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. 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.

$100,000,000*
MIRACOSTA COMMUNITY COLLEGE DISTRICT
(San Diego County, California)
Election of 2016 General Obligation Bonds, Series C

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

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

The MiraCosta Community College District (San Diego County, California) Election of 2016 General Obligation Bonds, Series C (the "Bonds") were authorized at an election of the registered voters of the MiraCosta Community College District (the "District") held on November 8, 2016 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $455,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing 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 San Diego County (the "County") is empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for 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, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, as set forth on the inside cover hereof. Interest on the Bonds is payable on each February 1 and August 1 of each year, commencing February 1, 2023. Principal on the Bonds is payable August 1 in each of the years in the amounts set forth on the inside front cover hereof. The Bonds are issuable as fully registered Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association has been appointed as agent of the San Diego County Treasurer-Tax Collector to act as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.*

MATURITY SCHEDULE*
(see inside front cover)

The Bonds are offered when, as and if issued and received by the Underwriters 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 matters will be passed upon for the Underwriters by Katten Muchin Rosenman LLP, New York, New York. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about __________, 2022.

Piper Sandler **Morgan Stanley**

Dated: ______________, 2022

* Preliminary, subject to change.

Maturity Schedule*

Base CUSIP(†): 604617

$___________*
MIRACOSTA COMMUNITY COLLEGE DISTRICT
(San Diego County, California)
Election of 2016 General Obligation Bonds, Series C

$____________ Serial Bonds

Maturity	Principal Amount	Interest Rate	Yield	CUSIP(†) Suffix

$__________ - _____% Term Bonds due August 1, 20__ - Yield: _____; CUSIP(†) Suffix:

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* Preliminary, subject to change.

(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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 Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, 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 Underwriters have provided the following sentence for inclusion in this Official Statement:

> "The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS 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 UNDERWRITERS 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 HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The District maintains a website and certain social media accounts. However, the information presented there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

KNN Public Finance, LLC
Berkeley, California

Paying Agent

U.S. Bank Trust Company, National Association, as agent of the
San Diego Treasurer-Tax Collector
San Diego, California

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$100,000,000*
MIRACOSTA COMMUNITY COLLEGE DISTRICT
(San Diego County, California)
Election of 2016 General Obligation Bonds, Series C

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the MiraCosta Community College District (San Diego County, California) Election of 2016 General Obligation Bonds, Series C (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

The MiraCosta Community College District (the "District") was established in 1934 and serves an area of about 214 square miles in northern San Diego County (the "County"). The District includes the cities of Del Mar, Encinitas, and Solana Beach, and portions of Oceanside, Carlsbad, and San Diego, as well as adjacent unincorporated areas of the County. The District operates MiraCosta College (the "College"), which has its main Oceanside campus on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff, a 7.6-acre Community Learning Center campus in the city of Oceanside, and a Technology Career Institute site in the city of Carlsbad. The College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC").

For fiscal year 2022-23, the District has budgeted its full-time equivalent student ("FTES") count at 7,942 students. Taxable property within the District has a fiscal year 2021-22 assessed valuation of $124,600,504,991. The District's actual FTES count, and the assessed valuation of property within the District, may be affected by the ongoing COVID-19 outbreak. The District is a community supported district and is primarily funded by local property taxes. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" and " – Community Supported Districts" herein.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District within seven trustee areas. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board. Dr. Sunita V. Cooke currently serves as the District's Superintendent/President.

For more information about the District generally, see "MIRACOSTA COMMUNITY COLLEGE DISTRICT" herein. For more information regarding the District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein. The District's audited financial statements for fiscal year ended June 30, 2021 are attached hereto as APPENDIX B and should be read in their entirety.

* Preliminary, subject to change.

Purpose of Issue

The proceeds of the Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on August 18, 2022 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

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* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds (defined herein) will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the 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. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS," herein and in APPENDIX A 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 in the denominations of $5,000 principal amount or any integral multiple thereof.

Redemption*. The Bonds are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, as further described herein. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

***Payments*.** The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the "Date of Delivery"). Interest on the Bonds is payable semiannually

* Preliminary, subject to change.

on each February 1 and August 1 (each, a "Bond Payment Date"), commencing February 1, 2023. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association has been appointed as agent of the San Diego County Treasurer-Tax Collector (the "Treasurer") to act as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation ("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. 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. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about ____________, 2022.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property subject to taxation by the District, as further described herein. For more complete information on the taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriters (as defined herein) in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" 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 and KNN Public Finance, LLC, Berkeley, California, is acting as Municipal Advisor to the District, each with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriters by Katten

Muchin Roseman LLP, New York, New York. From time to time, Bond Counsel represents the Underwriters individually on matters unrelated to the District or 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," "intend" "expect," "estimate," "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, Business and Administrative Services, MiraCosta Community College District, 1 Barnard Drive, Oceanside, California 92056. 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 of the 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.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the California Constitution and the Resolution. The District received authorization at an election held on November 8, 2016 by the requisite 55% of the votes cast by eligible voters within the District to issue $455,000,000 aggregate principal amount of general obligation bonds (the "2016 Authorization"). The Bonds are the third and final series of bonds issued under the 2016 Authorization, and following the issuance thereof, no meaningful amount of the 2016 Authorization will remain unissued*.

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* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to pay 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 due 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,

* Preliminary, subject to change.

outbreaks of disease, 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, drought, fire, wildfire, toxic contamination, or flooding could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

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

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

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 physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their Date of Delivery. Interest on the Bonds maturing is payable semiannually on each Bond Payment Date, commencing February 1, 2023. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each 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 January 15, 2023, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof.

The principal 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 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 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 wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose.

Redemption

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

[*] Preliminary, subject to change.

***Mandatory Sinking Fund Redemption**.** The Bonds maturing on August 1, 20__ (the "Term Bonds") 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 as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of the Term Bonds to be so redeemed, the redemption dates therefor, and the final payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount

(1) Maturity.

In the event that a portion of the Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional 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 so directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in a principal amount of $5,000, or any integral multiple thereof.

Redemption Notice. When optional 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. 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 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.

* Preliminary, subject to change.

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

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the 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 a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," 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 Redemption Notice, 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 authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest 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," and if a 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.

Rescission of 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," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, 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 will 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 the rescission of such Redemption Notice in the same manner as such 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 held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and 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 (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC 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. However, the information presented on such website is not incorporated herein by any reference to such website.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, 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 and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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 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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount 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 only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable 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 at any time 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, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund (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 thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

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

"Government Obligations" means direct and general obligations of the United States of America, 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), or obligations the payment of principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. 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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

Application and Investment of Bond Proceeds

A portion of the net proceeds of the sale from the Bonds will be deposited by the County to the credit of the building fund created by the Resolution (the "Building Fund"), and will be applied solely for the purposes approved by the voters of the District pursuant to the 2016 Authorization. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund (as defined herein) and applied to the payment of principal of and interest on the Bonds. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, are required to be held separate and apart by the County in the debt service fund created by the Resolution (the "Debt Service Fund"), and used only for payment of principal of and interest on the Bonds. Accrued interest and any premium received upon the sale of the Bonds will be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Debt Service Fund and the Building Fund will be invested through the County's pooled investment fund. See "APPENDIX E - SAN DIEGO COUNTY INVESTMENT POOL" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of the Bonds
[Net] Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund
Costs of Issuance[(1)]
Underwriters' Discount
Total Uses

[(1)] Reflects all costs of issuance of the Bonds, including, but not limited to, legal and municipal advisor fees, printing costs, rating agencies fees, and the costs and fees of the Paying Agent.

DEBT SERVICE SCHEDULE

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

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment(1)	Total Annual Debt Service

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2023.

See "MIRACOSTA 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.

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. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

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

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

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein) 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 following table shows the assessed valuations for the District for fiscal years 2012-13 through 2021-22, as of the date the equalized assessment tax roll is established in August of each year, and excluding any exemptions granted after such date in each year.

ASSESSED VALUATIONS
Fiscal Years 2012-13 through 2021-22
MiraCosta Community College District

	Local Secured	Utility	Unsecured	Total	Percent Change
2012-13	$76,289,432,231	$166,525,804	$1,635,839,662	$78,091,797,697	--
2013-14	78,692,547,435	116,800,000	1,708,008,790	80,517,356,225	3.11%
2014-15	83,558,249,167	99,891,000	1,756,135,940	85,414,276,107	6.08
2015-16	88,273,583,262	80,610,000	1,773,292,487	90,127,485,749	5.52
2016-17	93,362,480,823	76,100,000	2,378,281,783	95,816,862,606	6.31
2017-18	99,559,880,063	60,600,000	1,936,550,564	101,557,030,627	5.99
2018-19	105,728,760,657	438,346,568	1,983,723,811	108,150,831,036	6.49
2019-20	111,339,499,614	594,046,568	2,142,535,960	114,076,082,142	5.48
2020-21	116,950,960,897	601,746,568	2,320,565,075	119,873,272,540	5.08
2021-22	121,864,136,932	616,046,568	2,120,320,991	124,600,504,491	3.94

Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in real property values, disruption in financial markets that may reduce availability of financing for purchasers of property, outbreaks of disease, 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, fire (including wildfire), flood, 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 rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Seismic Events. The District is located in a seismically active region of the State. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. In recent years the State has experienced severe drought conditions. In January of 2014, the Governor of the State (the "Governor") declared a statewide 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 river 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. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021, the Governor expanded the declaration to further include an additional nine counties. On October 19, 2021, the Governor extended the declaration to include the remaining counties in the State, including the County, such that the drought state of emergency is now in effect Statewide.

Wildfires. In addition, major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020 and summer of 2021. [The District did not sustain any damage as a result of the recent fires.] However, serious and significant property damage has resulted in other areas of the State, including within the County, due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Portions of the District, including portions of the City of Oceanside, are areas which the State Department of Forestry and Fire Protection has designated as a very high fire hazard severity zone. Mapping of the areas, referred to as Fire Hazard Severity Zones (FHSZ), is based on data and models of potential fuels over a 30-50 year time horizon and their associated expected fire behavior, and expected burn probabilities to quantify the likelihood and nature of vegetation fire exposure (including firebrands) to new construction. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at https://osfm.fire.ca.gov/divisions/wildfire-planning-engineering/wildland-hazards-building-codes/fire-hazard-severity-zones-maps/, though such website is not incorporated herein by reference.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, droughts, wildfires, floods, heat waves, and rising sea levels. See also "—Drought" and "—Wildfires" above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District in unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Appeals and Adjustments of Assessed Valuation. 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. In most cases, the 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.

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

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

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation of Single Family Homes/Condominiums. The following table shows the distribution of single family homes and condominiums within the District among various fiscal year 2021-22 assessed valuation ranges, as well as the average and median assessed valuation of single family homes and condominiums within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES AND CONDOMINIUMS
Fiscal Year 2021-22
MiraCosta Community College District

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential				
Condominiums/Townhomes				
Total				

2021-22 Assessed Valuation	No. of SFR and Condo Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total

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

Assessed Valuations and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2021-22.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2021-22
MiraCosta Community College District

	2021-22 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Residential:				

[1] Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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__Assessed Valuation by Jurisdiction.__ The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2021-2022 assessed valuation.

ASSESSED VALUATION BY JURISDICTION[1]
Fiscal Year 2021-22
MiraCosta Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions the unpaid secured property taxes as of June 30 of the current fiscal year (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the current year's *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax delinquency data for the prior fiscal years are not available.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2021-22 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2021-22
MiraCosta Community College District

Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total[1]

[1] The fiscal year 2021-22 local secured assessed valuation of the District is $121,864,136,932.
Source: California Municipal Statistics, Inc.

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Tax Rates

Representative tax rate areas (each, a "TRA") located within the District are Tax Rate Areas 7-000, 8-119, and 9-000. The table below demonstrates the total *ad valorem* property tax rates levied by all taxing entities in each such TRA, as a percentage of assessed valuation, during the five-year period from fiscal years 2017-18 through 2021-22.

TYPICAL TAX RATE
Fiscal Years 2017-18 through 2021-22
MiraCosta Community College District

Within City of Oceanside TRA 7-000 – 2021-22 Assessed Valuation: $

	2017-18	2018-19	2019-20	2020-21	2021-22
General Tax Rate	1.000000%	1.000000%	1.000000%		
Oceanside Unified School District	.096000	.096000	.085820		
MiraCosta Community College District	.014430	.012940	.012990		
Metropolitan Water District	.003500	.003500	.003500		
Total Tax Rate	1.113930%	1.112440%	1.102310%		

Within City of San Diego TRA 8-119 – 2021-22 Assessed Valuation: $

	2017-18	2018-19	2019-20	2020-21	2021-22
General Tax Rate	1.000000%	1.000000%	1.000000%		
City of San Diego	.005000	.005000	.005000		
Del Mar Union School District	--	--	.026740		
San Dieguito Union High School District	.022290	.022980	.022750		
MiraCosta Community College District	.014430	.012940	.012990		
Metropolitan Water District	.003500	.003500	.003500		
Total Tax Rate	1.045220%	1.044420%	1.071410%		

Within City of Carlsbad TRA 9-000 – 2021-22 Assessed Valuation: $

	2017-18	2018-19	2019-20	2020-21	2021-22
General Tax Rate	1.000000%	1.000000%	1.000000%		
Carlsbad Unified School District	.061120	.059310	.085030		
MiraCosta Community College District	.014430	.012940	.012990		
Metropolitan Water District	.003500	.003500	.003500		
Total Tax Rate	1.079050%	1.075750%	1.101520%		

Source: California Municipal Statistics, Inc.

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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 ______, 2022. 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 table on the following page shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
MiraCosta Community College District

<u>2021-22 Assessed Valuation</u>:$124,600,504,491

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>:	**<u>% Applicable</u>**	**<u>Debt __/__/22</u>**

____

(1) Excludes the Bonds as described herein.
(2) 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 of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County on the taxable property in the District for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes 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 information that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the principal of and interest on the Bonds was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") 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 of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 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 XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by State 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 adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates 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 XIIIA 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*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) on 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. The tax for the payment of the Bonds falls within the exception described in item (iii) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the Legislature of the State (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 XIIIA.

State-Assessed Utility 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. 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 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 a Community Supported (basic aid) district, taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State's financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot provide any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Article XIIIB of the California Constitution

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

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

(b) "change in population" with respect to a K-14 school districts to mean the percentage change in the average daily attendance of K-14 school districts 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 fiscal year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, 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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 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 XIIIC and Article XIIID of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including K-14 school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as K-14 school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

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

Propositions 98 and 111

On November 8, 1988, State 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 changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year will automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can 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 State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget for the State for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

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

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in pupil attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, all appropriations for "qualified capital outlay projects," as defined by the Legislature, are excluded. Also, 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 are all excluded. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. A complex adjustment to the formula enacted in Proposition 98 was enacted which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (Test 1) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (Test 2). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) 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 known 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 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-14 school districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the 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 school district or high school district), or $25 (for a community college district, such as the District), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis vs. 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 Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the 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-thirds 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 State voters 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 K-14 school 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 expected 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.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016.

Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Since the District is a Community Supported (basic aid) district, the revenues the District receives from the EPA are not offset against the State apportionment. The District receives $100 per FTES each year from the EPA.

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds are 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. See "THE BONDS – Security and Sources of Payment" herein.*

Major Revenues

General. California community college districts (other than Community Supported districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2021-22, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2022-23 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.) In addition, State budgetary legislation has extended the hold harmless provisions of the SCFF through fiscal year 2023-24.

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

The SCFF provided a minimum funding level for credit FTES of $3,727 for fiscal year 2018-19. For fiscal year 2019-20, the State budget for that year recalculated funding rates in the Base, Supplemental and Student Success Allocations so that 70% of SCFF funds would be allocated to the base allocation. Since fiscal year 2020-21, funding rates have been adjusted for COLAs provided by State budgetary legislation, and the distribution of funds across the three SCFF allocations (as further described herein) may vary by district. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Future provisions of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and will instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students will be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The table below shows the District's FTES figures for fiscal years 2013-14 through 2022-23.

FULL TIME EQUIVALENT STUDENTS[1]
Fiscal Years 2013-134through 2022-23
MiraCosta Community College District

Fiscal Year	FTES
2013-14	10,948
2014-15	10,915
2015-16	11,348
2016-17	11,071
2017-18	11,034
2018-19	10,229
2019-20	9,998
2020-21[2]	9,823
2021-22	8,359.64
2022-23[3]	7,942

(1) Does not include non-resident FTES counts, which are generally excluded from State funding formula calculations and pay the full cost of tuition to the District.
(2) The 2020-21 FTES is based on actual P-3 FTES numbers submitted to the state. The state has provided districts with the ability to utilize P-1 FTES numbers for P-2 to protect colleges from FTES loss to the COVID-19 pandemic through fiscal year 2022-23. See also, "—Considerations Regarding COVID-19" herein. The District's P-1 FTES as reported to the state was 10,193.33.
(3) Budgeted.
Source: MiraCosta Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Education Code Section 68130.5 (AB 540), and student fee waivers under Education Code Section 76300 (California College Promise Grant). The SCFF provided $919 per qualifying student for fiscal year 2018-19. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories. Beginning in fiscal year 2019-20, the 2019-20 State budget recalculated funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. Since fiscal year 2020-21, funding rates have been adjusted for COLAs provided by State budgetary legislation, and the distribution of funds across the three SCFF allocations may vary by district.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding. The student success allocation counts only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding. The Student Success Allocation accounted for 10% of statewide funding for community college districts in fiscal years 2018-19 and 2019-20. Since fiscal year 2020-21, funding rates have been adjusted for COLAs provided by State budgetary legislation, and the distribution of funds across the three SCFF allocations may vary by district.

Community Supported Districts. "Community Supported" (formerly referred to as "basic aid" districts) community college districts are those districts whose local property taxes, student enrollment fee collections, and EPA funds exceed the revenue allocation determined by the program based model. Community Supported districts do not receive any general apportionment funding from the State. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 55" herein. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Community Supported districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District has qualified as a Community Supported district since before fiscal year 1999-2000, and for fiscal year 2021-22, the District's local tax, student fees, full time faculty hiring funds and EPA funds are estimated to have exceeded its revenue allocation by approximately $63,417,990 million. For fiscal year 2022-23, the District projects that its local tax, student fees, full time faculty hiring funds and EPA funds will exceed its revenue allocation by approximately $68,500,000 million.

Considerations Regarding COVID-19

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

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89"), which amended the Budget Act of 2019 by appropriating $500,000,000 from the State General Fund for any purpose related to executing the emergency proclamation issued by the Governor on March 4, 2020. On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order").

To date there have been thousands of confirmed cases of COVID-19 in the Counties and, although vaccines and vaccine boosters are currently widely available, no representation can be made by the District as to whether the number of such cases will again increase, whether resulting from the emergence of variants of COVID-19, or other factors. The COVID-19 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). Supply chain disruptions have occurred as these restrictions and closings have been lifted, leading to higher-than-average economic inflation. The U.S. is restricting certain non-U.S. citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriated over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act included approximately $14.25 billion in funding for higher education, including California community college districts, principally in the form of direct emergency aid to students and institutional grants. The CARES Act also waived a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), which included approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the "American Rescue Plan"), which will provide approximately $1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

Like many institutions of higher education, District has been awarded COVID-19-related relief funding both from the State Department of Education and from the Chancellor's Office. The funding is restricted by specific grant terms. The funding is intended to provide emergency relief to students, as well as to counter the institutional impacts of the pandemic. Specifically, the District has been awarded approximately $42,996,939 in relief funding through the Higher Education Emergency Relief Fund (HEERF), funded through the CARES Act, the CRRSA and the American Rescue Plan. Of this, $1,841,000 was received in fiscal year 2019-20, $7,020,857 was received in fiscal year 2020-21, and approximately $32,213,498 was received in fiscal year 2021-22. The District is eligible for approximately $1,921,584 of such funds in fiscal year 2022-23. Additionally, the 2022-23 Budget (defined herein) includes $650 million one-time for block grants to districts to address issues related to the COVID-19 pandemic, including the mitigation of learning. See also "FUNDING OF COMMUUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. The funds will be allocated to districts on the basis of actual reported FTES. Districts can use the funds for student support efforts, reengagement strategies, professional development opportunities, technology investments, and health and safety measures. The District anticipates receiving approximately $5,600,000. However, no representation can be made as to whether such funds will be received in such amounts, or the timing of the receipt, or expenditure of, such funds.

During certain emergency conditions, state regulations provide that a community college district may be provided an "emergency conditions allowance," calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district's general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the Chancellor that the district made good faith efforts to avoid material decreases in general purposes apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the "Board of Governors"), on March 16, 2020, granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers of the Chancellor to hold community college districts financially harmless in the wake of campus closures.

On August 28, 2020, the Governor released a revised system of guidelines for reopening entitled Blueprint for a Safer Economy ("Blueprint"). Blueprint assigned each of the State's 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties were required to remain in a tier for at least three weeks before advancing to the next one. To move forward, a county had to meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fell into different tiers, the county remained in the stricter tier. Community college districts could reopen for limited in-person instruction once their county had been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopened, community college districts were required to follow the guidance for institutions of higher education (the "Guidelines"), released by the Governor on September 30, 2020. Implementation of the Guidelines as part of a phased reopening will depend on local conditions. If there are positive cases of COVID-19 within a community college district, a campus could be partially or fully closed for in-person instruction. While indoor lectures and student gatherings were prohibited at community college districts in counties that were in the purple (widespread) tier, some non-lecture based courses were permitted on campuses. For classes that are held in person, the guidelines encouraged use of outdoor and other non-classroom spaces for instruction. Indoor lectures were permitted in the red tier (limited to 25% capacity or 100 people, whichever is fewer), the orange tier (limited to 50% capacity or 200 people, whichever is fewer) and the yellow tier (limited to 50% capacity).

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under Tier One (Purple) of the Blueprint, requiring that all gatherings with members of other households and all activities conducted outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the "Regional Stay at Home Order"), and a supplemental order, signed December 6, 2020, which divided the State into five regions (Northern California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which went into effect at 11:59 PM the day after a region had been announced to have less than 15% intensive care unit availability. The supplemental order clarified retail operations and went into effect immediately. The orders prohibited private gatherings of any size, closed sector operations except for critical infrastructure and retail, and required 100% masking and physical distancing in all others. Guidance related to community colleges remained in effect and unchanged. The Regional Stay at Home Order went into effect in the Counties on December 16, 2020 and was lifted on January 25, 2021.

On June 11, 2021, the Governor issued two executive orders. The first order rescinded several previous executive orders effective June 15, 2021, including the Stay Home Order and the order that led to the establishment of the Blueprint. The second order began the process of winding down the State's COVID 19-related executive orders in several phases: by June 30, 2021 (including most of Order N-26-20); by July 31, 2021; and by September 30, 2021. Under the order's timeline, by September 30, 2021, nearly 90% of the executive actions taken since March 2020 were lifted. In addition, on June 11, 2021, the California Department of Public Health issued an order that took effect on June 15, 2021. The order replaced the previous public health orders, allowing all sectors to return to usual operations, with limited exceptions for events characterized by large crowds (greater than 5,000 attendees indoors and 10,000 attendees outdoors), which required (indoors) or recommended (outdoors) vaccine verification and/or negative testing through October 1, 2021. Face coverings were required in certain settings, such as on public transit, indoors in schools and childcare settings, and in healthcare settings, as well as, for unvaccinated individuals, in all indoor public settings and businesses. Additionally, Californians were required to follow existing guidance for K-12 schools, childcare programs, and other supervised youth activities. On February 16, 2022, the State-wide mask mandate was lifted for vaccinated individuals in most settings, although masks were still required in schools, and individual counties can still require masks to be worn. The mask mandate for schools was allowed to lapse after March 11, 2022.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while District facilities remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, increases in property tax delinquencies, and decreases in new home sales and real estate development. The economic consequences and the potential for volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "MIRACOSTA COMMUNITY COLLEGE DISTRICT – District Retirement Programs" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor's office (http://www.gov.ca.gov), the California Department of Public Health (http://covid19.ca.gov/), and the Chancellor's Office (as defined herein) (https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District or materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations" herein.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the State Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the State Department of Finance (the "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 State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

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

See "MIRACOSTA COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

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

General. In 1988, 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 school district funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which State 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). See "CONSTITUTIONAL AND STATUTORY

PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein.

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-14 school 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 education 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 fiscal year 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 fiscal year 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to K-14 school districts which began in fiscal year 1992-93 and increased in fiscal year 1993-94, the percentage dropped to 33.0%.

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

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 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 (also referred to as a "maintenance factor") 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 Assistance

State community college districts' principal funding formulas and revenue sources are derived from the State budget. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, none of the District, the Municipal Advisor nor the Underwriters take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

2022-23 State Budget. On June 30, 2022, the Governor signed the State budget for fiscal year 2022-23 (the "2022-23 Budget"). The following information is drawn from the Department of Finance (the "DOF") summary of the 2022-23 Budget.

For fiscal year 2021-22, the 2022-23 Budget projects total general fund revenues and transfers of $277.1 billion and authorizes expenditures of $242.9 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $46.7 billion, including $18.2 billion in the traditional general fund reserve, $20.3 billion in the BSA, $7.3 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the 2022-23 Budget projects total general fund revenues and transfers of $219.7 billion and authorizes expenditures of $234.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $37.2 billion, including $3.5 billion in the traditional general fund reserve, $23.3 billion in the BSA, $9.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The 2022-23 Budget includes deposits to the PSSSA of $3.1 billion, $4 billion and $2.2 billion attributable to fiscal years 2020-21 through 2022-23, respectively.

The 2022-23 Budget sets the minimum funding guarantee in fiscal year 2022-23 at $110.4 billion. The 2022-23 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at $96.1 billion and $110.2 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $35.8 billion over the level projected by the State budget for fiscal year 2021-22 (the "2021-22 Budget"). Test 1 is projected to be in effect over this three year period.

Other significant features relating to community college district funding include the following:

- *General Apportionments*: An increase of $493 million in ongoing Proposition 98 funding to fund a 6.56% COLA, and an increase of $26.7 million in ongoing Proposition 98 funding to sustain 0.50% enrollment growth. In addition, the May Revision provides an increase of $400 million in ongoing Proposition 98 funding to increase the funding rates for the SCFF Base, Supplemental and Student Success Allocations. Finally, the May Revision provides $200 million to augment the Basic Allocation component of the Base Allocation, in recognition of increasing operating costs.

- *Block Grants*: An increase of $650 million in one-time Proposition 98 funding for discretionary block grants for activities that directly support community college students and mitigate student learning loss related to the COVID-19 pandemic. The 2022-23 Budget also provides an increase of $64 million in one-time Proposition 98 funding to fund a block grant supporting the implementation of equitable placement and completion policies and practices.

- *Retention and Enrollment Strategies*: $150 million in additional one-time Proposition 98 funding to support efforts to bolster community college student retention rates and enrollment, building upon the $120 million in one-time funds provided for such retention and enrollment in the State budget for fiscal year 2021-22.

- *Categorical Programs*: $129.7 million in ongoing Proposition 98 funding to support budget augmentations for a variety of categorical programs. The 2022-23 Budget also provides an increase of approximately $64 million in Proposition 98 funding to fund a COLA for select categorical programs.

- *Equity and Student Success*: The 2022-23 Budget provides a variety of student-focused programmatic investments, including (i) $65 million in one-time Proposition 98 funding to implement certain student transfer reforms, (ii) $30 million in one-time funding to provide stipends to formerly incarcerated individuals, CalWORKS recipients and former foster youth, (iii) $30 million in one-time Proposition 98 funding to establish a Native American student support and success program, (iv) $30 million in ongoing Proposition 98 funding to expand the availability of foster youth support services, (v) $20 million in ongoing Proposition 98 funding for student hunger and homelessness initiatives, (vi) $8 million in ongoing Proposition 98 funding for a student achievement program for Asian American, Native Hawaiian and Pacific Islander students, and (vii) $1.1 million in ongoing Proposition 98 funding for student support charters for African American male students.

- *College Affordability*: An increase of $250 million in ongoing Proposition 98 funding to increase Student Success Completion Grants, which provide financial aid to qualifying students. The 2022-23 Budget also provides an increase of $25 million in ongoing Proposition 98 funding to expand the availability of the California Community College Promise Program, which assists in securing waivers of enrollment fees, to returning community college students. Finally, the 2022-23 Budget provides an increase of $20 million in one-time Proposition 98 funding to support emergency student financial assistance grants to eligible AB 540 students.

- *Workforce Investments*: An increase of $130 million in one-time Proposition 98 funding, available over three fiscal years, to support healthcare-focused vocational pathways for English language learners. The 2022-23 Budget also provides an increase of $45 million in one-time Proposition 98 funding to support an apprenticeship and workforce training program for school food service workers. Finally, the 2022-23 Budget provides an increase of $20.5 million in ongoing Proposition 98 funding to align the apprenticeship program related and supplemental instruction rate with the SFCC credit FTES rate.

- *Technology*: An increase of $100 million in Proposition 98 funding, of which $75 million is one-time and $25 million is ongoing, to modernize community college technology infrastructure, including sensitive data protection efforts. The 2022-23 Budget also provides an increase of $105 million in one-time Proposition 98 funding to support the systemwide implementation of a common course numbering system, and an increase of $25 million in one-time Proposition 98 funding for the procurement and implementation of software that helps students choose their curricular pathway.

- *Facilities*: $403 million in State general obligation bond funding to support community college construction projects. This represents the final installment available to community college districts under Proposition 51. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51" herein. The 2022-23 Budget also provides an increase of approximately $840.7 million in one-time Proposition 98 funding to address deferred maintenance needs.

- *Student Housing*: The 2021-22 Budget established the Higher Education Student Housing Grant Program to provide grants to community college districts, the California State

University and the University of California to construct student housing to acquire and renovate commercial properties into student housing for low-income students. In addition to the $2 billion in one-time State general fund monies provided by the 2021-22 Budget, the 2022-23 Budget provides an additional $200 million in one-time State general fund monies for this program. The 2022-23 Budget also provides approximately $542.1 million in one-time funding for student housing construction grants for specified community college district projects. Finally, the 2022-23 Budget provides $18 million in one-time funding for planning grants at specified community colleges.

- *Faculty Health*: An increase of $200 million in ongoing Proposition 98 funding to expand healthcare coverage provided to part-time faculty.

For additional information regarding the 2022-23 Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. The District cannot predict what additional 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. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein. 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.

MIRACOSTA COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The principal of and interest on 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 District was established in 1934 and serves an area of about 214 square miles in northern San Diego County. The District includes the cities of Del Mar, Encinitas, and Solana Beach, and portions of Oceanside, Carlsbad, and San Diego, as well as adjacent unincorporated areas of the County. The District operates the College, which has its main Oceanside campus on a 121-acre site in the city of Oceanside. The District also operates the 42-acre San Elijo campus in the city of Cardiff, a 7.6-acre Community Learning Center campus in the city of Oceanside, and a Technology Career Institute site in the city of Carlsbad. The College is fully accredited by the ACCJC.

For fiscal year 2022-23, the District has budgeted its FTES count at 7,942 students. Taxable property within the District has a fiscal year 2021-22 assessed valuation of $124,600,504,991. The District's actual FTES count, and the assessed valuation of property within the District, may be affected by the ongoing COVID-19 outbreak. The District is a community supported district. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" and "- Community Supported Districts" herein.

Administration

The District is governed by a seven-member Board, each member of which is elected to a four-year term by voters in seven trustee areas. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

BOARD OF TRUSTEES
MiraCosta Community College District

Board Member	Office	Term Expires
Anna Pedroza	President	December 2022
Frank Merchat	Vice President	December 2024
Rick Cassar	Trustee	December 2022
Raye Clendening	Trustee	December 2022
Dr. William C. Fischer	Trustee	December 2022
George McNeil	Trustee	December 2024
Jacqueline Simon	Trustee	December 2024

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of the District's Superintendent/President and Vice President, Business and Administrative Services follow:

Sunita V. Cooke, Ph.D., Superintendent/President. Dr. Cooke was appointed Superintendent/President for the District effective January 2015. Immediately prior to joining the District, Dr. Cooke served as President at Grossmont College. Her previous positions also include Associate Vice Chancellor, Dean, Director, and Professor. Dr. Cooke earned her Bachelor of Science degree in Biology from American University and her Ph.D. in Biology from Georgetown University.

Timothy Flood, Vice President, Administrative Services. Mr. Flood was appointed as Vice President, Administrative Services of the District since January of 2019. Previously, he served as the Vice President of Business and Financial Affairs at Southwestern Community College District for approximately three years. Prior to joining Southwestern, he served the Grossmont-Cuyamaca Community College District in various administrative roles including, including Interim President, Vice President Administrative Services and Director of Campus Facilities, Operations, and Maintenance. Mr. Flood earned a B.S. in Accountancy and a Master's in Public Administration with an emphasis in Finance from National University.

Labor Relations

The District currently employs 203 full-time and 469 part-time certificated professionals, 345 full-time and part-time classified employees and 63 managerial employees. Full-time faculty are represented by the MiraCosta College Faculty Assembly. Currently, there are 203 employees that are members of the Faculty Assembly Bargaining Union, and the current contract expiration date is [June 30, 2021]. Part-time (Associate) faculty are represented by the MiraCosta College Academic Associate Faculty CCA/CTA/NEA. Currently, there are 469 employees that are members of the Academic Faculty Bargaining Unit, and the current contract expiration date was June 30, 2024.

Working conditions for all other District employees are not determined by formal labor contracts with bargaining units. Instead, working conditions are set by policies and procedures adopted by the District's Board of Trustees, which policies and procedures are developed through "meet and confer" arrangements with the following employee groups: (1) Classified Employees Senate ("Classified Senate"), (2) MiraCosta Community College District Academic Administrators Association (the "Academic Administrators Association"), and (3) MiraCosta Community College District Classified Administrators Association (the "Classified Administrators Association").

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriters.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

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

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

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

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate will 10.250% for Classic Members and 10.205% for PEPRA Members.

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

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

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

Source: AB 1469.

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

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's

Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. The employer contribution rate will be 19.1% in fiscal year 2022-23.

The District contributed to STRS in the amount of $5,499,020 in fiscal year 2017-18, $6,595,087 in fiscal year 2018-19, $6,991,976 in fiscal year 2019-2020, $6,695,837 in fiscal year 2020-21 and $7,293,560 (unaudited) in fiscal year 2021-22. The District has budgeted a contribution of $9,005,431 to STRS in fiscal year 2022-23.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2021-22, and 8.328% for fiscal year 2022-23. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy.

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 California 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, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. The employer contribution rate will be 25.37% in fiscal year 2022-23. Classic Members contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2021-22 and will be 7% in fiscal year 2022-23, while PEPRA Members contribute at an actuarially determined rate, which is 7% in fiscal year 2021-22 and will be 8% in fiscal year 2022-23. Due primarily to the change in the discount rate, the total normal cost of PEPRA Members changed by more than 1% of payroll relative to fiscal year 2021-22, which required the PEPRA Member contribution rate to be adjusted to equal 50% of the total normal cost of 15.91% in fiscal year 2022-23. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District contributed to PERS in the amount of $4,369,152 in fiscal year 2017-18, $5,545,252 in fiscal year 2018-19, $6,543,091 in fiscal year 2019-20, $7,262,106 in fiscal year 2020-21 and $8,447,472 (unaudited) in fiscal year 2021-22. The District has budgeted a contribution of $9,201,431to PERS in fiscal year 2022-23.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [(1)]
Fiscal Years 2010-11 through 2020-21

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
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	--[(4)]	--[(4)]
2014-15	73,325	56,814	16,511	--[(4)]	--[(4)]
2015-16	77,544	55,785	21,759	--[(4)]	--[(4)]
2016-17	84,416	60,865	23,551	--[(4)]	--[(4)]
2017-18	92,071	64,846	27,225	--[(4)]	--[(4)]
2018-19[(5)]	99,528	68,177	31,351	--[(4)]	--[(4)]
2019-20[(6)]	104,062	71,400	32,662	--[(4)]	--[(4)]
2020-21[(7)]	110,507	86,519	23,988	--[(4)]	--[(4)]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) For fiscal year 2020-21, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.
(6) For fiscal year 2021-22, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.
(7) On April 18, 2022, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2022-23 and released certain actuarial information to be incorporated into the June 30, 2021 actuarial valuation to be released in the latter half of 2022.

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

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both Classic Members and PEPRA Members to better reflect the anticipated impact of years of service on retirements. The 2021 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2021 (the "2021 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $16.1 billion since the 2020 STRS Actuarial Valuation and the funded ratio, based on an actuarial value of assets, increased by 5.9% to 73.0% over such time period. The increase in the funded ratio is primarily due to a greater than expected investment return (27.2% in fiscal year 2021-22), salary increases less than assumed, additional State contributions, and contributions to pay down the unfunded actuarial obligation under the STRS Board's valuation policy. The full impact of the 27.2% investment return will take three years to be reflected in the contribution rates, since STRS uses an actuarial value of assets which smooths the volatility of investment returns by reflecting only one-third of the net accumulated investment gains or losses in a year. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a decrease in the Unallocated UAO from $377 million as of June 30, 2020 to a negative $469 million as of June 30, 2021.

According to the 2021 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2041 of 101.0%. This finding assumes additional increases in the scheduled contribution rates allowed under the current law will be made, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In the STRS 2020 Review of Funding Levels and Risks, STRS noted that COVID-19 has the potential to affect investment performance, the number of teachers working in California and the longevity of STRS members, which are the three main risks to long-term funding that STRS has been monitoring for the last few years. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Consideration Regarding COVID-19" herein. In the 2020 STRS Actuarial Report, the actuary reports that a potential decline in the number of teachers and a slower growth in total payroll constitute the largest risk facing employers with respect to STRS. For the 2020 STRS Actuarial Valuation, the number of teachers actively working dropped from 451,000 on June 30, 2019, to about 448,000 on June 30, 2020. This drop in the number of working teachers, combined with salary increases, resulted in the payroll increasing by approximately 2.8% between 2019 and 2020, below the assumed 3.5% annual payroll growth. The actuary notes that the assumed growth in the total payroll was a key component of the employer contribution rate calculated in the 2020 STRS Actuarial Valuation, and that a slower growth will require a higher employer contribution rate to be able to collect the same amount of contributions. The actuary notes that the number of active teachers could be impacted in the future by K-12 enrollment, as well as teacher retirements. Based on CDE reports, net enrollment in K-12 school districts decreased by 3% (160,000 students) in 2020-21, the largest drop in 20 years, and the Department of Finance projects enrollment will continue to decline in the State over the next decade. In addition, in the first half of the fiscal year, STRS has seen a 26% increase in the number of retirements, and while an increase in retirements would normally not impact long-term funding, decisions made by employers about whether or not to replace the teachers who have retired could impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iii) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations. However, as of November 2021, PERS did not believe that the demographic impacts of COVID-19 would have a material impact on the system experience going forward.

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

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

On April 18, 2022, the PERS Board established the employer contribution rates for 2022-23 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2021, ahead of its release date in the latter half of 2022. From June 30, 2020 to June 30, 2021 the funded status for the Schools Pool increased by 9.7% (from 68.6% to 78.3%); primarily due to higher than expected investment return in fiscal year 2020-21, offset partially by the changes in assumptions, including the reduction of the discount rate. The return on assets for the year ending June 30, 2021 exceeded the assumed return of 7% for such fiscal year, leading to an investment gain (excess of actual return over assumed return) of approximately $11,101 million. Pursuant to the Funding Risk Mitigation and Actuarial Amortization policies, a portion of this investment gain was used to fully offset the impact of the discount rate reduction with the remainder established as a net investment gain amortized over 20 years with a five-year ramp. Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for 2023-24 is projected to be 25.2%, with annual decreases in most years thereafter, resulting in a projected 22.6% employer contribution rate for fiscal year 2027-28.

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 PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for STRS and PERS, as of June 30, 2021 are as shown in the following table.

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
STRS	$71,970,646	$17,487,985	$4,996,424	$9,163,658
PERS	70,373,271	13,603,022	--	14,938,354
Total	$142,343,917	$31,091,007	$4,996,424	$24,102,012

Source: MiraCosta Community College District.

For additional information, see "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

PARS Alternate Retirement System. The District is a member of the Public Agency Retirement System Alternate Retirement System ("PARS-ARS"), which covers part-time, seasonal, temporary and other classified employees not otherwise covered under the CalSTRS or CalPERS programs, but whose salaries would otherwise be subject to Social Security taxes. PARS-ARS is a defined contribution qualified retirement plan under Section 401(a) of the Internal Revenue Code. The minimum total contribution is 7.5% of empoyees' salaries, of which the District contributes 3.75%. As of June 30, 2021, the District's total contributions amounted to $181,667.

Post-Employment Health Care Benefits

Benefit Plan. The District provides medical, dental and vision insurance coverage (the "Benefits"), as prescribed in various employee agreements and Board policy, to retirees meeting the MiraCosta Community College District Plan (the "Plan") eligibility. The Plan is a single-employer defined benefit healthcare plan administered by the District. To be eligible to receive Benefits under the Plan, an employee must retire from the District on or after age 55 with at least 10 years of service. In general, the District's contribution for the Benefits is equivalent to the contribution provided to an active employee, which is subject to an annual maximum. Upon reaching age 65, a retiree is eligible for reimbursement for a Medicare supplement policy through age 75. As of June 30, 2021, membership of the Plan consisted of 112 retirees and beneficiaries receiving the Benefits, and 556 active Plan members who may become eligible to receive the Benefits in the future.

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 additional amounts to prefund the Benefits as determined annually through agreements between the District and its bargaining units. In fiscal year 2021-22, the District contributed $1,002,061 to the Plan. The District has budgeted a contribution of $1,102,000 for fiscal year 2022-23.

The District pre-funds its accrued liability for the Benefits through the Community College League of California's retiree health benefit trust (the "OPEB Trust"), which is an irrevocable trust. As of March 31, 2022, the value of assets in the OPEB Trust was $32,842,124.

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

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

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

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 8" herein.

Actuarial Report. The District's most recent actuarial study, dated as of November 23, 2021 calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2021 measurement date (with a valuation date of June 30, 2021) the District's Total OPEB Liability was $33,951,252, its Actuarial Value of Assets was $33,571,048 and its Net OPEB Liability was $380,204.

Risk Management

Property and Liability Insurance Coverages. 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; cyber intrusions; and natural disasters. The District purchases commercial insurance for property with coverages of $500 million, subject to various policy limits and deductibles ranging from $0 to $10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $55 million per occurrence and $10 million aggregate, all subject to various deductibles.

Joint Powers Authority Risk Pools. During fiscal year 2020-21, the District contracted with the San Diego County Schools Risk Management Joint Powers Authority for property and liability insurance coverage. The District also participates in the Schools Excess Liability Fund in California, which provides excess insurance beyond Joint Powers Authority limits. Settled claims have not exceeded this commercial coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. The District maintains a self-insurance plan for workers' compensation benefits. Claims are paid by a third party administrator acting on behalf of the District. The Workers' Compensation Fund provides coverage for up to a maximum of $100,000 per occurrence. The District participates in a joint powers arrangement with the San Diego County Schools Risk Management Joint Power Authority that provides coverage for claims exceeding $100,000 with a limit of $1 million per occurrence. There is also excess workers' compensation up to the statutory limit.

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 has released Statement No. 34, which 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.

General Fund Budgeting

The table on the following page shows the District's combined restricted and unrestricted general fund budgets for fiscal years 2018-19 through 2022-23, ending results for fiscal years 2018-19 through 2020-21 and projected ending results for fiscal year 2021-22.

GENERAL FUND BUDGETING
Fiscal Years 2018-19 through 2022-23
MiraCosta Community College District

	Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23
REVENUES:	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[1]	Ending[1]	Budgeted[1]	Projected[2]	Budgeted[2]
Federal	$7,712,215	$5,218,192	$6,576,747	$4,995,400	$9,010,443	$10,961,839	$22,656,044	$20,040,723	$5,365,066
State	27,051,944	29,765,585	28,788,542	23,462,154	28,122,738	22,782,741	36,476,694	40,426,545	35,002,985
Local	121,169,856	118,806,986	123,368,101	123,042,670	127,198,563	127,306,534	131,658,617	133,993,918	141,389,837
TOTAL REVENUES	155,934,015	153,790,763	158,733,390	151,500,224	164,331,744	161,051,114	190,791,355	194,461,187	181,757,888
EXPENDITURES:									
Academic Salaries	50,892,362	50,634,201	53,094,937	50,839,130	53,500,473	50,600,777	54,115,539	54,097,009	54,322,753
Classified Salaries	35,821,413	34,847,347	38,666,907	37,090,816	39,883,531	38,079,405	39,472,712	41,880,329	42,241,072
Employee Benefits	34,314,342	37,596,874	35,130,605	35,670,938	37,666,191	35,811,715	38,181,067	39,098,839	42,711,866
Supplies and Materials	3,112,545	2,589,000	3,307,652	2,102,127	4,286,099	2,614,088	4,541,584	3,386,773	3,152,171
Other Operating Expenses and Services	16,932,887	13,509,970	14,684,431	11,603,363	13,879,528	10,935,148	13,962,799	15,877,586	13,783,271
Capital Outlay	5,580,709	4,641,025	5,423,711	3,148,049	6,936,696	4,322,685	11,383,710	12,485,539	8,291,842
TOTAL EXPENDITURES	146,654,258	143,818,417	150,308,243	140,454,423	156,152,518	142,363,818	161,657,411	166,826,075	164,502,558
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	9,279,757	9,972,346	8,425,147	11,045,801	8,179,226	18,687,296	29,133,944	27,635,111	17,255,331
Other Financing Sources (Uses)	10,000	--	20,000	45,068	20,000	2,907,917	930,000	--	--
OTHER OUTGO	(10,141,881)	(7,574,560)	(9,946,007)	(8,442,721)	(7,817,366)	(19,651,855)	(23,398,379)	(21,331,616)	(15,291,863)
NET INCREASE (DECREASE) IN FUND BALANCES	(852,124)	2,397,786	(1,500,860)	2,648,148	381,860	1,943,358	6,665,565	6,303,495	1,963,468
BEGINNING FUND BALANCE:									
Net Beginning Balance, July 1	30,853,720	30,853,720	33,251,507	33,251,506	35,899,654	35,899,654	37,843,012	37,843,012	44,146,507[3]
ENDING FUND BALANCE	$30,001,596	$33,251,506	$31,750,646	$35,899,654	$36,281,514	$37,843,012	$44,508,577	$44,146,507	$46,109,975

(1) From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited results summaries of expenses, revenues and changes in net assets for the District's primary government funds for fiscal years 2016-17 through 2020-21, see "MIRACOSTA COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.
(2) From the Tentative Budget, adopted by the Board on June 24, 2022.
(3) Revised to reflect actual beginning fund balance.
Source: MiraCosta Community College District.

Comparative Financial Statements

The table below reflects the District's audited revenues, expenditures and fund balances for its governmental funds, from fiscal years 2016-17 through 2020-21. See also "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

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AUDITED SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN NET POSITION(1)
Fiscal Years 2016-17 through 2020-21
MiraCosta Community College District

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
OPERATING REVENUES					
Tuition and Fees	$20,138,884	$20,851,708	$19,113,044	$15,777,607	$15,059,855
Less: Scholarship discount and allowances	(7,087,199)	(7,181,596)	(7,243,376)	(5,918,865)	(6,010,821)
Net tuition and fees	13,051,685	13,670,112	11,869,668	9,858,742	9,049,034
Auxiliary Enterprise Sales and Charges					
Bookstore	223,777	200,000	200,000	157,776	84,311
Cafeteria	26,458	17,619	26,385	15,753	1,092
Grants and Contracts, noncapital:					
Federal	--	4,420,281	5,218,192	4,982,379	10,961,841
State	--	12,308,802	11,962,266	12,611,419	18,133,578
Local	--	215,000	453,858	463,548	46,711
Total grants and Contract, noncapital	--	16,944,083	17,634,316	18,057,346	29,142,130
Total operating revenues	13,301,920	30,831,814	29,730,369	28,089,617	38,280,032
OPERATING EXPENSES					
Salaries	77,169,839	80,881,981	85,940,259	88,664,516	89,338,105
Employee benefits	28,170,228	34,672,675	42,555,788	45,727,334	47,303,212
Supplies, materials and other operating expenses and services	15,416,103	26,225,717	17,781,265	15,817,260	15,194,930
Student financial aid	19,764,591	20,505,480	20,594,125	23,000,000	22,267,892
Equipment, maintenance, and repairs	5,067,481	6,337,605	5,801,452	5,048,957	10,809,568
Depreciation	3,514,944	3,611,623	3,872,682	4,542,555	5,291,133
Total operating expenses	149,103,186	172,235,081	176,545,571	182,800,622	190,206,840
OPERATING LOSS	(135,801,266)	(141,403,267)	(146,815,202)	(154,711,005)	(151,926,808)
NON-OPERATING REVENUES (EXPENSES)					
Education protection account revenues	2,386,189	1,944,882	2,193,516	2,250,462	2,193,803
Local property taxes levied for general purposes	93,929,698	99,460,855	104,864,424	111,897,589	117,239,699
Taxes levies for other specific purposes	--	14,658,297	14,396,819	15,428,674	17,236,491
Federal grants and contracts, noncapital	21,637,470	18,330,304	18,244,160	19,736,186	21,383,401
State grants and contracts, noncapital	11,432,103	2,175,176	2,349,965	3,263,814	--
State taxes and other revenues	7,843,186	7,020,985	13,934,319	9,032,333	3,524,294
Investment income, noncapital	462,558	1,580,969	3,046,125	2,299,741	3,948,468
Interest expense on capital related debt	(381,284)	(2,770,098)	(3,165,548)	(2,602,377)	(7,953,655)
Investment income on capital asset-related debt, net	8,299	127,322	231,844	302,845	147,587
Transfer to fiduciary funds	(687,943)	(125,000)	(125,000)	(125,000)	--
Other nonoperating revenue	1,399,470	9,111,086	687,541	59,144	921,863
Total nonoperating revenues (expenses)	138,029,746	151,514,778	156,658,165	161,543,411	158,641,951
INCOME (LOSS) BEFORE OTHER REVENUES & EXPENSES	2,228,480	10,111,511	9,842,963	6,832,406	6,715,143
State revenues, capital	1,544,298	741,448	133,800	--	--
Local revenues, capital	438,780	--	43,147	367,919	--
Gain (loss) on disposal of capital assets	7,496	(18,707)	(3,970)	(141,534)	--
Total other revenues and losses	1,990,574	722,741	172,977	226,385	--
CHANGE IN NET POSITION	4,219,054	10,834,252	10,015,940	7,058,791	6,715,143
NET POSITION, BEGINNING OF YEAR	39,884,747	36,891,006(2)	47,725,258	57,741,198	70,758,991(3)
NET POSITION, END OF YEAR	$44,103,801	$47,725,258	$57,741,198	$64,799,989	$77,474,134

(1) From the District's Audited Financial Statements for fiscal years 2016-17 through 2020-21.
(2) Restatement to beginning fund balance reflects the inclusion of the District's net liability for post-employment benefits pursuant to GASB 75, equal to ($7,212,795). See also "—Post-Employment Health Care Benefits" herein.
(3) Restatement to the beginning fund balance reflects the inclusion of assets and liabilities of funds previously identified as fiduciary in nature pursuant to the adoption of GASB Statement No. 84, equal to $5,959,002.
Source: MiraCosta Community College District.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt.

Long-Term Debt. The District's general long-term debt, as of June 30, 2021, consisted of the following:

SUMMARY OF LONG-TERM DEBT
As of June 30, 2021
MiraCosta Community College District

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
General Obligation Bonds	$71,270,000	$255,000,000	$(20,005,000)	$306,265,000
Bond Premium	7,355,971	28,189,209	(1,459,416)	34,085,764
Compensated absences	2,890,666	315,521	--	3,206,187
Load banking	1,397,226	175,829	--	1,573,055
Total	$82,913,863	$283,680,559	$21,464,416	$345,130,006

Source: MiraCosta Community College District.

General Obligation Bonds. The District caused the issuance, on September 12, 2017, of the first series of general obligation bonds under the 2016 Authorization, in an aggregate principal amount of $100,000,000 (the "Series A Bonds"). On September 8, 2020, the District caused the issuance of the second series of bonds under the 2016 Authorization, in an aggregate principal amount of $255,000,000 (the "Series B Bonds"). The Bonds are the third and final series of bonds under the 2016 Authorization, and following the issuance thereof, no meaningful amount of the 2016 Authorization will remain unissued.*

* Preliminary, subject to change.

The table below shows the annual debt service requirements of the District's outstanding general obligation bonds, including the Bonds (and assuming no optional redemptions).

Year Ending (August 1)	Series A Bonds	Series B Bonds	The Bonds	Total Annual Debt Service
2023	$2,932,650.00	$21,966,443.76		
2024	3,050,900.00	8,330,643.76		
2025	3,176,650.00	8,656,043.76		
2026	3,299,150.00	9,005,043.76		
2027	3,433,150.00	9,366,043.76		
2028	3,567,650.00	9,742,843.76		
2029	3,712,150.00	10,129,043.76		
2030	3,860,650.00	10,538,443.76		
2031	4,017,400.00	10,959,243.76		
2032	4,178,600.00	11,395,043.76		
2033	4,344,800.00	11,849,243.76		
2034	4,515,400.00	12,325,043.76		
2035	4,694,950.00	12,820,443.76		
2036	4,883,550.00	13,330,193.76		
2037	5,079,350.00	13,868,100.00		
2038	5,281,000.00	14,419,900.00		
2039	5,495,400.00	14,996,600.00		
2040	5,714,400.00	15,597,400.00		
2041	5,942,200.00	16,221,500.00		
2042	6,182,800.00	16,869,800.00		
2043	--	20,941,550.00		
2044	--	21,780,825.00		
2045	--	22,652,837.50		
Totals	$87,362,800.00	$317,762,275.14		

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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of a maturity is to be sold to the public) 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 applicable 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 and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes 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 gain or loss on sale or exchange of 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 CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE 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 STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax 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 for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render 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 continue 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.

Copies of the proposed forms of opinions of Bond Counsel for the Bonds are attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Treasury Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SAN DIEGO COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as Appendix A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners of the Bonds (including the 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 2019-20 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed 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 material 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 Underwriters in complying with the Rule.

Previous Undertakings. [To Come]

Legality for Investment in California

Under provisions of the 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 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 to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

Under Section 6049 of the Code, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 (the "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 made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal 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 A.

Financial Statements

The District's audited financial statements with required supplemental information for the year ended June 30, 2021, 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 March 11, 2022 of Eide Bailly, LLP (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

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 agencies, 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, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. 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 ratings 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 ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Sandler & Co. and Morgan Stanley & Co. LLC, as the underwriters (the "Underwriters"). The Underwriters have agreed to purchase the Bonds at a price of $_______________ (reflecting the initial principal amount of the Bonds of $_______________, plus [net] original issue premium of $_______________, less the Underwriters' discount of $_______________). The Purchase Contract for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said Purchase Contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriters.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. 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.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT

By ____

Timothy Flood
Vice President, Administrative Services

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery 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:

____________, 2022

Board of Trustees
MiraCosta 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 $____________ MiraCosta Community College District (San Diego County, California) Election of 2016 General Obligation Bonds, Series C (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the MiraCosta Community College District (the "District") voting at an election held on November 8, 2016, and a resolution adopted by the Board of Trustees of the District on August 18, 2022 (the "Resolution").

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.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and 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 to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the MiraCosta Community College District (the "District") in connection with the issuance of $_____________ of the District's Election of 2016 General Obligation Bonds, Series C (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on August 18, 2022 (the "Resolution"). 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 Underwriters in complying with Securities and Exchange Commission 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 mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of ___________, 2022, relating to the offer and sale of the Bonds.

"Participating Underwriters" shall mean Piper Sandler & Co. and Morgan Stanley & Co. LLC, as the original underwriters of the Bonds required to comply with the Rule in connection with the 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 2021-22 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 a timely manner 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) Full time equivalent student counts 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; and

(E) Assessed valuation of taxable property within the District for the current 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.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(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, adverse tax opinions, 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 paying agent with respect to the Bonds or the change of name of such paying agent.

8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect bondholders.

(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 Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: __________, 2022

MIRACOSTA COMMUNITY COLLEGE DISTRICT

By ____
Vice President, Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: MIRACOSTA COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series C

Date of Issuance: _________, 2022

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: _______________________

MIRACOSTA COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITIES OF CARLSBAD, ENCINITAS, OCEANSIDE, AND SAN DIEGO AND SAN DIEGO COUNTY

The following information regarding the City of Carlsbad ("Carlsbad"), the City of Encinitas ("Encinitas"), the City of Oceanside ("Oceanside") and the City of San Diego ("San Diego" and together with Carlsbad, Encinitas and Oceanside, the "Cities") and San Diego County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of any of the Cities, the County or the State of California (the "State").

General

The City of Carlsbad is located on the coast of Southern California in the County, about 35 miles north of San Diego and 86 miles south of Los Angeles, and covers approximately 42 square miles. Carlsbad was incorporated July 16, 1952 and is a general law city with a council-manager form of government. Elections are held every two years where a five-member City Council is elected at large for four-year alternating terms. The Mayor is the presiding officer of the City Council and is also elected to serve a four-year term.

The City of Encinitas is located in the northern portion of the County, approximately 25 miles north of San Diego and 95 miles south of Los Angeles, and covers 21 square miles. Incorporated in 1986 as a general law city, Encinitas operates under a five-member City Council. Council members are elected at large and serve staggered four year terms and are responsible for appointing the City Manager and City Attorney. The Mayor is elected at large every two years.

The City of Oceanside is located on the Pacific Ocean in the County, about 35 miles north of San Diego and 83 miles south of Los Angeles, and covers approximately 42 square miles. Oceanside was incorporated January 3, 1888 and is a charter city with a council-manager form of government. The five-member City Council and Mayor are elected at large for four-year staggered terms.

The City of San Diego lies adjacent to the border of Mexico in Southern California and is 120 miles south of Los Angeles. San Diego is the eighth largest city in the United States and the second largest city in California. San Diego lies atop approximately 200 deep canyons and hills separating it from the multiple mesas, which form indentations of natural open space and preserves that are scattered throughout San Diego, giving it a hilly topography and differing wild habitats. San Diego was incorporated on March 28, 1950. It is governed by a mayor, who serves the chief executive officer, and a nine member city council.

San Diego County is located in the southwestern corner of the State. It is bordered by the Pacific Ocean on the west, Imperial County to the east, Riverside and Orange Counties to the north and by the Mexican border to the south. The County is the second most populous county in the State. Topography of the County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east that rise to an elevation of 6,500 feet. The eastern slopes of these mountains form the outer rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of the County.

The County was incorporated on February 18, 1850 and functions under a charter adopted in 1933, which is amended from time to time. The County is governed by a five-member Board of Supervisors elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer and the County Counsel. Elected officials include the Assessor/County Clerk/Recorder, District Attorney, Sheriff and Treasurer/Tax Collector.

Population

The following table below shows historical population figures for the Cities, the County and the State from 2013 through 2022.

POPULATION ESTIMATES
2013 through 2022
Cities of Carlsbad, Encinitas, Oceanside, San Diego,
San Diego County and the State of California

Year[(1)]	City of Carlsbad	City of Encinitas	City of Oceanside	City of San Diego	County of San Diego	State of California
2013	109,857	61,130	173,144	1,346,820	3,199,900	38,269,864
2014	111,358	61,509	174,567	1,364,446	3,232,762	38,556,731
2015	112,046	61,921	175,429	1,361,732	3,264,706	38,865,532
2016	112,799	62,225	175,826	1,393,165	3,283,009	39,103,587
2017	113,321	62,347	176,145	1,378,973	3,303,366	39,352,398
2018	113,994	62,394	176,569	1,388,940	3,321,118	39,519,535
2019	113,986	62,296	177,365	1,400,582	3,333,319	39,605,361
2020	114,664	62,243	176,969	1,416,956	3,331,279	39,648,938
2021	115,680	61,724	173,932	1,421,675	3,288,503	39,303,157
2022	115,585	61,515	173,048	1,421,462	3,287,306	39,185,605

(1) As of January 1.
Source: 2013-20 (2010 Census Benchmark); 2021-2022 (2020 Benchmark): California Department of Finance for January 1.

Personal Income

The following table summarizes 10 years of per capita personal income for the County, State and United States from 2012 through 2021.

PER CAPITA PERSONAL INCOME[(1)]
2012 through 2021
San Diego County, State of California, and United States

Year	San Diego County	State of California	United States
2012	$47,704	$48,121	$44,548
2013	48,815	48,502	44,498
2014	51,230	51,266	46,887
2015	53,679	54,546	48,725
2016	55,056	56,560	49,613
2017	56,802	58,813	51,573
2018	58,719	61,509	53,817
2019	60,845	64,333	55,724
2020	66,266	69,958	59,147
2021	(2)	76,386	63,444

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
(2) San Diego County data for 2021 not yet available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

With respect to the Cities, County, and State, the following table summarizes the civilian labor force, employment and unemployment for the years 2016 through 2020.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2016 through 2020
Cities of Carlsbad, Encinitas, Oceanside, San Diego,
San Diego County, the State of California and the United States

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2016	City of Carlsbad	53,900	51,600	2,300	4.3
	City of Encinitas	33,000	31,800	1,300	3.8
	City of Oceanside	81,400	77,400	4,000	4.9
	City of San Diego	704,300	672,000	32,300	4.6
	San Diego County	1,563,200	1,489,100	74,100	4.7
	State of California	19,012,000	17,965,400	1,046,600	5.5
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City of Carlsbad	54,600	52,500	2,100	3.8
	City of Encinitas	33,100	32,000	1,100	3.3
	City of Oceanside	81,600	78,200	3,400	4.2
	City of San Diego	710,100	682,300	27,800	3.9
	San Diego County	1,570,800	1,507,200	63,600	4.0
	State of California	19,173,800	18,246,800	927,000	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Carlsbad	55,000	53,300	1,700	3.1
	City of Encinitas	33,100	32,200	900	2.7
	City of Oceanside	81,800	79,000	2,900	3.5
	City of San Diego	716,200	692,800	23,400	3.3
	San Diego County	1,579,600	1,526,100	53,500	3.4
	State of California	19,263,900	18,442,400	821,500	4.3
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City of Carlsbad	55,400	53,300	1,700	3.1
	City of Encinitas	33,300	32,200	800	2.5
	City of Oceanside	82,500	79,200	2,800	3.4
	City of San Diego	721,000	695,100	22,500	3.1
	San Diego County	1,590,600	1,531,000	51,800	3.3
	State of California	19,411,600	18,550,500	803,200	4.2
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	City of Carlsbad	53,300	48,800	4,500	8.4
	City of Encinitas	31,700	29,400	2,300	7.3
	City of Oceanside	80,100	71,900	8,300	10.3
	City of San Diego	698,600	634,100	64,500	9.2
	San Diego County	1,542,000	1,395,700	146,200	9.5
	State of California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021 Benchmark.

Industry

The Cities are included in the San Diego-Carlsbad Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for calendar years 2017 through 2021. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends within the communities served by the District.

INDUSTRY EMPLOYMENT & LABOR FORCE
2017 through 2021[1]
San Diego-Carlsbad Metropolitan Statistical Area

	2017	2018	2019	2020	2021
Total Farm	8,700	9,300	9,700	9,200	8,800
Total Non-Farm	1,452,200	1,482,200	1,503,100	1,385,800	1,43,500
Good Producing	189,200	196,400	200,000	195,400	197,800
Mining, Logging and Construction	79,800	84,000	84,300	81,600	83,700
Construction	79,500	83,700	84,000	81,300	83,400
Manufacturing	109,400	112,300	115,700	113,800	114,100
Service Providing	1,263,000	1,285,800	1,303,100	1,190,400	1,240,700
Wholesale Trade	43,800	43,800	44,000	41,300	41,700
Retail Trade	148,900	147,900	145,600	133,200	137,800
Transportation, Warehousing & Utilities	32,000	33,300	34,300	33,300	36,800
Information	23,400	23,600	23,500	22,100	22,200
Financial Activities	74,600	76,000	76,500	74,800	75,500
Professional & Business Services	239,100	249,000	255,800	248,300	264,900
Education & Health Services	204,300	208,900	216,600	210,900	215,700
Leisure & Hospitality	195,600	199,600	201,700	144,800	161,600
Other Services	55,000	55,500	56,400	44,800	49,300
Government	246,300	248,100	248,600	237,100	237,300
Total (all industries)	1,460,900	1,491,400	1,512,800	1,394,900	1,447,300

(1) Annual averages, unless otherwise specified.
Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2021 Benchmark.

Largest Employers

The following tables list the most recently available data concerning the ten largest employers located in the County.

PRINCIPAL EMPLOYERS
San Diego County
2021

Employer	Industry	Employees
U.C. San Diego	Education Services	35,802
Sharp Healthcare	Health Services	19,468
County of San Diego	Government Services	17,954
City of San Diego	Government Services	11,820
General Atomics (affiliated companies)	Advances Technology Solutions	6,745
San Diego State University	Education Services	6,454
Rady's Children Hospital-San Diego	Health Services	5,711
San Diego Community College District	Education Services	5,400
Sempra Energy	Electric and Natural Gas	5,063
YMCA of San Diego County	Community focused non-profit	5,057

Source: San Diego County 'Comprehensive Annual Financial Report' for the year ending June 30, 2021.

Retail Trade

The following tables show a five-year history of taxable sales for the Cities and the County.

ANNUAL TAXABLE SALES
2017 through 2021
City of Carlsbad
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	2,565	$2,288,415	4,666	$3,067,168
2018	2,584	2,310,782	4,845	3,196,922
2019	2,621	2,335,237	4,967	3,195,642
2020	2,730	2,141,925	5,266	2,814,433
2021	2,438	2,728,427	4,745	3,638,654

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

ANNUAL TAXABLE SALES
2017 through 2021
City of Encinitas
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	1,884	$1,011,749	3,160	$1,148,426
2018	1,890	1,034,536	3,278	1,182,641
2019	1,833	1,010,444	3,235	1,164,668
2020	1,903	898,266	3,424	1,056,503
2021	1,620	1,149,688	2,952	1,322,161

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

ANNUAL TAXABLE SALES
2017 through 2021
City of Oceanside
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	3,045	$1,478,219	4,804	$1,773,013
2018	3,088	1,556,299	5,029	1,847,451
2019	2,977	1,533,472	5,011	1,832,856
2020	3,118	1,445,689	5,333	1,740,881
2021	2,707	1,740,288	4,753	2,100,932

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

.ANNUAL TAXABLE SALES
2017 through 2021
City of San Diego
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	26,996	$17,189,186	43,324	$23,755,424
2018	27,131	17,972,681	45,255	24,971,814
2019	26,859	18,225,468	45,748	25,527,552
2020	28,424	15,038,462	49,095	21,190,163
2021	25,280	19,182,403	44,165	27,021,966

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

ANNUAL TAXABLE SALES
2017 through 2021
San Diego County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	59,798	$40,371,715	97,412	$57,551,360
2018	59,836	41,886,825	100,674	59,041,042
2019	59,447	42,816,938	101,901	61,365,277
2020	62,897	41,336,898	109,428	58,814,528
2021	55,683	49,817,135	98,392	71,588,741

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").

Construction

The following tables show a five-year history of the building permits and valuations for the Cities and the County from years 2017 through 2021.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Carlsbad
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$220,706	$109,404	$109,263	$105,373	$49,184
Non-residential	268,016	173,932	101,429	85,116	59,746
Total	$488,722	$283,336	$210,692	$190,489	$108,930
New Housing Units					
Single Units	372	256	227	182	105
Multiple Units	356	31	114	237	201
Total	728	287	341	419	306

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Encinitas
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$48,038	$51,715	$52,359	$41,797	$26,244
Non-residential	11,313	21,747	57,369	21,056	23,546
Total	$59,351	$73,462	$109,728	$62,853	$49,790
New Housing Units					
Single Units	110	148	169	117	95
Multiple Units	0	0	0	8	14
Total	110	148	169	125	109

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Oceanside
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$76,730	$67,218	$70,364	$54,140	$120,981
Non-residential	77,620	42,883	368,006	68,288	170,494
Total	$154,350	$110,101	$438,370	$122,428	$291,475
New Housing Units					
Single Units	122	126	78	69	66
Multiple Units	206	286	262	197	428
Total	328	412	340	266	494

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of San Diego
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$1,164,181	$1,062,683	$932,823	$1,156,578	$1,286,339
Non-residential	1,496,960	1,247,164	1,344,409	1,172,262	1,119,795
Total	$2,661,141	$2,309,847	$2,277,232	$2,328,840	$2,406,134
New Housing Units					
Single Units	1,096	724	798	577	708
Multiple Units	4,134	3,561	2,791	4,157	3,725
Total	5,230	4,285	3,589	4,734	4,433

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
San Diego County
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$2,632,826	$2,673,873	$2,084,655	$2,647,919	$2,610,755
Non-residential	2,371,303	1,901,844	2,359,541	1,973,800	2,505,422
Total	$5,004,129	$4,575,717	$4,444,196	$4,621,719	$5,116,177
New Housing Units					
Single Units	3,960	3,438	3,045	3,160	3,546
Multiple Units	6,056	6,132	4,405	6,326	6,646
Total	10,016	9,570	7,450	9,486	10,192

Source: Construction Industry Research Board.

APPENDIX E

SAN DIEGO COUNTY INVESTMENT POOL

The following information concerning the San Diego County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriters. Neither the District nor the Underwriters has made an independent investigation of the investments in the Investment Pool and neither has made an assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriters makes any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at http://www.sdttc.com/; however, the information presented on such website is not incorporated herein by any reference.