\$39,046	\$35,904
2006	40,662	41,693	38,144
2007	41,625	43,182	39,821
2008	41,225	43,786	41,082
2009	40,453	41,588	39,376
2010	40,643	42,411	40,277
2011	41,583	44,852	42,453
2012	43,444	47,614	44,266
2013	44,707	48,125	44,438
2014	46,109	49,985	46,049

<sup>(1)</sup> Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Industry

The County's employment is centered among farming, tourism and government. The County is located within the Salinas Metropolitan Statistical Area (the "MSA"). The following table summarizes average annual industry employment in the MSA from 2010 through 2014.

**ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT**  
**2010 through 2014**  
**Monterey County (Salinas Metropolitan Statistical Area)**

<u>Type of Employment</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Farm	45,100	46,300	48,200	50,100	52,500
Mining & Logging	200	200	200	200	200
Construction	4,100	3,800	4,100	4,500	4,900
Manufacturing	5,600	5,600	5,200	5,300	5,300
Wholesale Trade	5,000	4,900	5,200	5,200	5,400
Retail Trade	15,200	15,700	15,900	16,200	16,300
Transportation, Warehousing & Utilities	3,300	3,400	3,800	4,000	4,300
Information	1,700	1,600	1,500	1,500	1,400
Financial Activities	4,300	4,100	4,200	4,000	3,900
Professional and Business Services	11,500	11,500	11,400	11,300	12,500
Education and Health Services	15,700	15,600	16,200	17,500	18,500
Leisure and Hospitality	20,000	20,200	21,200	21,900	22,900
Other Services	4,600	4,600	4,700	4,800	4,900
Government	<u>32,600</u>	<u>31,700</u>	<u>31,300</u>	<u>30,200</u>	<u>30,300</u>
Total	169,000	169,200	172,900	176,600	183,200

Source: State of California, Employment Development Department.

## Employment

The following table summarizes the civilian labor force, employment, unemployment and unemployment rate for the years 2010 through 2014 for the City, the County and the State.

### CIVILIAN LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT 2010 through 2014<sup>(1)</sup> City of Monterey, Monterey County and State of California

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2010	City of Monterey	17,700	16,700	1,000	5.8%
	Monterey County	221,100	193,100	28,000	12.8
	State of California	18,336,300	16,091,900	2,244,300	12.2
2011	City of Monterey	17,700	16,700	1,000	5.7
	Monterey County	221,800	194,000	27,800	12.7
	State of California	18,419,500	16,260,100	2,159,400	11.7
2012	City of Monterey	18,300	17,300	900	5.1
	Monterey County	226,500	200,800	25,700	11.5
	State of California	18,554,800	16,630,100	1,924,700	10.4
2013	City of Monterey	18,000	17,200	800	4.5
	Monterey County	221,600	199,100	22,400	10.1
	State of California	18,671,600	17,002,900	1,668,700	8.9
2014	City of Monterey	15,700	14,700	1,000	6.5
	Monterey County	219,600	199,600	19,900	9.1
	State of California	18,811,400	17,397,100	1,414,300	7.5

<sup>(1)</sup> Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: California Employment Development Department. March 2014 Benchmark.

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## Principal Employers

The following tables summarize the principal employers in the City and the County.

### PRINCIPAL EMPLOYERS Fiscal Year Ended June 30, 2015 City of Monterey

<u>Employer</u>	<u>Number of Employees</u>
Community Hospital of Monterey Peninsula	1,000 – 4,999
Defense Language Institute	1,000 – 4,999
Naval Postgraduate School	1,000 – 4,999
Ctb McGraw-Hill LLC	500 – 599
Monterey Peninsula College	500 – 599
Dole Fresh Vegetables Co.	250 – 499
City of Monterey	250 – 499
Hyatt Regency-Monterey	250 – 499
Monterey-Salinas Transit	250 – 499
Language Line	250 – 499
Macy's	250 – 499
Monterey Bay Aquarium	250 – 499
Monterey Institute-Int'l Study	250 – 499

*Source: City of Monterey Comprehensive Annual Financial Report for fiscal year ended June 30, 2015.*

### PRINCIPAL EMPLOYERS 2016 Monterey County

<u>Employer</u>	<u>Number of Employees</u>
Azcona Harvesting	1,000 – 4,999
Breast Care Center	1,000 – 4,999
Bud of California	1,000 – 4,999
Casa Palmero	1,000 – 4,999
D'Arrigo Brothers Company	1,000 – 4,999
Natividad Medical Center	1,000 – 4,999
Naval Postgraduate School	1,000 – 4,999
Pebble Beach Company	1,000 – 4,999
Salinas Valley Memorial Healthcare	1,000 – 4,999
Taylor Farms	1,000 – 4,999
Hilltown Packing Company	500 – 599
Mann Packing Company	500 – 599
Misionero Vegetables	500 – 599

*Source: State of California Employment Development Department, America's Labor Market Information System Employer Database, 2016 1<sup>st</sup> Edition.*

## Agriculture

Agriculture is a significant industry and major employer in the County. Below is a summary of the County's agriculture production for 2010 through 2014.

### LARGEST INDUSTRIES 2010 through 2014 Monterey County

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Field Crops	\$15,230,000	\$16,824,000	\$19,338,000	\$19,990,000	\$18,724,000
Seed Production	9,404,000	9,984,000	8,550,000	8,803,000	5,331,000
Vegetable Crops	2,677,072,000	2,596,683,000	2,557,772,000	2,833,775,000	3,098,138,000
Fruit and Nut Crops	987,693,000	914,685,000	1,057,684,000	1,159,589,000	1,033,798,000
Nursery Products	266,121,000	260,703,000	307,543,000	312,346,000	286,577,000
Livestock and Poultry	49,893,000	54,468,000	53,126,000	45,024,000	64,286,000
Apiary	<u>242,000</u>	<u>228,000</u>	<u>204,000</u>	<u>195,000</u>	<u>135,000</u>
Total	\$4,006,235,000	\$3,852,995,000	\$4,004,217,000	\$4,379,722,000	\$4,506,989,000

Source: Monterey County Department of Agriculture Crop Reports.

## Building Activity

The annual building permit valuations and the number of permits for new dwelling units issued each year from 2010 through 2014 in the County are shown in the following table.

### BUILDING PERMIT VALUATIONS 2010 through 2014 Monterey County

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (\$000's)					
Residential	\$142,944	\$133,608	\$154,053	\$168,823	\$166,058
Non-Residential	<u>86,127</u>	<u>64,880</u>	<u>94,930</u>	<u>113,948</u>	<u>154,341</u>
Total	\$229,071	\$198,489	\$248,983	\$282,761	\$320,399
Units					
Single Family	118	135	107	190	236
Multiple Family	<u>167</u>	<u>27</u>	<u>131</u>	<u>252</u>	<u>85</u>
Total	285	162	238	452	321

Note: Totals may not add because of rounding.

Source: Construction Industry Research Board.

The District does not maintain separate records of building permits or housing starts. The information provided in the table below is shown for the City and may not be representative of the District as a whole.

**BUILDING PERMITS AND VALUATIONS  
2010 through 2014  
City of Monterey**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (\$000's)					
Residential	\$6,041	\$12,534	\$4,770	\$5,629	\$6,963
Non-Residential	<u>11,711</u>	<u>12,760</u>	<u>18,749</u>	<u>11,840</u>	<u>20,223</u>
Total	<u>\$17,753</u>	<u>\$25,295</u>	<u>\$23,519</u>	<u>\$17,469</u>	<u>\$27,186</u>
Units					
Single Family	2	7	2	2	2
Multi-Family	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	2	12	2	2	2

Note: Totals may not add to sums because of rounding.

Source: *Construction Industry Research Board.*

**Commercial Activity**

The following tables summarize taxable transactions in the County and City from 2007 through 2013.

**TAXABLE SALES  
2007 through 2013  
Monterey County  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2007	4,857	\$4,021,150	11,161	\$5,680,652
2008	4,993	3,714,682	11,168	5,399,594
2009	6,880	3,255,804	10,125	4,705,845
2010	6,921	3,423,370	10,204	4,955,562
2011	1,797	1,516,731	2,665	1,984,048
2012	1,784	1,604,048	2,661	2,089,040
2013	1,840	1,681,340	2,703	2,174,732

Note: In 2009, retail permits expanded to include permits for food services.

Source: *"Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.*

**TAXABLE SALES  
2007 through 2013  
City of Monterey  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2007	811	\$510,831	1,671	\$664,089
2008	804	490,146	1,612	647,167
2009	1,033	449,818	1,520	591,741
2010	993	468,178	1,464	619,157
2011	1,002	503,444	1,461	650,894
2012	1,045	536,176	1,512	695,704
2013	1,133	539,160	1,614	701,293

Note: In 2009, retail permits expanded to include permits for food services.  
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

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## APPENDIX E

### MONTEREY COUNTY TREASURY POOL

*The following information concerning the Monterey County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Monterey County (the "County"), and has not been confirmed or verified by the District or the Underwriter. The District and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer's website at <http://www.co.monterey.ca.us/taxcollector/>; however, the information presented on such website is not incorporated herein by any reference.*



**APPENDIX F**  
**TABLE OF ACCRETED VALUES**

**ESCROW AGREEMENT  
RELATING TO THE DEFEASANCE OF**

\$95,994,769.60  
MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
Monterey County, California  
Tax-Exempt General Obligation Bonds  
Election of 2002, Series C

THIS ESCROW AGREEMENT, dated as of \_\_\_\_\_ 1, 2016, by and between the Monterey Peninsula Community College District (the "District"), and MUFG Union Bank, N.A., acting in its capacity as escrow agent (the "Escrow Agent") pursuant to this Escrow Agreement (the "Agreement");

W I T N E S S E T H:

WHEREAS, the District has previously caused the issuance of \$95,994,769.60 aggregate principal amount of the Monterey Peninsula Community College District, Monterey County, California, Tax-Exempt General Obligation Bonds, Election of 2002, Series C (the "Prior Bonds"); and

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

WHEREAS, the District has authorized the issuance of \$\_\_\_\_\_ of its 2016 General Obligation Refunding Bonds (the "Bonds"), the sale of which shall provide proceeds to accomplish such a refunding; and

WHEREAS, the Bonds shall be issued on \_\_\_\_\_, 2016 (the "Closing Date"); and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to the refunding of the Refunded Bonds in accordance with the terms of this Agreement; and

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

SECTION 1. Deposit of Moneys.

(a) As used herein, the term "Investment Securities" means the Investment Securities set forth in Schedule A hereto. The District hereby deposits with the Escrow Agent \$\_\_\_\_\_, which amount represents the net proceeds of the Bonds. Such amounts shall be held in irrevocable escrow by the Escrow Agent, separate and apart from other funds of the District and the Escrow Agent, in a fund hereby created and established and to be known as the "Monterey Peninsula Community College District 2016 General Obligation Refunding Bonds Escrow Fund" (referred to herein as the "Escrow Fund") to be applied solely as provided in this Agreement. Such moneys are at least equal to an amount sufficient to purchase the principal amount of Investment Securities set forth in Schedule A hereto.

(b) The Escrow Agent hereby acknowledges receipt of the cash flow and yield verification report of Causey Demgen & Moore P.C., certified public accountants, dated the Closing Date (the "Verification Report"), and the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the Closing Date (the "Defeasance Opinion"), relating to the sufficiency of the

Investment Securities and cash deposited pursuant hereto to defease the Refunded Bonds and, with respect to the Defeasance Opinion, relating to this Agreement.

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

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

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

SECTION 3. Payment of Refunded Bonds.

(a) Payment. As the principal of the Investment Securities set forth in Schedule A hereof and the investment income and earnings thereon are paid, and together with other monies on deposit in the Escrow Fund, the Escrow Agent shall transfer from the Escrow Fund to the paying agent for the Refunded Bonds (the "Paying Agent") amounts sufficient to pay the interest on the Refunded Bonds due on and prior to February 1, 2018, and to redeem on such date the Refunded Bonds, at a redemption price equal to 100% of the outstanding principal amount thereof or Accreted Value thereof as of such date, as applicable.

Such transfers shall constitute the respective payments of the principal of and interest on or Accreted Value of the Refunded Bonds and redemption price due from the District.

(b) Unclaimed Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be transferred by the Escrow Agent to the Treasurer-Tax Collector of Monterey County, on behalf of the District, for deposit in the Debt Service Fund relating to the Bonds. Any moneys remaining in the Escrow Fund established hereunder after February 1, 2018 (aside from unclaimed proceeds of the Refunded Bonds) which are in excess of the amount needed to pay owners of the Refunded Bonds payments of principal of and interest on or Accreted Value of, as applicable, and redemption premium on, if any, the Refunded Bonds or to pay any amounts owed to the Escrow Agent shall be immediately transferred by the Escrow Agent to the Treasurer-Tax Collector of Monterey County, on behalf of the District, and deposited in the Debt Service Fund relating to the Bonds.

(c) Priority of Payments. The holders of the Refunded Bonds shall have a first lien on the moneys and Investment Securities in the Escrow Fund which are allowable and sufficient to pay the Refunded Bonds until such moneys and Investment Securities are used and applied as provided in this Agreement, as verified by the Verification Report. Any cash or securities held in the Escrow Fund are irrevocably pledged only to the holders of the Refunded Bonds.

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

SECTION 5. Reinvestment. Upon written direction of the District, the Escrow Agent may reinvest any uninvested amounts held as cash under this Agreement in noncallable nonprepayable obligations which are direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America provided (i) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal of, interest on, Accreted Value of, and redemption price of the Refunded Bonds

will not be diminished or postponed thereby, (ii) the Escrow Agent shall receive the unqualified opinion of nationally recognized municipal bond counsel to the effect that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the Refunded Bonds, (iii) the Escrow Agent shall receive from a firm of independent certified public accountants a certification that, immediately after such reinvestment, the principal of and interest on obligations in the Escrow Fund will, together with other cash on deposit in the Escrow Fund available for such purposes, be sufficient without reinvestment to pay, when due, the principal of and interest on or Accreted Value of the Refunded Bonds, as applicable; and (iv) the Escrow Agent shall receive an opinion of nationally recognized bond counsel that such reinvestment is permissible under this Agreement.

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

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

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

SECTION 9. Irrevocable Instructions as to Notice; Termination of Obligations.

(a) The Escrow Agent hereby acknowledges that upon the funding of the Escrow Fund as provided in Section 1(a) hereof and the simultaneous purchase of the Investment Securities as provided in Section 2 hereof, and the receipt of the Defeasance Opinion and the Verification Report described in Section 1(b) of this Agreement, then the Refunded Bonds shall be deemed paid in accordance with their terms and all obligations of the District with respect to the Refunded Bonds shall cease and terminate, except only the obligation to make payments therefore from the monies provided for hereunder.

(b) The Escrow Agent further agrees it shall provide timely notices of the redemption and defeasance of the Refunded Bonds pursuant to the Irrevocable Instructions and Request to Escrow Agent attached hereto as Schedule B.

SECTION 10. Amendments. This Agreement is made for the benefit of the District and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the District; provided, however, but only after the receipt by the Escrow Agent of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest on the Bonds and the Refunded Bonds will not be adversely affected for federal income tax purposes, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes: (i) to cure any

ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and (iii) to include under this Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 10, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 10. In the event of any conflict with respect to the provisions of this Agreement, this Agreement shall prevail and be binding.

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

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

SECTION 13. Resignation or Removal of Escrow Agent.

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

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

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

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

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

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

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the District.

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

[REMAINDER OF PAGE LEFT BLANK]

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

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

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_  
Dr. Steven Crow  
Vice President, Administrative Services

MUFG UNION BANK, N.A., as Escrow Agent

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



SCHEDULE A

“Investment Securities” are defined to be, and shall be, those securities listed on Exhibit \_\_\_\_ of the Verification Report, as further shown below.

SCHEDULE B

IRREVOCABLE INSTRUCTIONS AND REQUEST TO  
ESCROW AGENT

\_\_\_\_\_, 2016

MUFG Union Bank, N.A.  
Los Angeles, California 90017

\$95,994,769.60  
MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
(Monterey County, California)  
Tax-Exempt General Obligation Bonds, Election of 2002, Series C

Ladies and Gentlemen:

As Escrow Agent with respect to the Refunded Bonds (as defined herein) pursuant to that certain escrow agreement (the "Escrow Agreement"), dated as of \_\_\_\_\_ 1, 2016, by and between the Monterey Peninsula Community College District (the "District") and MUFG Union Bank, N.A., with respect to the outstanding Monterey Peninsula Community College District (Monterey County, California) Tax-Exempt General Obligation Bonds, Election of 2002, Series C, maturing on August 1, 2018 and August 1, 2022 through and including August 1, 2034 (the "Refunded Bonds"), you are hereby notified of the irrevocable election of the District, through the deposit and investment of funds pursuant to the Escrow Agreement, to pay the interest on the Refunded Bonds due on and prior to February 1, 2018, and to redeem on such date the Refunded Bonds at a price of 100% of the principal amount thereof, or Accreted Value thereof as of such date, as applicable.

You are hereby irrevocably instructed to give, as provided in the resolution of the District authorizing the issuance of the Refunded Bonds, notice of redemption of the principal amounts of said Refunded Bonds as are scheduled to be redeemed prior to maturity to the extent such Refunded Bonds have not been otherwise redeemed or purchased by the Escrow Agent prior to such date. Such notice shall substantially be in the form annexed hereto as Exhibit X.

You are further hereby irrevocably instructed to file, within 10 business days of the date hereof, notice of defeasance of the Refunded Bonds with the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>.

Finally, you are hereby irrevocably instructed to provide, as soon as practicable, notice to the holders of the Refunded Bonds (substantially in the form annexed hereto as Exhibit Y) that the deposit of investment securities and moneys has been made with you as such Escrow Agent and that you have received a verification report verifying that the projected withdrawals from such escrow have been calculated to be adequate to pay the principal of and interest on, or Accreted Value of as of the date of redemption, as applicable, said Refunded Bonds outstanding as such become due or are subject to redemption.

MONTEREY PENINSULA COMMUNITY COLLEGE  
DISTRICT

By: \_\_\_\_\_  
Dr. Steven Crow  
Vice President, Administrative Services

Receipt acknowledged and  
consented to:

MUFG UNION BANK, N.A., as Escrow Agent

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

EXHIBIT X

NOTICE OF REDEMPTION OF

\$95,994,769.60

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Monterey County, California

Tax-Exempt General Obligation Bonds, Election of 2002, Series C

Original Issue Date: January 24, 2008

Maturity (August 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP*	Bond Number
2018	\$3,450,000	5.00%	100%	612574CE1	NO. 5
2034	16,845,000	5.00	100	612574CW1	NO. 9

Maturity (August 1)	Denominational Amount	Accreted Value to be Redeemed	Accretion Rate	Redemption Price	CUSIP*	Bond Number
2022	\$4,689,667.80		4.76%	100%	612574CJ0	CAB NO. 1
2023	4,627,071.90		4.82	100	612574CK7	CAB NO. 2
2024	4,560,954.65		4.88	100	612574CL5	CAB NO. 3
2025	4,486,915.00		4.94	100	612574CM3	CAB NO. 4
2026	4,409,483.40		5.00	100	612574CN1	CAB NO. 5
2027	4,344,950.40		5.04	100	612574CP6	CAB NO. 6
2028	4,277,829.25		5.08	100	612574CQ4	CAB NO. 7
2029	4,215,185.70		5.11	100	612574CR2	CAB NO. 8
2030	4,161,192.00		5.13	100	612574CS0	CAB NO. 9
2031	4,105,351.50		5.15	100	612574CT8	CAB NO. 10
2032	4,057,371.00		5.16	100	612574CU5	CAB NO. 11
2033	3,628,797.00		5.17	100	612574CV3	CAB NO. 12

NOTICE IS HEREBY GIVEN to the holders of the outstanding \$95,994,769.60 Monterey Peninsula Community College District, Monterey County, California, Tax-Exempt General Obligation Bonds, Election of 2002, Series C maturing on August 1, 2018 and August 1, 2022 through and including August 1, 2034, that such bonds, as identified above, have been called for redemption prior to maturity on February 1, 2018 (the "Redemption Date") in accordance with their terms at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the Redemption Date, or 100% of the Accreted Value thereof as of the Redemption Date, as applicable. The source of the funds to be used for such redemption is the principal of and interest on investment securities heretofore deposited with MUFG Union Bank, N.A., as Escrow Agent, together with moneys heretofore deposited with the Escrow Agent and held as cash.

Interest on the Refunded Bonds and the redemption price shall become due and payable on the Redemption Date, and after such date interest on such Refunded Bonds shall cease to accrue and be payable.

Holders of the Refunded Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of MUFG Union Bank, N.A. in the following manner:

If by Hand, Mail or Overnight Mail
MUFG Union Bank, N.A. Attn: Corporate Trust 120 South San Pedro Street, 4 <sup>th</sup> Floor Los Angeles, CA 90012

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

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

IMPORTANT NOTICE

Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act") 28% of the redemption price will be withheld if tax identification number is not properly certified.

\*Neither the Monterey Peninsula Community College District nor the Paying Agent shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in this Redemption Notice. It is included solely for convenience of the Holders.

By MUFG UNION BANK, N.A.

as Paying Agent

Date: \_\_\_\_\_, 2018

EXHIBIT Y

NOTICE OF REFUNDING OF

**\$95,994,769.60**  
**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
**Monterey County, California**  
**Tax-Exempt General Obligation Bonds, Election of 2002, Series C**  
**(Tax-Exempt)**

**Original Issue Date: January 24, 2008**

<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Redemption Price</b>	<b>CUSIP</b>	<b>Bond Number</b>
2018	\$3,450,000	5.00%	100%	612574CE1	NO. 5
2034	16,845,000	5.00	100	612574CW1	NO. 9

<b>Maturity (August 1)</b>	<b>Denominational Amount</b>	<b>Accreted Value to be Redeemed</b>	<b>Accretion Rate</b>	<b>Redemption Price</b>	<b>CUSIP</b>	<b>Bond Number</b>
2022	\$4,689,667.80		4.76%	100%	612574CJ0	CAB NO. 1
2023	4,627,071.90		4.82	100	612574CK7	CAB NO. 2
2024	4,560,954.65		4.88	100	612574CL5	CAB NO. 3
2025	4,486,915.00		4.94	100	612574CM3	CAB NO. 4
2026	4,409,483.40		5.00	100	612574CN1	CAB NO. 5
2027	4,344,950.40		5.04	100	612574CP6	CAB NO. 6
2028	4,277,829.25		5.08	100	612574CQ4	CAB NO. 7
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2030	4,161,192.00		5.13	100	612574CS0	CAB NO. 9
2031	4,105,351.50		5.15	100	612574CT8	CAB NO. 10
2032	4,057,371.00		5.16	100	612574CU5	CAB NO. 11
2033	3,628,797.00		5.17	100	612574CV3	CAB NO. 12

Notice is hereby given to the holders of the outstanding Monterey Peninsula Community College District, Monterey County, California, Tax-Exempt General Obligation Bonds, Election of 2002, Series C, maturing on August 1, 2018 and August 1, 2022 through and including August 1, 2034 (the "Bonds") (i) that there has been deposited with MUFG Union Bank, N.A., as escrow agent (the "Escrow Agent"), moneys and investment securities as permitted by the Escrow Agreement, dated as of \_\_\_\_\_ 1, 2016, between the Monterey Peninsula Community College District and the Escrow Agent (the "Agreement"), the principal of and the interest on which when due will provide moneys which, together with such other moneys deposited with the Escrow Agent, shall be available and sufficient to (a) pay the interest on the Bonds scheduled to be paid on and prior to February 1, 2018 (the "Redemption Date") and (b) redeem the Bonds on such Redemption Date at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed or Accreted Value as of the Redemption Date of the Bonds to be redeemed, as applicable) equal to 100%; (ii) that the Escrow Agent has been irrevocably instructed to so redeem such the Bonds; and (iii) that such Bonds are deemed to be paid in accordance with Sections 3 and 9 of the Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2016.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

MUFG UNION BANK, N.A., as Escrow Agent

SCHEDULE C

REFUNDED BONDS

**\$95,994,769.60**

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**

**Monterey County, California**

**Tax-Exempt General Obligation Bonds, Election of 2002, Series C**

**Original Issue Date: January 24, 2008**

<b>Maturity (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Redemption Price</b>	<b>CUSIP</b>	<b>Bond Number</b>
2018	\$3,450,000	5.00%	100%	612574CE1	NO. 5
2034	16,845,000	5.00	100	612574CW1	NO. 9

<b>Maturity (August 1)</b>	<b>Denominational Amount</b>	<b>Accreted Value to be Redeemed</b>	<b>Accretion Rate</b>	<b>Redemption Price</b>	<b>CUSIP</b>	<b>Bond Number</b>
2022	\$4,689,667.80		4.76%	100%	612574CJ0	CAB NO. 1
2023	4,627,071.90		4.82	100	612574CK7	CAB NO. 2
2024	4,560,954.65		4.88	100	612574CL5	CAB NO. 3
2025	4,486,915.00		4.94	100	612574CM3	CAB NO. 4
2026	4,409,483.40		5.00	100	612574CNI	CAB NO. 5
2027	4,344,950.40		5.04	100	612574CP6	CAB NO. 6
2028	4,277,829.25		5.08	100	612574CQ4	CAB NO. 7
2029	4,215,185.70		5.11	100	612574CR2	CAB NO. 8
2030	4,161,192.00		5.13	100	612574CS0	CAB NO. 9
2031	4,105,351.50		5.15	100	612574CT8	CAB NO. 10
2032	4,057,371.00		5.16	100	612574CU5	CAB NO. 11
2033	3,628,797.00		5.17	100	612574CV3	CAB NO. 12

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

Board Meeting Date

Office of the Superintendent/President

College Area

New Business Agenda Item No. F

### Proposal:

That the Governing Board approve the employment agreement with Dr. Kim McGinnis to serve as the Vice President of Student Services of Monterey Peninsula Community College District.

### Background:

Following a national recruitment and thorough search process conducted during the spring semester, the employment of Dr. Kim McGinnis as Vice President of Student Services is being recommended by Superintendent/President Dr. Walter Tribley for the approval of the Board of Trustees.

Dr. McGinnis has had an extensive career in higher education beginning as a faculty member in Horticulture with Mayland Community College. During her tenure, she has served as Dean of Technical and Vocational Programs at Mayland Community College; as the Vice President of Continuing Education at James Sprunt Community College; and as President of Williamsburg Technical College.

Most recently, Dr. McGinnis holds the position of Dean of Student Services at Miami Dade College Medical Campus. As Chief of Student Services for 165,000 students, she has oversight for enrollment management, orientation, registration, testing, academic advisement, scholarships, job placement, career and transfer, international student services, disabled student services, veteran's affairs, student life and discipline. During this time she has served as acting Campus President, Lead Student Dean for 8 campuses, Title V Project Director and served on over 25 various campus college committees in leadership roles.

Dr. McGinnis holds a Doctorate in Educational Leadership and Policy Analysis, a Masters of Arts in Education, a Masters of Science in Psychology, and a Bachelor of Science in Landscape Horticulture.

Contract discussions have occurred and final contract terms have been agreed to and are attached for review and approval. Dr. McGinnis initial salary placement is Vice President Row, Step 5 on the administrative salary schedule.

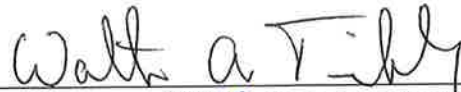
### Budgetary Implications:

Included in budget.



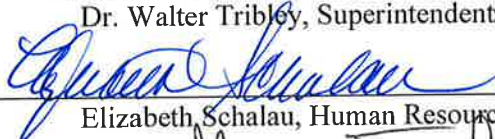
**RESOLUTION: BE IT RESOLVED**, that the agreement to employ Dr. Kim McGinnis as the Vice President of Student Services, from July 1, 2016 through June 30, 2019, be approved.

Recommended By: \_\_\_\_\_



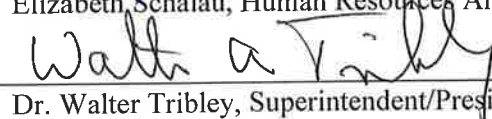
Dr. Walter Tribley, Superintendent/President

Prepared By: \_\_\_\_\_



Elizabeth Schalau, Human Resources Analyst

Agenda Approval: \_\_\_\_\_



Dr. Walter Tribley, Superintendent/President

## MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

### EMPLOYMENT AGREEMENT

This agreement ("Agreement") is made and entered into by and between the Monterey Peninsula Community College District ("District"), acting by and through its Governing Board ("Board"), and Dr. Kim McGinnis ("Vice President").

#### WITNESSETH

- 1. Term of Employment.** Vice President is hereby employed in the position of Vice President of Student Services for the period commencing on *July 1, 2016* and ending on *June 30, 2019*, subject to earlier termination pursuant to the terms of this Agreement.
- 2. Salary.** Vice President's monthly salary shall be *\$12,071* or annual salary of *\$144,852* which represents Vice President Row, Step 5 on the Administrative Salary Schedule. Vice President's salary shall be payable in twelve (12) approximately equal monthly payments, less applicable taxes and deductions.
- 3. Stipends.** Vice President will also receive a stipend equal to 5% of Vice President's salary for serving on each District negotiating team(s). The stipends shall be payable in twelve (12) approximately equal monthly payments, less applicable taxes and deductions.
- 4. Health Benefits.** Vice President shall receive the same health and welfare benefits provided to all other administrative personnel.
- 5. Car Allowance.** District will provide a \$200.00 per month car allowance to Vice President. The allowance shall be payable in twelve (12) approximately equal monthly payments, less applicable taxes and deductions. This allowance shall be treated as salary for tax purposes but shall not be treated as creditable compensation for CalSTRS purposes.
- 6. Personal Expense Allowance and Reimbursement.** The District will provide a \$200.00 per month "personal expense allowance" to the Vice President. As with the salary installments, this amount will be payable on the normal payroll date of each calendar month. This "personal expense allowance" is intended to cover necessary expenses incurred in the course and scope of employment related to expenses incurred with travel in the district, including food and other travel expenses. This allowance shall be treated as salary for tax purposes but shall not be treated as creditable compensation for CalSTRS purposes.



The District shall reimburse Vice President for actual and necessary expenses incurred within the course and scope of Vice President's employment, so long as such expenses are consistent with this Agreement and District practices, and so long as the cost of the expense is not already provided for under the terms of this Agreement. For reimbursement, Vice President shall submit and complete expense claims in writing prior to reimbursement in accordance with the District's policies, rules and regulations.

7. **Cell Phone Allowance.** In lieu of any reimbursement for the work-related use of a personal cell phone, the District shall pay Vice President an allowance for the use of her personal cell phone for District business at the rate of \$100.00 dollars per month. This allowance shall be treated as salary for tax purposes but shall not be treated as creditable compensation for CalSTRS purposes.

8. **Work Year.** The work year for Vice President shall be a twelve month year.

9. **Vacation.** Vice President may take up to twenty-two (22) days of vacation during the work year, which may be taken at any time agreeable to both parties. Vacation may not be earned after forty-four (44) unused days have accumulated. Board Policy 5575 shall apply to vacation. In the event of termination of employment, Vice President shall be entitled to compensation for earned and unused vacation, but in no case, to exceed 44 days.

10. **Sick Leave.** In addition to any accrued sick leave forwarded from another California public school or community college district under Education Code section 87782, Vice President shall accrue sick leave at the rate of twelve (12) days per contract year.

11. **Other Leave.** Per Board Policy 5580, Vice President may also take an additional ten (10) days per year beyond the normal vacation for study, travel, and general professional improvement. Leave under this policy is non-cumulative and must be taken within the year in which it is earned. In no event shall any unused portion of this leave be subject to payment.

12. **Duties/Responsibilities.** Vice President shall competently perform all of Vice President's duties in accordance with the job description; applicable laws, rules, regulations and Board policies; and such other duties as may be assigned by the Superintendent/President. During the term of this Agreement, Vice President may be assigned or reassigned to any duties or positions for which Vice President possesses the minimum qualifications required by law. However, reassignment pursuant to this section of the Agreement, during the term of this Agreement, shall not result in a reduction of compensation or benefits during the term of this Agreement.

13. **Evaluation.** The Superintendent/President may evaluate and assess in writing the performance of Vice President at any time, and shall do so at least once a year during the term of this Agreement.

**14. Termination.** District and Vice President agree to the following provisions:

A. Mutual Consent. This Agreement may be terminated at any time by mutual consent of District and Vice President.

B. Resignation. Vice President may resign at any time by giving sixty (60) days written notice to the Superintendent/President. This Agreement shall terminate on the date the resignation is effective.

C. Non-renewal of Agreement by District. District may elect not to renew this Agreement for any reason by providing six (6) months written notice to Vice President in accordance with Education Code section 72411.

D. Termination for Cause. The Board may terminate Vice President for: (1) breach of this Agreement; (2) unsatisfactory performance; (3) unprofessional, immoral or dishonest conduct with regard to Vice President's employment; (4) insubordination; or (5) conviction of a sex offense as defined in Education Code section 87010, conviction of a drug offense as defined in Education Code section 87011, or conviction of a crime involving moral turpitude as defined by law.

The existence of cause shall constitute a material breach of this Agreement and shall extinguish all rights and duties of the parties under this Agreement. If cause exists, the Board shall meet with Vice President and shall submit a written statement of the grounds for termination and copies of written documents the Board reasonably believes support the termination. If Vice President disputes the charges, Vice President shall then be entitled to a conference before the Board in closed session. Vice President and the Board shall each have the right to be represented by counsel at their own expense. Vice President shall have a reasonable opportunity to respond to all matters raised in the charges and to submit any written documents Vice President believes are relevant to the charges. The conference with the Board shall not be an evidentiary hearing and neither party shall have the opportunity to call witnesses. If the Board, after considering all information presented, decides to terminate this Agreement, it shall provide Vice President with a written decision. The decision of the Board shall be final.

Vice President's conference before the Board shall be deemed to satisfy Vice President's entitlement to due process of law and shall be Vice President's exclusive right to any conference or hearing otherwise required by law. Vice President waives any other rights that may be applicable to this termination for cause proceeding with the understanding that completion of this hearing exhausts Vice President's administrative remedies and then authorizes Vice President to contest the Board's determination in a court of competent jurisdiction.

E. Disability of Vice President. Upon expiration of Vice President's sick leave entitlement and upon written evaluation by a licensed physician designated by the District indicating the inability of Vice President to perform the essential functions of the position as a result of a physical or mental disability, with or without reasonable

accommodation, this Agreement may be immediately terminated by the Board upon written notice to Vice President.

F. Termination for Unlawful Fiscal Practices. Notwithstanding any other provision of this Agreement to the contrary, if the Board believes, and subsequently confirms through an independent audit, that Vice President has engaged in fraud, misappropriation of funds, or other illegal fiscal practices, then the Board may immediately terminate Vice President solely upon written notice to Vice President and Vice President shall not be entitled to any compensation of any nature, whether as cash, salary payments, health benefits, or other non-cash settlement as set forth above. This provision is intended to implement the requirements of Government Code section 53260, subdivision (b).

G. Abuse of Office Provisions. In accordance with Government Code section 53243 et. seq., and as a separate contractual obligation, should Vice President receive a paid leave of absence or cash settlement if this Agreement is terminated with or without cause, such paid leave or cash settlement shall be fully reimbursed to the District by Vice President if Vice President is convicted of a crime involving an abuse of office or position. In addition, if the District funds the criminal defense of Vice President against charges involving abuse of office or position and Vice President is then convicted of such charges, Vice President shall fully reimburse the District all funds expended for Vice President's criminal defense.

**15. Tax/Retirement Issues.** The District has made no representations or warranties regarding any tax or retirement consequences of this Agreement. All tax and retirement consequences of this Agreement shall be borne exclusively by Vice President. Notwithstanding any other provision of this Agreement, the District shall not be liable for any state or federal tax consequences or any retirement consequences of any nature as a result of this Agreement, including any benefits provided to Vice President or any designated beneficiary, heirs, administrators, executors, successors or assigns of Vice President. Vice President shall assume sole liability for all state and federal tax consequences and all retirement consequences of any nature occurring at any time. Vice President agrees to defend, indemnify and hold the District harmless from all related state, federal and employment tax consequences and retirement consequences of this Agreement.

**16. Management Hours.** The demands of Vice President's position require more than eight (8) hours a day and/or forty (40) hours per work week. Vice President is not entitled to overtime compensation for hours worked in excess of eight (8) hours per day or forty (40) hours per week.

**17. Application of Board Policy.** Unless otherwise specified in this Agreement, Governing Board policies for Management, Supervisory, and Confidential Employees (Series 5500) shall also apply to the Vice President.

## 18. General Terms.

A. Integration. This Agreement contains the entire agreement of the parties and supersedes all prior negotiations, understandings or agreements. Neither of the parties has relied upon any oral or written representation or written information given to the party by any representative of the other party not contained in this Agreement.

B. Severability. If one or more of the provisions of this Agreement are declared invalid or unenforceable by judicial, legislative or administrative authority of competent jurisdiction, then the parties agree that the invalidity or unenforceability of any of the provisions shall not in any way affect the validity or enforceability of any other provisions of this Agreement.

C. Modification. No change to the terms or provisions of this Agreement shall be deemed valid unless set forth in writing and signed by both parties.

D. Construction of Agreement. This Agreement shall not be construed more strongly in favor or against either party regardless of which party is responsible for its preparation.

E. Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

F. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

G. Board Approval. The effectiveness of this Agreement shall be contingent upon approval by District's governing board at a regular meeting in open session as required by law.

H. Binding Effect. This Agreement shall be for the benefit of and shall be binding upon all parties and their respective successors, heirs, and assigns.

I. Execution of Other Documents. The parties shall cooperate fully in the execution of any other documents and in the completion of any other acts that may be necessary or appropriate to give full force and effect to this Agreement.

J. Public Record. The parties recognize that, once final, this Agreement is a public record and must be made available to the public upon request.

In witness thereof, the Monterey Peninsula Community College District of Monterey County, State of California, has caused its name to be signed by its Governing Board

Chair, and its Superintendent/President, both of whom are duly authorized, and Vice President has signed his/her name signifying acceptance of the terms of this agreement.

By: \_\_\_\_\_  
Mr. Rick Johnson, Chair, Governing Board  
Monterey Peninsula Community College District

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Dr. Walter Tribley, Superintendent/President  
Monterey Peninsula Community College District

Date: \_\_\_\_\_

By: Kim McGinnis  
Dr. Kim McGinnis, Vice President of Student Services

Date: 3-31-16

cc: Personnel File

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. G

Human Resources

College Area

### Proposal:

That the Governing Board approve the resolution recognizing the contributions of the classified employees and declare May 15 - 21, 2016 as Classified School Employee Week.

### Background:

Education Code 88270 designates the third full week of May as Classified School Employee Week in recognition of classified employees and the contributions they make to the educational community. The resolution will formally recognize the efforts and contributions of Monterey Peninsula College's classified employees.

### Budgetary Implications:

None.



**RESOLUTION: BE IT RESOLVED** that the Governing Board adopt the following resolution recognizing the contributions of the classified employees of Monterey Peninsula College and designating May 15 - 21, 2016 as Classified School Employee Week.

### MONTEREY PENINSULA COLLEGE DISTRICT Classified School Employee Week

WHEREAS, classified professionals provide valuable services to the students of Monterey Peninsula Community College District and contribute to the establishment and promotion of a positive instructional environment; and

WHEREAS, classified professionals serve a vital role in the efficient and productive operations of Monterey Peninsula College; and

WHEREAS, classified professionals employed by Monterey Peninsula Community College District strive for excellence in the performance of their duties; and

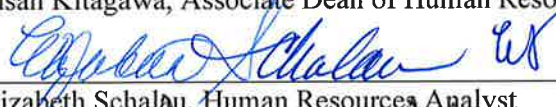
WHEREAS, the Monterey Peninsula Community College District wishes to acknowledge and thank the classified employees for their dedication and hard work;

THEREFORE, BE IT RESOLVED, that the Monterey Peninsula Community College District hereby recognizes and honors the contributions of the classified professionals to the quality education of the students at Monterey Peninsula College and declares the week of May 15 - 21, 2015, as Classified School Employee Week in the Monterey Peninsula Community College District.

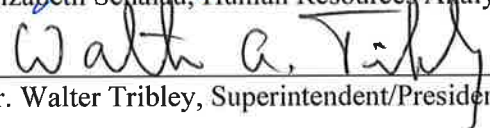
**Recommended By:** \_\_\_\_\_

 *Susan Kitagawa* *SK*  
Susan Kitagawa, Associate Dean of Human Resources

**Prepared By:** \_\_\_\_\_

 *Elizabeth Schallau* *ES*  
Elizabeth Schallau, Human Resources Analyst

**Agenda Approval:** \_\_\_\_\_

 *Walter A. Tribley*  
Dr. Walter Tribley, Superintendent/President

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. H

Human Resources  
College Area

### **Proposal:**

That the Governing Board approve the Memorandum of Understanding (MOU) "Information Technology Positions" dated March 15, 2016 between Monterey Peninsula Community College District and the California School Employees Association, Chapter #245, MPCEA/CSEA.

### **Background:**

The Parties met to negotiate the proposed position changes and assignment of duties in the Information Technology Department. The changes will improve operational efficiencies and services to the district. These negotiations have concluded resulting in the attached MOU which includes:

- The establishment of a new classification and job description entitled Network Technician, Range 26, for 12 months and 40 hours.
- The establishment of a new position of the existing classification Instructional Technology Specialist Range 22, for 12 month and 40 hours.
- The freezing of the vacant classification of Media Technician/Audio Visual, Range 16, 12 months and 40 hours.
- The freezing of one of three positions in the classification of Network Engineer, Range 33, 12 month and 40 hours.
- The funding from the two frozen positions shall be redirected to fund the Network Technician and Instructional Technology Specialist positions.

The MOU was ratified by the members of MPCEA, Chapter #245 on March 15, 2016 with a vote of 36 in favor, 6 opposed, and 0 abstention.

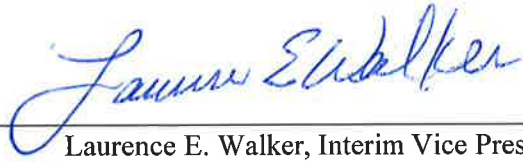
### **Budgetary Implications:**

The reorganization of the Information Technology Department results in estimated annual savings of \$3691.

**BE IT RESOLVED**, that the Governing Board approve the Memorandum of Understanding (MOU) "Information Technology Positions" dated March 15, 2016 between Monterey Peninsula Community College District and the California School Employees Association, Chapter #245, MPCEA/CSEA.



**Recommended By:** \_\_\_\_\_



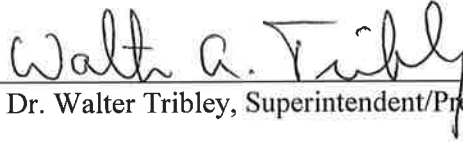
Laurence E. Walker, Interim Vice President of Student Services

**Prepared By:** \_\_\_\_\_



Elizabeth Schalau, Human Resources Analyst

**Agenda Approval:** \_\_\_\_\_



Dr. Walter Tribble, Superintendent/President

**Monterey Peninsula Community College District  
And  
California School Employees Association Chapter # 245  
Memorandum of Understanding  
March 15, 2016  
Information Technology Positions**

Monterey Peninsula Community College District and the California School Employees Association Chapter # 245 (the Parties) have negotiated and agreed to the following position changes in the Information Technology Department.



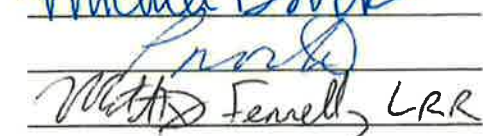
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In order to improve operational efficiency and services to the district, the parties agree to the following:




1. The new classification of Network Technician shall be established at 40 hours/12 months and placed on the classified salary schedule at Range 26. (Attachment A)
2. A new position of the existing classification Instructional Technology Specialist, Range 22 shall be established at 40 hours/12 months and shall report directly to the Director of Information Services. (Attachment B)
3. The one of three positions in the classification of Network Engineer, Range 33, is currently vacant. The vacated position shall be frozen.
4. The single classification of Media Technician/Audio Visual, Range 16, is currently vacant and shall be frozen.
5. The funding from the two frozen positions shall be redirected to fund the Network Technician and Instructional Technology Specialist.

This Agreement is effective upon ratification by CSEA and the District's Governing Board. This MOU shall not be precedent setting and shall not constitute a past practice. The parties agree to the terms of this Memorandum of Understanding on the 15<sup>th</sup> day of March 2016.

For CSEA Chapter #245

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Matt Fenelly, LRR

For Monterey Peninsula Community  
College District

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

**Job Description/Title:** Network Technician  
**Approved, Bargaining Unit President:**  
**Approved, MPC Associate Dean, Human Resources:**  
**Board Approved:**

**MONTEREY PENINSULA COLLEGE**

## **NETWORK TECHNICIAN**

### **JOB SUMMARY**

Under general direction of the Director of Information Services, research, identify, and provide hardware and software solutions for the District to include installation, upgrade and repair. Update and maintain technical documentation. Provide technical training for technical and non-technical staff. Test and perform maintenance on network infrastructure and systems. Work on special projects, as assigned.

### **Primary Responsibilities**

1. Installs communication cabling including but not limited to network, fiber, telephone, audio and video.
2. Assists in the installation and maintenance of the District's network infrastructure.
3. In coordination with the District's Help Desk, provides the faculty and staff with support.
4. Install and maintain uninterruptable power supplies.
5. Contribute to maintaining current documentation of all installed technology infrastructure assets.
6. Maintain computer configurations and disk images. Performs operating system application updates as required.
7. Run diagnostic tests for equipment repairs for computers, printers and other peripheral equipment according to District procedures.
8. Identify trends in support for computer or network related equipment or services to better meet the needs of the campus.
9. Perform preventive maintenance on servers and networking equipment as identified.
10. Maintain Server operating system patches and updates to ensure a secure computing environment.
11. Monitor systems as specified and respond to automated messages and Help Desk requests regarding core infrastructure systems.
12. Coordinate upgrade activities with all appropriate personnel and departments.
13. Train and assist coworkers, faculty, staff and students in the use of network services.
14. Assist Network Engineers to manage and maintain campus imaging services.
15. Back up for IT PC Technicians and Network Engineers duties including, but not limited to network hardware installation, troubleshooting and repair, basic network account configuration, email and telephone issue troubleshooting.
16. Perform related duties and temporary and vacation relief as required.
17. Completes required paperwork as needed such as work orders, warranty registration and inventory control forms.
18. Troubleshoot issues by working with 3rd party vendors, assisting as needed.

19. Assist Director of Information Services and Network Engineers to develop processes and procedures.
20. Manage and maintain system and network backups.
21. Participate on college committees as assigned.
22. Other duties or projects as assigned.

## **EMPLOYMENT STANDARDS**

### **Education and Experience**

Any combination of education, experience and training that would indicate possession of the required knowledge, skills and abilities listed here in. For example, completion of college coursework in computer skills or a related field or three or more years of recent experience troubleshooting and repairing servers and network infrastructure; a college degree in computer science or current industry certifications are preferred.

### **Knowledge**

Knowledge of: Windows Server operating systems in an Active Directory environment; Windows, Macintosh and Chrome operating systems; Google applications; network hardware, peripherals (scanners, printers, etc.) and software; troubleshooting techniques; current office methods and practices.

### **Abilities**

Ability to: analyze problems and implement or recommend solutions; prioritize tasks and meet deadlines; accurately and efficiently install new software as required; write software documentation as needed; listen effectively; display expert and innovative use of hardware and software concepts and principles; quickly learn and adapt to new software applications; quickly learn and be able to provide assistance in new technologies and software as needed to fulfill requirements of the job; analyze system behavior and quickly and correctly interpret and resolve complex computer problems; analyze and maintain network architectures; write reports and memos as needed; use appropriate and correct English grammar, punctuation and spelling; communicate effectively orally and in writing, establish and maintain effective working relationships; demonstrate an understanding of, sensitivity to and appreciation for, the academic, ethnic, socio-economic, disability and gender diversity of students and staff attending or working on a community college campus.

## **WORK ENVIRONMENT**

Primarily an indoor working environment. Moderate physical effort. May require stooping, bending, kneeling, periodic lifting up to 50 pounds, crawling and walking. Requires dexterity to connect network and server equipment, peripherals, and make minor repairs to computer equipment. May require travel to other college sites and locations.

## **LICENSES AND OTHER REQUIREMENTS:**

Valid California driver's license. Employee must be insurable by the employer's insurance carrier at all times while employed in this classification.

**Job Description/Title:** INSTRUCTIONAL TECHNOLOGY SPECIALIST

**Approved, Bargaining Unit President:** 3/14/08

**Approved, MPC Associate Dean, Human Resources:** 2/28/2008

**Board Approved:** 6/24/08

**MONTEREY PENINSULA COLLEGE**

## **INSTRUCTIONAL TECHNOLOGY SPECIALIST**

### **JOB SUMMARY**

Under general direction, perform the setup, operation and maintenance of computer labs, smart classrooms, peripherals and other instructional equipment. Assist faculty and students with integration of technology into instruction. Receive limited supervision within a broad framework of standard District policies and procedures.

### **EXAMPLES OF FUNCTIONS**

#### **Essential Functions**

Provide orientation regarding the installed technical tools for faculty, staff and students in the assigned lab; serve as an instructional technology resource for faculty, staff and students as it pertains to the specific area of instruction; conduct in-service training programs for faculty and staff including workshops and demonstrations.

Receive, respond, prioritize, and follow through on faculty and staff requests/inquiries related to the use, modification, and /or enhancement of hardware and/or software.

Provide effective and timely resolutions to assigned tasks which may include, but are not limited to, preparing desktop computers for use; installing operating systems, software applications, and basic software tools.

Troubleshoot and maintain software and computer-related hardware as needed; assist faculty and other staff in troubleshooting less technical problems; test systems to insure functionality in the technical environment; maintain/clean printers and associated software and hardware in assigned area to include ordering/replacing cartridges, drum kits and other items as needed.

Maintain a current working knowledge of technology developments, as it relates to the assigned area.

Develop understanding of the subject matter being taught, as it pertains to the technology being used, in the lab and the smart classrooms in the assigned area; respond to student questions about subject matter as it pertains to the technology being used.

Collaborate with campus Information Systems staff in selection of technology hardware and software and in decisions regarding networking, security strategy, computer set-up, desktop design and related technology issues; obtain vendor price quotes on software application/replacement parts, some new equipment and technical service on PCs and/or Macintosh computers and all peripheral equipment.

Develop, implement and maintain student network used in assigned lab (e.g., install server software, set user rights and privileges, install user application/modules, write logon scripts, install upgrades and patches, perform backups, and perform appropriate non-warranty hardware repairs) including a strategy for appropriate system security. Develop and maintain graphical user interface for students, integrating web sites, software, and faculty-developed course materials.

Provide content and create tutorials for using equipment and software; provide access to electronic information, general Internet use and instruction through network/Internet technology.

Assist faculty in technical aspects of developing instructional materials for workshops and curriculum projects for use in the classroom, maintaining and implementing instructional web sites and strategies, and selecting/implementing new software and hardware; assist faculty and staff in the development of alternative teaching delivery methods and technologies.

Write memos and reports; assist with writing system configuration diagrams as needed.

Report network failures and assist Network Engineers in maintaining network stability in assigned area.

Install, operate and maintain a variety of computers, audio/visual equipment, scanners, document cameras and other peripheral equipment in the assigned labs and smart classrooms; answer questions about faculty and staff computers installed in the lab.

Maintain and update a database of hardware inventory and repair history; maintain a physical library comprised of all media and documentation of all application software, operating systems, custom scripts, custom applications and commercial applications used by students and staff.

Make appropriate requests to various departments within the College for assistance with student/faculty furniture, lighting, installation of some equipment in assigned area.

#### **Other Duties**

Perform other related duties as assigned.

Create multimedia productions, if directed to do so, based on instructor content.

Participate on committees as required.

### **EMPLOYMENT STANDARDS**

#### **Education and Experience**

Any combination of education, experience and training that would indicate possession of the required knowledge, skills and abilities listed here in. For example, completion of college coursework in computer skills or a related field or three or more years of recent experience troubleshooting and repairing PCs in a network-training environment; a college degree in computer science, business administration or related field is preferred.

#### **Knowledge**

Knowledge of: Windows Network and current Windows Server operating systems, knowledge of relational databases, knowledge of Microsoft FrontPage web authoring software, personal computer operating systems and Macintosh operating systems; E-mail applications; network hardware, peripherals (scanners, printers, etc.) and software; personal computer languages used within the College; troubleshooting techniques; current office methods and practices.

#### **Abilities**

Ability to: analyze problems and implement or recommend solutions; prioritize tasks and do several tasks simultaneously; accurately and efficiently install new software as required; write software documentation as needed; listen effectively; display expert and innovative use of hardware and software concepts and principles; quickly learn and adapt to new software applications; quickly learn and be able to provide

**Job Description/Title:** Media Technician, A/V

**Approved, Bargaining Unit President:** Reclassification Committee 4/14/15

**Approved, MPC Associate Dean, Human Resources:** 4/14/15

**Board Approved:** 6/24/15

## MONTEREY PENINSULA COLLEGE

### MEDIA TECHNICIAN, AUDIO/VISUAL

#### **JOB SUMMARY**

Under general supervision, perform a variety of functions associated with circulation, distribution and recovery of audio-visual materials. Receive limited supervision from supervisor within a broad framework of standard policies and procedures. Perform various activities associated with media distribution to include audio and video hardware and software; operate audio and visual equipment; minor repair of electronic equipment and repair of film; accurate record keeping and inventory control.

#### **EXAMPLES OF FUNCTIONS**

##### **Essential Functions**

1. Receive, record and process requests for audio-visual equipment, including videotape equipment, DVD, artifacts, exhibits, study prints, cassettes, CDs and videoconferencing equipment (in classrooms).
2. Adhering to copyright laws, duplicate CDs, DVDs, VHS tape and transfer media from one format to another
3. Record off air and satellite transmissions.
4. Train and assist instructors and students in use of audio-visual equipment and its operation.
5. Notify division, department and unit regarding changes in scheduling and/or availability of equipment.
6. Schedule usage of hardware and software; coordinate and participate in the delivery, operation and pickup of audio and video hardware and software to support instruction and other events.
7. Maintain and clean electronic equipment located in classrooms to include computers, projectors, monitors, document cameras, and older equipment.
8. Consult with instructors and administrators in researching equipment, design, and upgrades for classroom use college-wide; recommend and select appropriate equipment.
9. Prepare audio-visual materials for delivery, shipment, and mailing; record information; oversee and control hardware and software inventory; maintain accurate inventory.
10. Receive, check in, and monitor condition of instructional equipment and media; repair equipment, report damage to or loss of equipment; recommend replacements.
11. Prepare equipment and media for returns; verify the timely return; trace lost or late equipment; process extension.
12. Train and oversee the work of student employees.
13. Set up and operate sound board and equipment in the theater.

### **Other Duties**

1. Perform other related duties as assigned.
2. Serve on committees as required.

### **EMPLOYMENT STANDARDS**

#### **Education and Experience**

Any combination of training and experience which would indicate possession of the knowledge, skills and abilities listed herein. For example, completion of high school or equivalent and four years of recent experience in operating and maintaining audio and video hardware.

#### **Knowledge**

Knowledge of operation, maintenance and minor repair of audio and video equipment; basic principles of electronics; audio and video recording and duplicating equipment; computers and applicable software; equipment scheduling; record keeping of equipment and its maintenance; general clerical practices and procedures; copyright laws; health and safety laws, regulations and procedures.

#### **Abilities**

Ability to: operate and maintain various types of audio-visual equipment; learn new equipment & models in A/V equipment types; maintain accurate circulation and equipment inventory records; communicate effectively in both oral and written form; read and write at a level required for successful job performance; establish and maintain effective work relationships with those contacted in the performance of required duties; demonstrate an understanding of, sensitivity to and appreciation for the academic, ethnic, socio-economic, disability, and gender diversity of students and staff attending or working on a community college campus.

#### **Licenses and Certificates**

Valid California driver's license and must have an acceptable driving record and qualify for insurability by the District's insurance carrier to drive District or personal vehicle to various locations.

### **PHYSICAL EFFORT/WORK ENVIRONMENT**

Some heavy physical effort which may include frequent standing, walking, and handling of heavy parcels, machines or equipment of up to 50 pounds; frequent activities requiring full body exertion. Indoor and outdoor work environment with some exposure to environmental extremes. Occasional travel to college sites.



**Job Description/Title:** Network Engineer

**Approved, Bargaining Unit President:** Reclassification Committee 4/14/15

**Approved, MPC Associate Dean, Human Resources:** 4/14/15

**Board Approved:** 6/24/15

## MONTEREY PENINSULA COLLEGE

### NETWORK ENGINEER

#### **JOB SUMMARY**

Under general direction, research, identify, and provide hardware and /or software solutions for the District to include installation, upgrade and repair. Act as project leader, when assigned, with little or no supervision. Develop, update and archive network and systems configuration documentation. Conduct training for other technical support staff and network system users regarding issues related to the college network and systems. Test and perform maintenance on network infrastructure and systems. Provide network and systems review, design and implementation assistance to college staff. Anticipate potential network and systems problems and implement corrective measures

#### **EXAMPLES OF FUNCTIONS**

##### **Primary Responsibilities**

1. Install, configure, maintain, troubleshoot, and repair a variety of campus network equipment to include, but not limited to: Cisco routers and switches, Layer 1 through Layer 4 management to include VLANs, enterprise-grade firewalls, wireless infrastructure including controllers and access points, and cabling infrastructure including Ethernet, single-mode fiber and multi-mode fiber.
2. Install, configure, maintain, troubleshoot and repair a variety of campus systems to include, but not limited to: a multiple site Microsoft Active Directory (AD), student, faculty and staff network account management, internal and external Domain Naming System (DNS), Dynamic Host Configuration Protocol (DHCP), and server administration to include Windows and Linux Operating Systems.
3. Install, configure, maintain, troubleshoot, and repair a variety of campus communication and collaboration systems to include, but not limited to: Voice over Internet Protocol (VOIP) telephony, unified messaging to include voicemail and instant messaging, email, and video conferencing.
4. Install, configure, maintain, troubleshoot and repair networking and systems monitoring notification systems to include, but not limited to: network performance software, anti-virus, malware and anti-spam software, intrusion detection systems, intrusion prevention systems, and hardware and system health.
5. Install, configure and maintain the infrastructure, software and technologies required for virtual environments used for Virtual Desktop Infrastructure (VDI), virtual servers, private cloud and virtualized networks.
6. Integrate and maintain on premises information systems with vendor and state cloud applications.
7. Install, configure and maintain variety of Storage Area Networks (SANs) environments.
8. Install, configure and maintain campus emergency alerting systems, including but not limited to: voice, text messaging, email and web.

9. Assist in the development of strategies for a disaster recovery plan of campus technology and data. Implement and maintain current recovery technologies. Research and plan new options for improving efficiencies in data and systems disaster recovery.
10. Participate as a team leader in campus technology projects focused on the improvement of the overall student experience and learning environment.
11. Participate in the writing of procedures documenting network resource testing, monitoring, configuration, and maintenance.
12. Analyze technical literature and assist in the design and development of network assets.

### **Other Duties**

13. When appropriate, modify hardware, or replace various internal components to correct problems or enhance performance or functionality of college information systems assets.
14. Provide support, under direction of the Director of Information Systems, as a liaison between the District and various hardware and software vendors.
15. Communicate with hardware/software vendors; make recommendations that may include writing specifications for equipment purchases.
16. Provide training for other technical support staff focusing on the development of efficient PC and network hardware/software troubleshooting techniques.
17. Provide input toward the development and maintenance of IT Department budgets.
18. Participate in college help-desk staffing, management and documentation.
19. Identify technical training needs of support staff and work with Director of Information Systems to implement and maintain a routine technical development cycle.
20. Serve on college committees as assigned.
21. Perform other related duties as assigned.

## **EMPLOYMENT STANDARDS**

### **Education and Experience**

Any combination of six years of education and/or experience, which would demonstrate the possession of the required knowledge, skills and abilities listed herein. For example, a Bachelor's Degree in computer science or related field and two years of experience or an AA Degree with four years of related experience.), Microsoft Systems certifications (MCSA, MCSE), Cisco networking certifications (CCNA, CCNP), Comptia Security +, and/or other industry standard certification are preferred.

### **Knowledge**

Knowledge of: modern operating systems (Windows, Linus, OSX), server administration (Windows, Linux), virtualization technologies (VmWare and Hyper V), Cisco IOS and wireless, Cisco VoIP and collaboration, basic network design knowledge, OSI Model Layers 1-7, TCP/IP, firewall systems (IDS/IPS, VPNs), unified message systems, SANs technologies, modern hardware configurations and repair, and system monitoring software.

### **Abilities**

Ability to: train technical staff and end users; display expert and innovative use of concepts and principles as a computer generalist; successfully apply specialized knowledge to practical applications; analyze system performance; correctly interpret and resolve complex computer problems; design analyze, implement, and maintain advanced Network and Systems architectures; use appropriate and correct English spelling, grammar, and punctuation; communicate effectively in both oral and written form; perform arithmetical calculations with speed and accuracy; establish and maintain effective work relationships with those contacted in the performance of required duties; demonstrate an understanding of, sensitivity to and appreciation for, the academic, ethnic, socio-economic, disability and gender diversity of students and staff attending or working on a community college campus.

**PHYSICAL EFFORT/WORK ENVIRONMENT**

Moderate to heavy physical effort; occasional standing, walking kneeling, bending; stooping; periodic handling of moderate to heavy equipment or supplies up to 50 lbs. Primarily an indoor work environment.

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

Board Meeting Date

New Business Agenda Item No. I

Human Resources  
College Area

### Proposal:

That the Governing Board ratify the attached Memorandum of Understanding (MOU) "Assessment of Student Learning Outcomes for Courses" dated March 21, 2016 between Monterey Peninsula Community College District and Monterey Peninsula College Teachers (the Parties).

### Background:

The District received notification from the Accrediting Commission for Community and Junior Colleges (ACCJC) on August 12, 2015 informing the District that it had been flagged for enhanced monitoring on the basis of its responses in the March 2015 Annual Accreditation Report regarding student learning outcomes practices.

Using the Interest Based Bargaining process. The Parties met and discussed the concerns identified by ACCJC.

The Parties agreed to a Memorandum of Understanding (MOU) which addresses compensating full and part-time faculty \$100 for the completion of the assessment of student learning outcomes of courses for the following:

- 216 courses that were offered in spring 2015 and fall 2015 and have not been assessed as of March 11, 2016. (Attachment A)
- 185 courses that were offered in Spring 2015 and Fall 2015 that were assessed between August 12, 2015 and March 11, 2016 (Attachment B)

The MOU identifies a process to assign the faculty who will complete the assessments and three priority dates for the completion of the assessments.

The Parties will discuss potentially including course assessment in professional/duties and flex.

### Budgetary Implications:

The cost to the District for assessment of student learning outcomes of courses is estimated at \$40,100. The cost will be covered by one-time funds from the general budget.

**Resolution: BE IT RESOLVED**, that the Governing Board ratify the attached Memorandum of Understanding (MOU) "Assessment of Student Learning Outcomes for Courses" dated March 21, 2016 between Monterey Peninsula Community College District and Monterey Peninsula College Teachers Association.

Recommended By: Kiran Kamath  
Kiran Kamath, Vice President of Academic Affairs

Prepared By: Susan Kitagawa  
Susan Kitagawa, Associate Dean of Human Resources

Agenda Approval: Walter A. Tribley  
Dr. Walter Tribley, Superintendent/President

Monterey Peninsula Community College District  
And  
Monterey Peninsula College Teachers Association (MPCTA)/CTA/NEA

**MEMORANDUM OF UNDERSTANDING  
ASSESSMENT OF STUDENT LEARNING OUTCOMES FOR COURSES**

**MARCH 21, 2016**

Whereas the Monterey Peninsula Community College District (the District) received a correspondence from the Accrediting Commission for Community and Junior Colleges (ACCJC) on August 12, 2015 informing the District that it had been flagged for enhanced monitoring on the basis of its responses in the March 2015 Annual Accreditation Report regarding student learning outcomes assessment practices;

Whereas the ACCJC expressed its concern and expectation that in accordance with the Accreditation Standards that institutions participate in ongoing assessment of student learning outcomes of all of their courses and programs;

Whereas the ACCJC recommended that the District consider and evaluate a list of programs for which 40% or more of the included courses are without ongoing assessment.

Therefore, the Parties have met and negotiated using the Interest Based Bargaining Process and agree to the following:

1. There are 216 courses that were offered in spring 2015 and fall 2015 that have not been assessed as of March 11, 2016. (Attachment A)
2. There are 185 courses that were offered in spring 2015 and fall 2015 that were assessed between August 12, 2015 and March 11, 2016. (Attachment B)
3. In the event, a course was offered in spring 2015 or fall 2015 and
  - a) does not appear on either Attachment A or B and
  - b) was either assessed after August 12, 2015 or
  - c) will be assessed before June 17, 2016,it should be brought to the attention of the division chair to address with the dean. The dean will verify the class offering and completion of the assessment report to determine eligibility for the stipend.
4. Full-time and part-time faculty shall be compensated \$100 for completing the assessment of student learning outcomes for each course on both lists of courses by completing the instructor reflections process. (Attachments A and B)

5. Only one faculty shall be compensated for each course on both the lists. (Attachments A and B)
6. Part-time faculty shall be compensated for the assessment of student learning outcomes for the courses that were taught only by part-time faculty. Full-time faculty shall be compensated for the assessment of student learning outcomes for the courses that were taught by full-time faculty.
7. Division chairs shall recommend and forward to the Dean of the division a list of faculty who shall be assigned and compensated for the assessment of the student learning outcomes for each course on Attachment A by March 25, 2016.
8. The Dean shall review and modify and/or approve the list of faculty and forward to the Division Chair by April 4, 2016.
9. Faculty are strongly encouraged to complete the assessments by the following priority dates:
  - a. Priority One: March 31, 2016 to be included in the ACCJC Annual Accreditation Report.
  - b. Priority Two: May 18, 2016 to be included in the accreditation self study.
  - c. Priority Three and final deadline for submission and compensation: June 17, 2016.
10. Faculty shall be paid, upon completion and verification of receipt of the assessments (instructor reflections).
11. Long term - discuss potentially including course assessments in professional responsibilities/duties and flex.

The parties agree to the terms of this Memorandum of Understanding on the 21<sup>st</sup> day of March 2016. This MOU shall not be precedent setting and shall not constitute a past practice. The agreement shall be ratified by of the Board of Trustees of Monterey Peninsula Community College District.

For MPCCD

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 Kiran Kamath  
 Susan Kitagawa  
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For MPCTA

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 Paola Albert  
 Jan Mikelsa  
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# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

President's Office  
College Area

New Business Agenda Item No. J

### Proposal:

That the Governing Board authorize the student trustee to have an advisory vote and be granted the privilege of making and seconding motions.

### Background:

Education Code 72023.5 states that local boards may grant certain privileges to student trustees on a year-to-year basis and that these privileges must be adopted by May for the following year. In August 2000, Board policy was revised to augment the privileges of the student trustee by including an advisory vote and the ability to make and second motions, subject to annual authorization. By law, the student trustee does not have the right to vote and therefore, is protected from being liable for acts of the Governing Board. However, an advisory vote permits the student trustee to express a non-binding opinion on action items brought before the Board. Although it would not be counted in determining whether an agenda item passes or fails, the student's advisory vote will be logged in the minutes.

This authorization of the student trustee's advisory vote and ability to make and second motions would be effective for the 2016-17 term of office.

### Budgetary Implications:

None.

**Resolution:** **BE IT RESOLVED, That** the annual authorization for the student trustee to have an advisory vote and the ability to make and second motions, to be in effect until May 31, 2017, be approved.

Recommended By:

Walter A. Tribley  
Dr. Walter A. Tribley, Superintendent/President

Prepared By:

Vicki Nakamura  
Vicki Nakamura, Assistant to the President

Agenda Approval:

Walter A. Tribley  
Dr. Walter A. Tribley, Superintendent/President



# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

President's Office  
College Area

New Business Agenda Item No. K

### Proposal:

That the Governing Board review Board Policies: 3410 - Nondiscrimination; 3420 - Equal Employment Opportunity; 7100 - Commitment to Diversity; and 7120 - Recruitment and Hiring.

### Background:

In May 2012, the District approved a new approach for revision of board policies where the policy language provided through the Community College League of California (CCLC) policies and procedure subscription service would be adopted without change, including the numbering, except in limited circumstances. The goal of the new approach is to adopt CCLC's policy manual in its entirety, as a replacement for the District's existing policies. This approach will ensure the District has the essential policies in place and the deleting of out-of-date or noncompliant policies will be accomplished more efficiently. The acceptance of the CCLC policy language without revision is advised to safeguard the District and avoid the need for review of language modifications by local legal counsel, saving District legal costs.

An extensive update of board policies is currently underway to reflect CCLC policy language and policies will be presented to the Board in a group for review and approval to facilitate the policy update. Four policies pertaining to equal opportunity and diversity have been recently reviewed and recommended by the District's Equal Employment Opportunity Advisory Committee and College Council. These policies were forwarded to the Board Policies Subcommittee for review. Due to short timelines, the subcommittee was unable to meet before the meeting regarding a recommendation. Subcommittee members will share their comments during the Board discussion.

The attached policies are presented for a first reading for Governing Board review and will return for action at the next board meeting:

Board Policy 3410	Nondiscrimination (no existing MPC policy)
Board Policy 3420	Equal Employment Opportunity (existing MPC policy 5100)
Board Policy 7100	Commitment to Diversity (existing MPC policy 5100)
Board Policy 7120	Recruitment and Hiring (existing MPC policy 5005)

### Budgetary Implications:

None.

**INFORMATION:** First Reading of Board Policies: 3410 - Nondiscrimination; 3420 - Equal Employment Opportunity; 7100 - Commitment to Diversity; and 7120 - Recruitment and Hiring.

**Recommended By:** Walter A. Tribley  
Dr. Walter Tribley, Superintendent/President

**Prepared By:** Vicki Nakamura  
Vicki Nakamura, Assistant to the President

**Agenda Approval:** Walter A. Tribley  
Dr. Walter Tribley, Superintendent/President

c://Board/Board Policies 1<sup>st</sup> Reading – April 2016.doc



GOVERNING BOARD POLICIES

**Chapter 3      General Institution**

**3410**

**BP 3410      Nondiscrimination**

The District is committed to equal opportunity in educational programs, employment, and all access to institutional programs and activities.

The District, and each individual who represents the District, shall provide access to its services, classes, and programs without regard to national origin, religion, age, gender, gender identity, gender expression, race or ethnicity, color, medical condition, genetic information, ancestry, sexual orientation, marital status, physical or mental disability, pregnancy, or military and veteran status, or because he/she is perceived to have one or more of the foregoing characteristics, or based on association with a person or group with one or more of these actual or perceived characteristics.

The Superintendent/President shall establish administrative procedures that ensure all members of the college community can present complaints regarding alleged violations of this policy and have their complaints heard in accordance with the Title 5 regulations and those of other agencies that administer state and federal laws regarding nondiscrimination.

No District funds shall ever be used for membership, or for any participation involving financial payment or contribution on behalf of the District or any individual employed by or associated with it, to any private organization whose membership practices are discriminatory on the basis of national origin, religion, age, gender, gender identity, gender expression, race, color, medical condition, genetic information, ancestry, sexual orientation, marital status, physical or mental disability, pregnancy, or military and veteran status, or because he/she is perceived to have one or more of the foregoing characteristics, or because of his/her association with a person or group with one or more of these actual or perceived characteristics.

See Administrative Procedure 3410 – Nondiscrimination

**References:** Education Code Sections 66250 et seq., 72010 et seq., and 87100 et seq.;  
Title 5 Sections 53000 et seq. and 59300 et seq.;  
Penal Code Section 422.55;  
Government Code Sections 12926.1 and 12940 et seq.;  
ACCJC Accreditation Eligibility Requirement 20 and ACCJC Accreditation Standard  
Catalog Requirements

**Adopted:**



## GOVERNING BOARD POLICIES

### **Chapter 3    General Institution**

**3420**

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#### **BP 3420    Equal Employment Opportunity**

The Board supports the intent set forth by the California Legislature to assure that effort is made to build a community in which opportunity is equalized, and community colleges foster a climate of acceptance, with the inclusion of faculty and staff from a wide variety of backgrounds. It agrees that diversity in the academic environment fosters cultural awareness, mutual understanding, harmony, and respect, and suitable role models for all students. The Board therefore commits itself to promote the total realization of equal employment through a continuing equal employment opportunity program.

The Superintendent/President shall develop, for review and adoption by the Board, a plan for equal employment opportunity that complies with the Education Code and Title 5 requirements as from time to time modified or clarified by judicial interpretation.

See Administrative Procedure 3420 – Equal Employment Opportunity

**References:** Education Code Sections 87100 et seq.;  
Title 5 Sections 53000 et seq.;  
ACCJC Accreditation Standard III.A.12

**Formerly Governing Board Policy 5100 – Equal Opportunity and Commitment to Diversity in Employment**

**Adopted:** May 10, 1989

**Revised and Adopted:** April 27, 1993; August 25, 2009

**Revised, Renumbered, and Adopted:**

MONTEREY PENINSULA COLLEGE  
GOVERNING BOARD POLICIES

5000 SERIES PERSONNEL

B. Equal Employment Opportunity and Non Discrimination

5100 Equal Employment Opportunity and Commitment to Diversity in Employment

~~The Monterey Peninsula Community College District is committed to the concept and the principles of equal employment opportunity. To this end, the District has established and will maintain a comprehensive program to put that concept and those principles into practice.~~

~~It is the District's policy to ensure that all qualified applicants for employment and all employees have full and equal access to employment opportunity. To achieve this end, the District will ensure that applicants for employment and all employees are not subjected to discrimination in any program or activity of the district on the basis of ethnic group identification, race, color, national origin, religion, age, sex, physical disability, mental disability, ancestry, sexual orientation, or on the basis of these perceived characteristics, or based on association with a person or group with one or more of these actual or perceived characteristics.~~

~~The District will strive to achieve a workforce that is welcoming to men, women, persons with disabilities and individuals from all ethnic and other groups. Such a workforce will promote an inclusive educational and employment environment which fosters cooperation, acceptance, democracy and free expression of ideas.~~

~~An Equal Employment Opportunity Plan will be maintained to ensure the implementation of equal employment opportunity principles that conform to federal and state laws.~~

Reference: Education Code Section 87100 et seq.;  
Title 5, Section 53000, et seq.

Formerly Governing Board Policy 5.10.

Formerly Adopted: May 10, 1989

Revised, Numbered and Re-Adopted: April 27, 1993

Revised and Adopted: August 25, 2009



MONTEREY PENINSULA  
COLLEGE

## GOVERNING BOARD POLICIES

**Chapter 7      Human Resources**

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**7100**

**BP 7100      Commitment to Diversity**

The District is committed to employing qualified administrators, faculty, and staff members who are dedicated to student success. The Board recognizes that diversity in the academic environment fosters cultural awareness, promotes mutual understanding and respect, and provides suitable role models for all students. The Board is committed to hiring and staff development processes that support the goals of equal opportunity and diversity, and provide equal consideration for all qualified candidates.

**References:** Education Code Sections 87100 et seq.;  
Title 5, Sections 53000 et seq.

**Formerly Board Policy 5100 -- Equal Employment Opportunity and Commitment to Diversity in Employment**

**Adopted:** May 10, 1989

**Revised and Adopted:** April 27, 1993; August 25, 2009

**Revised, Renumbered, and Adopted:**

MONTEREY PENINSULA COLLEGE  
GOVERNING BOARD POLICIES

5000 SERIES PERSONNEL

B. Equal Employment Opportunity and Non Discrimination

5100 Equal Employment Opportunity and Commitment to Diversity in Employment

~~The Monterey Peninsula Community College District is committed to the concept and the principles of equal employment opportunity. To this end, the District has established and will maintain a comprehensive program to put that concept and those principles into practice.~~

~~It is the District's policy to ensure that all qualified applicants for employment and all employees have full and equal access to employment opportunity. To achieve this end, the District will ensure that applicants for employment and all employees are not subjected to discrimination in any program or activity of the district on the basis of ethnic group identification, race, color, national origin, religion, age, sex, physical disability, mental disability, ancestry, sexual orientation, or on the basis of these perceived characteristics, or based on association with a person or group with one or more of these actual or perceived characteristics.~~

~~The District will strive to achieve a workforce that is welcoming to men, women, persons with disabilities and individuals from all ethnic and other groups. Such a workforce will promote an inclusive educational and employment environment which fosters cooperation, acceptance, democracy and free expression of ideas.~~

~~An Equal Employment Opportunity Plan will be maintained to ensure the implementation of equal employment opportunity principles that conform to federal and state laws.~~

Reference: Education Code Section 87100 et seq.;  
Title 5, Section 53000, et seq.

Formerly Governing Board Policy 5.10.

Formerly Adopted: May 10, 1989

Revised, Numbered and Re-Adopted: April 27, 1993

Revised and Adopted: August 25, 2009



## GOVERNING BOARD POLICIES

### **Chapter 7      Human Resources**

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**7120**

#### **BP 7120      Recruitment and Hiring**

The Superintendent/President shall establish procedures for the recruitment and selection of employees including, but not limited to, the following criteria.

An Equal Employment Opportunity Plan shall be implemented according to Title 5 and BP 3420 – Equal Employment Opportunity.

Academic employees shall possess the minimum qualifications prescribed for their positions by the Board of Governors.

The criteria and procedures for hiring academic employees shall be established and implemented in accordance with board policies and procedures regarding the Academic Senate's role in local decision-making.

The criteria and procedures for hiring classified employees shall be established after first affording the Monterey Peninsula Classified Employees Association (MPCEA) an opportunity to participate in the decisions under the Board's policies regarding local decision making.

See Administrative Procedure 7120 – Recruitment and Hiring

**References:** Education Code Sections 70901.2, 70902(b)(7) & (d), and 87100 et seq.;  
Title 5 Sections 53000 et seq. and 51023.5;  
ACCJC Accreditation Standard III.A.1

#### **Formerly Board Policy 5005 – Employment**

**Adopted: May 10, 1989**

**Revised: August 20, 1991**

**Revised, Renumbered, and Adopted:**



MONTEREY PENINSULA COLLEGE  
GOVERNING BOARD POLICIES

5000 SERIES PERSONNEL

A. All Employees

5005 Employment

~~It shall be the policy of the Governing Board to approve the employment of each person hired by the District. The Board shall fix the compensation and establish the term of employment of each person employed by the District, subject to applicable provisions of collective bargaining agreements and Education Code provisions.~~

~~Recruitment and selection of personnel shall be conducted in accordance with the laws and regulations of the United States and the State of California, and the District Affirmative Action Plan. Only those candidates shall be recommended for employment who are best qualified to perform the duties of the position without regard to race, color, religion, sex, age, national origin, physical or mental handicap, status as Vietnam era veteran or marital status or other conditions unrelated to the requirements of the position.~~

~~Selection procedures for selecting full and part-time faculty and administrators are included as Appendices 5005A, 5005B, and 5005C respectively.~~

Reference: Education Code 87360, and 87400 et.seq., 87600 et. seq.  
Government Code Section 3543.2  
California Code of Regulations, Title 5, 57350  
Monterey Peninsula College Affirmative Action Plan

Adopted: May 10, 1989

Revised: August 20, 1991

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

President's Office

College Area

New Business Agenda Item No. L

### Proposal:

That the Governing Board consider the allocation for 2016-2017 in support of Community Human Services (CHS).

### Background:

For the past several years the district has authorized an annual allocation to support the work of this Joint Powers Agency. For the 2011-12 year, Community Human Services (CHS) requested financial support of \$3,600 and the Governing Board adopted an allocation of \$2,975 due to anticipated state budget reductions. For the past four years, the Board has maintained the allocation at \$2,975 due to the District's continuing budget restraints. For 2016-17, CHS is requesting an increase in the allocation to \$3,500.

A structural budget deficit continues to challenge the district. College department budget managers have again been directed to redistribute or reduce budget expenditures for next year. Given the District's budget development parameters for 2016-17, it recommended the amount of the allocation be discussed and determined by the Board at the meeting.

### Budgetary Implications:

The allocation will be budgeted in the district's Final Budget for fiscal year 2016-2017.

**RESOLUTION:** **BE IT RESOLVED,** That the 2016-2017 allocation of \$\_\_\_\_\_ to Community Human Services, be approved.

Recommended By:

Walter A. Tribley  
Dr. Walter Tribley, Superintendent/President

Prepared By:

Vicki Nakamura  
Vicki Nakamura, Assistant to the President

Agenda Approval:

Walter A. Tribley  
Dr. Walter Tribley, Superintendent/President

www.chservices.org  
831.658.3811 phone  
831.658.3815 fax

Administration Office  
P.O. Box 3076  
Monterey, CA 93942-3076



**community  
human services**  
hope. help. here.

March 31, 2016



Dr. Walter Tribley, Superintendent/President  
Board of Trustees  
Monterey Peninsula College  
980 Fremont St.  
Monterey, CA 93940

**RE: COMMUNITY HUMAN SERVICES JPA ALLOCATION FY 2016-17**

Dear Dr. Tribley & School Board Trustees,

Each year in March, Community Human Services' Board of Directors approves a specific allocation amount to be requested of cities and school districts that are members of CHS's Joint Powers Agency. Allocation requests are then sent to JPA member entities for consideration during budget deliberations for the coming fiscal year.

One of the many benefits of belonging to the JPA is having an Agency nimble enough to respond quickly to emerging community needs. For example, this fiscal year we opened two new outpatient drug treatment programs, one in Monterey and one in Salinas, to address the rise of heroin and other drug addiction in Monterey County, especially among 18 – 25 year olds. As one doctor at CHOMP puts it, they are seeing a “tidal surge” of overdoses in the emergency room. We also opened a temporary winter warming shelter for homeless youth ages 18 – 25 in Monterey, where there is a high concentration of homeless youth, and have plans to make it permanent and year-round.

Another advantage of JPA membership is the leveraging of resources that Community Human Services accomplishes. Last year, JPA allocations represented less than 2% of our \$4,275,000 budget, with other funding sources like Medi-Cal, federal, state and county grants, private contributions and fees for service making up the rest.

We remain committed to providing vital safety net services to the residents of Monterey County. With your support we anticipate providing mental health, substance abuse, homeless and family services to over 3,000 people next fiscal year. **Therefore, the allocation request for Monterey Peninsula College for fiscal year 2016-17 is \$3,500.** This increase is based on the Consumer Price Index for the San Francisco, Oakland, San Jose region.

I've enclosed our brochure for your information. If you have any questions or would like a brief presentation at an upcoming meeting, please feel free to contact me or your JPA representative.

Sincerely,

A handwritten signature in blue ink that reads "Robin McCrae". The signature is written in a cursive style with a horizontal line under the name.

Robin McCrae  
Chief Executive Officer

cc: Dr. Loren Steck, Trustee Area 5 & CHS Board Member  
Victoria Phillips, CHS Board Alternate

# Monterey Peninsula Community College District

## Governing Board Agenda

April 27, 2016

New Business Agenda Item No. M

Superintendent/President  
College Area

**Proposal:**

To review the attached Calendar of Events.

**Background:**

The Trustees request that the Calendar of Events be placed on each regular Governing Board meeting agenda for review and that volunteer assignments be made so that the Trustees become more visible on campus.

Trustees will attend meetings as observers and will not represent the Board's view on issues/topics.

**Budgetary Implications:**

None.

**INFORMATION:** Calendar of Events.

**Recommended By:** Dr. Walter Tribley, Superintendent/President

**Prepared By:** Shawn Anderson  
Shawn Anderson, Executive Assistant to Superintendent/President and Governing Board

**Agenda Approval:** Walt a. Tribly  
Dr. Walter Tribley, Superintendent/President

## MPC Governing Board 2016 Calendar of Events

### APRIL 2016

Friday, April 22 President's Address to the Community: 11:30am, Monterey Marriott  
2016 MPC High School Automotive Skills Challenge: 8:30am-2:30pm

Wednesday, April 27 Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room  
Regular Meeting: 1:30pm, Sam Karas Room

Friday, April 29 through Sunday, May 1 CCLC Annual Trustees Conference: J.W. Marriott, Desert Springs

### MAY 2016

Friday, May 13 **Access Resource Center Scholarship Reception: 1:00-3:00pm, Sam Karas Room**  
TRIO/SSS Annual Recognition Ceremony: 6:00-8:00pm, MPC Theater

**Monday, May 16 Classified Float Day: 2:30-4:30pm, Location TBD**

Friday, May 20 MPC Employee Recognition Ceremony: 11:30am, MPC Amphitheater  
**MPC Special Board Meeting (Study Session): 2:00-4:00pm, LF-102**  
**Veterans Memorial Day Event, 12:00-2:00pm, Student Center**

Friday, May 26 MPC Scholarship Awards Ceremony: 4:00-7:00pm, MPC Theatre

Tuesday, May 24 Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room

Wednesday, May 25 Regular Meeting: 1:30pm, Sam Karas Room

Monday, May 30 Memorial Day Holiday

### JUNE 2016

**Wednesday, June 1 Veterans Recognition Ceremony: 12:00-2:00pm, Student Center**  
**Asian Student Assn Ceremony & Dinner: 5:00-7:30pm, Sakura Buffet (Salinas)**  
**Automotive Technology Graduation Banquet: 5:00-8:00pm, Tarpy's Roadhouse**

Friday, June 3 **Latino Ceremony: 6:00pm, LF103 (location to be confirmed)**  
Spring Semester Ends  
**Fire Academy Graduation Ceremony: 10:00am, MPC Theatre**  
Early Childhood Education Graduation Celebration: 5:00-7:00pm, CDC Playground (to be confirmed)

Saturday, June 4 **Kente Ceremony: 7:00pm, MPC Music Hall**  
**Faculty Retirement Breakfast: 8:30am, Ferrante Room (Monterey Marriott)**  
Commencement: 12:00pm, MPC Stadium  
(Line-up at 11:30am in Amphitheater)  
Nurse Pinning Ceremony, 3:00pm, Amphitheater

### JULY 2016

Thursday, July 4 Independence Day Holiday

### AUGUST 2016

Wednesday, August 24 Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room  
Regular Meeting: 1:30pm, Sam Karas Room

## MPC Governing Board 2016 Calendar of Events

### SEPTEMBER 2016

Wednesday, September 28    Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room  
Regular Meeting: 1:30pm, Sam Karas Room

### OCTOBER 2016

Mon., October 10 through    ACCJC External Evaluation Team Visit  
Thursday, October 13

Wednesday, October 26    Regular Board Meeting, Public Safety Training Center  
Closed Session: 11:00am, Room to be announced  
Regular Meeting: 1:30pm, Room to be announced

### NOVEMBER 2016

Wednesday, November 16    Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room  
Regular Meeting: 1:30pm, Sam Karas Room

### DECEMBER 2015

Wednesday, December 14    Regular Board Meeting, MPC Library Technology Center  
Closed Session: 11:00am, Stutzman Room  
Regular Meeting: 1:30pm, Sam Karas Room