PRELIMINARY OFFICIAL STATEMENT DATED _____________, 2014

NEW ISSUE—BOOK ENTRY ONLY

RATINGS: Moody's: "___"
S&P: "___"
(See "RATINGS" herein.)

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS, 2008 ELECTION
2014 SERIES B

Consisting of

$__________* **Current Interest Bonds**

and

$__________* **Convertible Capital Appreciation Bonds**

$__________ **Capital Appreciation Bonds**

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

The above-captioned bonds (the "Bonds") offered hereunder by Santa Monica Community College District (the "District") were authorized at a bond election conducted in the District on November 4, 2008 (the "Election"), at which more than 55% of the voters within the District voting on the measure voted to approve the issuance by the District of $295,000,000 aggregate principal amount of bonds, as more fully described herein under the caption "INTRODUCTION." The proceeds of the Bonds are being used to finance the construction, acquisition, furnishing and equipping of District facilities and to pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE." The Bonds will be issued in denominations of $5,000 principal amount or maturity value, as applicable, or integral multiples thereof, and are payable as to principal amount, maturity value or redemption price at the office of U.S. Bank National Association, as agent of the Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent (the "Paying Agent").

The Bonds are the second series of bonds issued pursuant to the authorization approved by the voters at the Election, and, following the issuance thereof, $50,000,000* of authorization under the Election will remain. The Bonds are issued on a parity with all other general obligation bonds of the District, including general obligation bonds issued pursuant to previous authorizations.

The Bonds are being issued as current interest bonds ("Current Interest Bonds"), capital appreciation bonds ("Capital Appreciation Bonds") and convertible capital appreciation bonds ("Convertible Capital Appreciation Bonds"). Interest on the Current Interest Bonds is payable on August 1, 2015, and semiannually thereafter on each February 1 and August 1. Principal of the Current Interest Bonds is payable annually commencing on August 1, 2015. The Capital Appreciation Bonds will not bear current interest, but will accrete in value from their initial issue amounts on the delivery date thereof to their respective accreted values on their respective maturity dates (the "Maturity Amount"). Interest on the Capital Appreciation Bonds will be compounded commencing February 1, 2015, and semiannually thereafter on each February 1 and August 1 and shall be payable only upon maturity. Prior to the applicable date that a Convertible Capital Appreciation Bond converts into a Current Interest Bond (the "Conversion Date"), the Convertible Capital Appreciation Bonds will not pay current interest, but will accrete in value from their initial principal amounts on the date of delivery thereof to the Conversion Date (the initial principal amount plus such accretion of interest being the "Conversion Value"). Prior to the applicable Conversion Date, interest on the Convertible Capital Appreciation Bonds will be compounded on each February 1 and August 1, commencing February 1, 2015. No payment of interest will be made to the owners of Convertible Capital Appreciation Bonds prior to or on the Conversion Date. From and after the Conversion Date, the Convertible Capital Appreciation Bonds will pay current interest, such interest to accrue based upon the Conversion Value of the Convertible Capital Appreciation Bonds. Following the Conversion Date, interest on the Convertible Capital Appreciation Bonds will be payable semiannually on each February 1 and August 1 thereafter, commencing on the first February 1 or August 1 after their Conversion Date. See "THE BONDS" herein.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds as described herein under the caption "THE BONDS – Book-Entry-Only System."

The Bonds are subject to redemption prior to maturity as described herein.* See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption" herein.*

The Bonds are general obligations of the District only and are not obligations of the County of Los Angeles, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Los Angeles has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal or maturity value of, and premium, if any, and interest on each Bond as the same becomes due and payable. The Bonds are dated their date of delivery and are issued on a parity with all other general obligation bonds of the District, including future issuances of the District's general obligation bonds authorized at subsequent elections.

MATURITY SCHEDULE
(On Inside Cover)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Nixon Peabody LLP, Bond Counsel, and certain other conditions. Nixon Peabody LLP is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC on or about November __, 2014.

RBC CAPITAL MARKETS

Dated: October __, 2014.

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*Preliminary; subject to change.

MATURITY SCHEDULE*

$__________ Current Interest Serial Bonds*

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No.† (802385)

$_____ ___% Current Interest Term Bonds Maturing August 1, 20__, Priced to Yield ____%; CUSIP No.† 802385 ___

$_____ ___% Current Interest Term Bonds Maturing August 1, 20__, Priced to Yield ____%; CUSIP No.† 802385 ___

$__________ Capital Appreciation Serial Bonds*

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Reoffering Yield	Maturity Amount	CUSIP No.† (802385)

$______________ Convertible Capital Appreciation Serial Bonds*

Maturity Date (August 1)	Denominational Amount	Conversion Value	Accretion Rate	Yield	Conversion Date (August 1)	Coupon Upon Conversion	CUSIP No.† (802385)

$___________ ________% Convertible Capital Appreciation Term Bonds, Due August 1, 20__; Yield: ____%; Conversion Date: August 1, 20__; CUSIP No. 802385†: __________

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* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District nor the Underwriter is 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 issuance 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.

No dealer, broker, salesperson or other person has been authorized by the District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation 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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion 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. Although certain information set forth in this Official Statement has been provided by the County of Los Angeles, the County of Los Angeles has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER 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 UNDERWRITER.

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.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Los Angeles County, State of California

District Administrators

Dr. Chui L. Tsang, Superintendent/President
Jeff Shimizu, Interim Executive Vice President
Robert G. Isomoto, Vice President, Business/Administration
Mike Tuitasi, Vice President, Student Affairs
Georgia Lorenz, Vice President, Academic Affairs
Teresita Rodriguez, Vice President, Enrollment Development
Marcia M. Wade, Vice President, Human Resources
Don Girard, Senior Director, Government Relations & Institutional Communications

SPECIAL SERVICES

Underwriter

RBC Capital Markets, LLC
Los Angeles, California

Bond Counsel and Disclosure Counsel

Nixon Peabody LLP

Financial Advisor

First Southwest Company
Santa Monica, California

Paying Agent

U.S. Bank National Association,
as agent of the Treasurer and Tax Collector
of the County of Los Angeles
Los Angeles, California

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS, 2008 ELECTION
2014 SERIES B

Consisting of

$___________* **Current Interest Bonds**	**and**	**$___________*** **Convertible Capital Appreciation Bonds**

$_____________
Capital Appreciation Bonds

INTRODUCTION

The Santa Monica Community College District (the "District") proposes to issue $145,000,000* aggregate principal and denominational amount of its General Obligation Bonds, 2008 Election, 2014 Series B (the "Bonds"), pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "Act"), and other applicable laws and regulations of the State of California (the "State"), an authorization received from the District's voters at an election conducted on November 4, 2008, at which more than 55% of the persons voting on the proposition voted to authorize the issuance of $295,000,000 principal amount of general obligation bonds of the District (the "Authorization"), and a resolution adopted by the Board of Trustees of the District (the "Board") on October 7, 2014 (the "Resolution"). The issuance of the Bonds was approved in accordance with the requirements of State Assembly Bill 182, codified in Section 15140 *et seq.* of the Education Code of the State (the "Education Code") and the Act. The Resolution was presented to the Board at its September 2, 2014, meeting as an information item.

All general obligation bonds issued by or on behalf of the District are issued on a parity with the Bonds and with each other.

Proceeds from the sale of the Bonds will be used to (i) finance the acquisition, construction, furnishing and equipping of certain District facilities, and (ii) pay related costs of issuance of the Bonds. See "PLAN OF FINANCE."

The District was established in 1929. The District encompasses approximately 28 square miles and borders the Pacific Ocean on the western edge of the County of Los Angeles (the "County"). The District's boundaries are approximately coterminous with the combined area of the City of Santa Monica, the City of Malibu and the unincorporated area of the County within the Malibu postal zip code.

The District's total enrollment for fiscal year 2013-14 was 25,692 students, with approximately 21,415 California resident full-time equivalent students ("FTES") and 4,277 non-resident FTES. The District projects total enrollment for fiscal year 2014-15 of 26,585 students, with approximately 22,094 California resident FTES and 4,491 non-resident FTES. The assessed valuation of the District for fiscal years 2012-13 and 2013-14 was $39,045,443,607 and $41,573,750,112, respectively. The District has certain existing lease financing obligations as set forth in APPENDIX A and direct and overlapping bonded indebtedness as set forth under the caption "SECURITY AND SOURCES OF PAYMENT FOR

* Preliminary; subject to change.

THE BONDS – District Debt" herein. The District's audited financial statements for the fiscal year 2012-2013 is attached hereto as APPENDIX C. For further information concerning the District, see APPENDICES A and C attached hereto.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District. The District received authorization to issue $295,000,000 of its general obligation bonds at an election held on November 4, 2008, by more than 55% of the votes cast on the ballot proposition by eligible voters within the District. The Bonds are being issued by the District under the Act and other applicable laws and regulations of the State, and pursuant to the Resolution and the Authorization. The Bonds represent the second series of bonds issued under the Authorization, following which $50,000,000* of the Authorization will remain.

All general obligation bonds issued by the District are issued on a parity with one another, and hence, with the Bonds offered hereunder. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property, which is taxable at limited rates), for the payment of principal and Maturity Amount (defined below) of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Description of the Bonds

The Bonds will be issued in the form of current interest bonds ("Current Interest Bonds"), capital appreciation bonds ("Capital Appreciation Bonds") and convertible capital appreciation bonds ("Convertible Capital Appreciation Bonds").

The Current Interest Bonds will be issued in initial denominations of $5,000 or any integral multiple thereof; the Capital Appreciation Bonds will be issued in initial amounts ("Denominational Amounts") corresponding to $5,000 accreted value at maturity ("Maturity Amount") or any integral multiple thereof; and the Convertible Capital Appreciation Bonds will be issued in Denominational Amounts corresponding to $5,000 Accreted Value at the date the Convertible Capital Appreciation Bond converts to a current interest bond (the "Conversion Date") ("Conversion Value"). "Accreted Value" shall mean, with respect to any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds prior to their Conversion Date, as of the date of any calculation, the sum of the Denominational Amount thereof and the interest accreted thereon to such date of calculation, compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1. The Bonds will mature on the dates and in the amounts and bear or accrete interest at the rates per annum all as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

* Preliminary; subject to change.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest, or Maturity Amount or premium, if any, on the Bonds are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent"), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants ("DTC Participants") for subsequent disbursement to the Beneficial Owners. Payments of principal, Maturity Amount, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – "BOOK ENTRY ONLY SYSTEM" herein.

Payment of the Bonds

Current Interest Bonds. Interest on each Current Interest Bond shall accrue from its dated date. Interest on Current Interest Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each August 1 and February 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2015, to the registered owners (each, an "Owner") thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date"). Interest on each Current Interest Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event, interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal on the Current Interest Bonds shall be due and payable on August 1 in each of the years as set forth on the inside cover of this Official Statement.

Capital Appreciation Bonds. The Capital Appreciation Bonds will not bear current interest, but will accrete in value from their Denominational Amounts to their respective Maturity Amounts on their respective maturity dates on the basis of a constant interest rate (with straight line interpolations between compounding interest dates) compounded commencing February 1, 2015, and semiannually thereafter on August 1 and February 1 in each year and shall be payable only upon maturity. The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form in their initial denominational amounts but shall reflect denominations of $5,000 in Maturity Amount or any integral multiple thereof. The Capital Appreciation Bonds shall be dated the date of their issuance, shall be issued in the aggregate initial principal amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest at the accretion rates, all as set forth on the inside cover of this Official Statement. See also APPENDIX G – "ACCRETED VALUE TABLE."

Convertible Capital Appreciation Bonds. Prior to the applicable Conversion Date set forth on the inside cover of this Official Statement, the Convertible Capital Appreciation Bonds will not pay current interest but will accrete in value from their initial principal amount on the date of delivery thereof to the Conversion Date. Prior to the applicable Conversion Date, interest on the Convertible Capital Appreciation Bonds will be compounded on each February 1 and August 1, commencing on February 1, 2015. No payment of interest will be made to the registered owners of Convertible Capital Appreciation Bonds prior to or on the Conversion Date. See APPENDIX G – "ACCRETED VALUES TABLE." From and after the applicable Conversion Date, the Convertible Capital Appreciation Bonds will pay current interest, such interest to accrue based upon the Conversion Value of the Convertible Capital Appreciation Bonds. Following the applicable Conversion Date, interest on the Convertible Capital Appreciation Bonds will be payable semiannually on each Interest Payment Date, commencing on the first February 1 or August 1 occurring after the applicable Conversion Date. Interest will accrue and be compounded on the basis of a 360-day year comprised of twelve 30-day months. The Convertible Capital Appreciation Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereto.

Unless otherwise provided herein, the descriptions herein of Capital Appreciation Bonds apply to Convertible Capital Appreciation Bonds prior to the Conversion Date, and descriptions herein of Current Interest Bonds apply to Convertible Capital Appreciation Bonds from and after the Conversion Date.

Optional Redemption*

Current Interest Bonds. The Current Interest Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on or after August 1, 20__, may be redeemed before maturity, 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 par, together with interest accrued thereon to the date of redemption, without premium.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or prior to August 1, 2024 are not subject to optional redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 2025, may be redeemed prior to maturity, 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, 2024, at 100% of their Accreted Value to the date of redemption, without premium.

Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds may be redeemed before maturity at the option of the District, from any source of available funds, on any date on or after August 1, 20__, as a whole or in part, at a redemption price equal to the accreted value if prior to conversion or Conversion Value if on or after the Conversion Date thereof, together with accrued interest to the date of redemption, without premium.

"Accreted Value" shall mean, with respect to any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, as of any date of calculation, the sum of the Denominational Amount thereof and the interest accreted thereon to such date of calculation, compounded from the date of initial issuance at the stated accretion rate thereof on each August 1 and February 1, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

* Preliminary; subject to change.

Mandatory Sinking Fund RedemptionError! Bookmark not defined.

The Current Interest Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) from mandatory sinking fund payments on any August 1 on or after August 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment

(1) Final maturity.

The Convertible Capital Appreciation Bonds maturing on August 1, 20__ (the "Convertible Capital Appreciation Term Bonds" and together with the Current Interest Term Bonds, 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 Conversion Value thereof, together with accrued interest to the date fixed for redemption, without premium. The Conversion Value represented by such Convertible Capital Appreciation Bonds to be so redeemed and the dates therefor shall be as follows:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment

(1) Final maturity.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the date designated for such redemption, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount, Maturity Amount, or, in the case of a Convertible Capital Appreciation Bond prior to the Conversion Date, Conversion Value of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed 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 (defined below) of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest on Bonds shall cease to accrue or accrete. The "Principal Amount" shall mean, as of any date of calculation, with respect to: (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond or Convertible Capital Appreciation Bond prior to its Conversion Date, the Accreted Value thereof.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of the Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the bond register; and (ii) at least 35 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories. The "Securities Depositories" shall mean DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

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

"Transfer Amount" shall mean, with respect to (i) any Current Interest Bond, the aggregate principal amount thereof, (ii) any Capital Appreciation Bond, the Maturity Amount thereof, and (iii) any Convertible Capital Appreciation Bond, the Conversion Value thereof.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue or accrete and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount and transferred upon the bond registrar upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like series, tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Discharge and Defeasance

All or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

(a) by paying or causing to be paid the principal or Maturity Amount of and interest on all Bonds outstanding, and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution which meets the requirements for acting as a successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding at maturity thereof, including any premium and all interest thereon, for which notice has been given or provided for, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

Debt Service Schedule

The following table summarizes the debt service requirements of the District for all its outstanding general obligation bonds and the Bonds:

Year Ending (August 1)	Outstanding General Obligation Bonds[1]	The Bonds: Principal or Maturity Value	The Bonds: Interest	Aggregate Debt Service
2015	$25,843,556.56			
2016	26,875,990.06			
2017	26,815,010.46			
2018	27,505,509.06			
2019	26,439,037.46			
2020	25,601,644.96			
2021	26,268,269.96			
2022	27,374,782.46			
2023	30,665,694.96			
2024	32,426,694.96			
2025	33,659,657.36			
2026	34,905,078.96			
2027	33,005,333.16			
2028	34,053,352.20			
2029	35,027,553.50			
2030	22,757,838.16			
2031	10,416,940.40			
2032	9,103,264.50			
2033	9,168,068.40			
2034	9,224,323.20			
Total	$507,137,600.74			

[1] Represents all outstanding general obligation bonds of the District, but does not include general fund and other indebtedness of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – District Debt."

Book-Entry Only System

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" hereto.

PLAN OF FINANCE

The net proceeds of the Bonds will be used to finance the acquisition, construction, modernization, furnishing and equipping of school facilities as approved by the voters of the District pursuant to the Authorization and to pay certain costs of issuance of the Bonds. Prior to the Authorization, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds (the "Project List"). The Project List included projects for developing and implementing facilities master plans, demolishing temporary and/or obsolete facilities, installing and/or upgrading of emergency lighting, fire alarm and security systems, roadways, walkways, grounds, parking lots, and garages, entrances, and signage for safety and public information, relocating and/or acquiring temporary facilities during project phases, acquiring and/or entering into arrangements for the joint use of land, making site improvements, and building infrastructure and/or constructing additional facilities for the purpose of expanding instructions programs to meet future educational demands of the District.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Source of Funds	
Principal Amount	$____________
Plus/Less [Net] Original Issue Premium/Discount	____________
Total Sources	$____________
Uses of Funds	
Project Fund	$____________
Costs of Issuance(1)	____________
Total Uses	$____________

(1) Costs of issuance includes, but is not limited to, Underwriter's discount, printing and rating costs, fees and expenses of the Paying Agent, Financial Advisor, and Bond and Disclosure Counsel.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal or Maturity Value of and interest on the Bonds. Subsequent to the issuance of the Bonds, $50,000,000* will remain for issuance of additional general obligation bonds under the Authorization. The District also has remaining authorization under an authorization approved by its voters in 2004. All general obligation bonds of the District are issued on a parity with one another.

Assessed Valuations – Constitutional and Statutory Initiatives

Article XIIIA of the California Constitution. Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property, to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness for the acquisition or improvement of real property

* Preliminary; subject to change.

which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Legislation Implementing Article 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 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 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the $1 per $100 of taxable value.

Assessed Valuations of the District

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

For fiscal year 2013-14 and 2014-15, the District's total assessed valuation is $41,573,750,112 and $43,627,526,290, respectively. Shown in the following tables is information relating to the assessed valuation of property in the District during the current and past five fiscal years, assessed valuation and parcels by land use, and per parcel assessed valuation of single-family homes.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Summary of Assessed Valuations

	Local Secured	Utility	Unsecured	Total
2008-09	$34,102,150,295	$743,365	$1,068,927,968	$35,171,821,628
2009-10	35,455,239,985	743,365	1,013,023,685	36,469,007,035
2010-11	35,419,755,112	742,365	924,337,416	36,344,834,893
2011-12	36,575,521,349	742,365	945,862,922	37,522,126,636
2012-13	38,020,590,546	742,365	1,024,110,696	39,045,443,607
2013-14	40,553,638,610	742,365	1,019,369,137	41,573,750,112
2014-15	42,611,392,427	742,365	1,015,391,498	43,627,526,290

Source: California Municipal Statistics, Inc.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
2014-15 Assessed Valuation and Parcels by Land Use

Non-Residential:	2014-15 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$ 9,376,588,076	22.00%	1,799	5.39%
Vacant Commercial	382,774,391	0.90	25	0.07
Industrial	715,929,133	1.68	294	0.88
Vacant Industrial	18,142,419	0.04	45	0.13
Recreational	119,828,167	0.28	76	0.23
Government/Social/Institutional	120,423,594	0.28	83	0.25
Miscellaneous	71,085,079	0.17	219	0.66
Subtotal Non-Residential	$10,804,770,859	25.36%	2,541	7.61%
Residential:				
Single Family Residence	$19,472,764,452	45.70%	12,770	38.25%
Condominium/Townhouse	5,912,935,683	13.88	10,381	31.09
Mobile Home Park	27,522,191	0.06	9	0.03
2-4 Residential Units	1,447,878,690	3.40	1,972	5.91
5+ Residential Units/Apartments	3,589,475,038	8.42	2,420	7.25
Vacant Residential	1,356,045,514	3.18	3,295	9.87
Subtotal Residential	$31,806,621,568	74.64%	30,847	92.39%
Total	$42,611,392,427	100.00%	33,388	100.00%

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

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Per Parcel 2014-15 Assessed Valuation of Single-Family Homes

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	12,770	$19,472,764,452	$1,524,884	$909,851

2014-15 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	655	5.129%	5.129%	$ 47,479,011	0.244%	0.244%
$100,000 - $199,999	995	7.792	12.921	154,017,052	0.791	1.035
$200,000 - $299,999	858	6.719	19.640	213,000,961	1.094	2.129
$300,000 - $399,999	687	5.380	25.020	240,194,629	1.233	3.362
$400,000 - $499,999	633	4.957	29.977	284,922,714	1.463	4.825
$500,000 - $599,999	683	5.348	35.325	374,983,160	1.926	6.751
$600,000 - $699,999	612	4.792	40.117	397,739,004	2.043	8.793
$700,000 - $799,999	628	4.918	45.035	469,685,799	2.412	11.206
$800,000 - $899,999	574	4.495	49.530	488,025,712	2.506	13.712
$900,000 - $999,999	540	4.229	53.759	513,086,490	2.635	16.347
$1,000,000 - $1,099,999	505	3.955	57.713	529,912,507	2.721	19.068
$1,100,000 - $1,199,999	389	3.046	60.760	446,449,132	2.293	21.361
$1,200,000 - $1,299,999	392	3.070	63.829	489,692,278	2.515	23.875
$1,300,000 - $1,399,999	335	2.623	66.453	451,090,739	2.317	26.192
$1,400,000 - $1,499,999	305	2.388	68.841	442,205,726	2.271	28.463
$1,500,000 - $1,599,999	303	2.373	71.214	469,162,039	2.409	30.872
$1,600,000 - $1,699,999	275	2.153	73.367	453,545,256	2.329	33.201
$1,700,000 - $1,799,999	242	1.895	75.262	423,882,307	2.177	35.378
$1,800,000 - $1,899,999	222	1.738	77.001	410,582,625	2.108	37.486
$1,900,000 - $1,999,999	215	1.684	78.684	418,628,152	2.150	39.636
$2,000,000 and greater	2,722	21.316	100.000	11,754,479,159	60.364	100.000
Total	12,770	100.000%		$19,472,764,452	100.000%	

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

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). 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 property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and ½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1 ½% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

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

The District is a member of the California Statewide Delinquent Tax Financing Authority (the "Authority"). The Authority is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the California Government Code. The Authority purchases delinquent *ad valorem* property taxes from school agencies and community college districts in the County. The Authority is a pass-through entity and financial information is not available.

The following tables set forth secured tax charges levied and delinquencies in the District for fiscal years 2007-08 through 2013-14.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2007-08	$12,260,095	$612,971	5.00%
2008-09	13,494,686	632,753	4.69
2009-10	13,944,888	479,206	3.44
2010-11	13,952,925	335,344	2.40
2011-12	14,470,936	302,470	2.09
2012-13	15,147,151	272,810	1.80
2013-14	16,185,945	239,253	1.48

	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2007-08	$ 8,448,584	$228,576	2.71%
2008-09	16,123,592	514,722	3.19
2009-10	17,749,308	577,958	3.26
2010-11	28,876,107	657,743	2.28
2011-12	28,938,190	584,102	2.02
2012-13	27,551,391	645,133	2.34
2013-14	24,220,220	347,120	1.43

(1) 1% general fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) General obligation bonds debt service levy only.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area 8604 for fiscal years 2009-10 through 2013-14.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates (TRA 8604)

	2009-10	2010-11	2011-12	2012-13	2013-14
County General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Santa Monica	.011904	.007990	.006973	.006059	.005504
Santa Monica Unified School District	.047428	.048216	.045679	.056386	.073806
Santa Monica Community College District	.050292	.081548	.079475	.072060	.059413
Metropolitan Water District	.004300	.003700	.003700	.003500	.003500
Total	1.113924%	1.141454%	1.135827%	1.138005%	1.142223%

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest local secured taxpayers in the District and their assessed valuations for 2013-14 are shown in the following table.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Largest 2014-15 Local Secured Taxpayers

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total(1)
1.	CA Colorado Center LLC	Office Building	$ 494,180,339	1.16%
2.	Water Garden Realty Holding LLC	Office Building	479,461,422	1.13
3.	SC Enterprises SMBP LLC	Commercial	335,446,589	0.79
4.	Douglas Emmett LLC	Office Building	328,946,829	0.77
5.	Macerich SMP LP	Shopping Center	223,431,489	0.52
6.	CREP 2700 Holdings LLC	Office Building	220,600,000	0.52
7.	Jamestown Lantana North LP	Office Building	191,800,000	0.45
8.	Hart Arboretum LLC	Apartments	168,511,585	0.40
9.	Ocean Avenue LLC	Hotel	156,389,493	0.37
10.	Equity Office Properties Trust	Office Building	146,765,099	0.34
11.	New Santa Monica Beach Hotel LLC	Hotel	143,685,609	0.34
12.	Jamestown Lantana South LP	Office Building	136,600,000	0.32
13.	Rand Corp.	Office Building	136,110,553	0.32
14.	Agensys Inc.	Industrial	128,744,800	0.30
15.	1299 Ocean LLC	Office Building	114,758,448	0.27
16.	Shores Barrington LLC	Apartments	114,731,291	0.27
17.	CLPF Arboretum LP	Office Building	110,360,426	0.26
18.	Blue Devils Owner LLC	Hotel	109,104,004	0.26
19.	ASN Santa Monica LLC	Apartments	103,153,421	0.24
20.	Tishman Speyer Archstone Smith Santa Monica	Commercial	97,280,337	0.23
			$3,940,061,734	9.20%

(1) 2014-15 Local Secured Assessed Valuation: $42,611,392,427.
Source: California Municipal Statistics, Inc.

District Debt

Prior to delivery of the Bonds, the District's general obligation indebtedness as of August 1, 2014, was $295,551,807, which is approximately [0.71]% of its total 2014-15 assessed valuation. All additional series of bonds issued under and pursuant to a bond authorization for the issuance and sale of not more than $160,000,000 of general obligation bonds approved by more than 55% of the voters of the District voting on Proposition U at an election held on March 5, 2002 (the "2002 Authorization"), a bond authorization for the issuance and sale of not more than $135,000,000 of general obligation bonds approved by more than 55% of the voters of the District voting on Proposition S at an election held on November 2, 2004 (the "2004 Authorization"), and the Authorization pursuant to which the Bonds are issued (together with the 2002 Authorization and the 2004 Authorization, the "Bond Authorizations") and any other authorization will be secured on a parity with the Bonds. $1,125.65 of the 2002 Authorization and $20,002,142.70 of the 2004 Authorization remain to be issued. Following issuance of the Bonds $50,000,000* of the Authorization remains. The District also has obligations in relation to certain certificates of participation (the "COPs"), described in APPENDIX A hereto. The COPs are not secured on a parity with the Bonds.

* Preliminary; subject to change.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of August 1, 2014. 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.

Column 1 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. Column 2 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 Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2013-14 Assessed Valuation: $41,573,750,112

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/14
Los Angeles County Flood Control District	3.779%	$660,569
Metropolitan Water District	1.903	2,517,193
Santa Monica Community College District	**100.**	**295,551,807[1]**
Santa Monica-Malibu Unified School District	99.848	280,397,341
City of Santa Monica	99.767	8,869,286
City of Malibu Community Facilities District No. 2006-1	100.	3,565,000
City of Malibu Community Facilities District No. 2012-1	100.	6,500,000
City of Malibu Broad Beach Assessment District	100.	2,120,000
Los Angeles County Regional Park and Open Space Assessment District	3.650	4,146,948
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$604,328,144
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	3.650%	$66,379,631
Los Angeles County Superintendent of Schools Certificates of Participation	3.650	318,248
Santa Monica Community College District Certificates of Participation	**100.**	**17,495,000**
Santa Monica-Malibu Unified School District Certificates of Participation	99.848	12,372,666
City of Malibu Certificates of Participation	100.	41,040,000
City of Santa Monica General Fund Obligations	99.767	76,616,068
Los Angeles County Sanitation District No. 27 Authority	100.	406,580
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$214,628,193
Less: Los Angeles County General Fund Obligation supported by landfill revenues		(183,786)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$214,444,407
OVERLAPPING TAX INCREMENT DEBT:		$94,840,000
GROSS COMBINED TOTAL DEBT		$913,796,337[2]
NET COMBINED TOTAL DEBT		$913,612,551

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:
Direct Debt ($295,551,807) 0.71%
Total Direct and Overlapping Tax and Assessment Debt 1.45%
Combined Direct Debt ($313,046,807) 0.75%
Gross Combined Total Debt 2.20%
Net Combined Total Debt 2.20%

Ratios to Redevelopment Incremental Valuation ($8,973,785,495):
Total Overlapping Tax Increment Debt 1.06%

Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the tax and nonarbitrage certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Current Interest Bonds maturing August 1, ____ through August 1, ______, inclusive, the Capital Appreciation Bonds, and the Convertible Capital Appreciation Bonds (collectively the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of the Convertible Capital Appreciation Bonds, the principal amount at maturity is treated as including all debt service payments on such Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Current Interest Bonds maturing on August 1, ____ through August 1, ____, inclusive (collectively, the "Premium Bonds"), are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. Bond Counsel notes that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL OPINION

The legal opinion of Bond Counsel attesting to the validity of the Bonds will be supplied to the original purchasers of the Bonds without charge. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds, and undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATINGS

Standard & Poor's Ratings Service, a Standard and Poor's LLC business ("S&P") and Moody's Investors Service ("Moody's") have assigned their municipal bond ratings of "__" and "__" to the Bonds, respectively. Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000 and Moody's, at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

Continuing Disclosure

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriter in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

In the last five years, the District has filed all annual reports required under the Rule. However, its annual report for fiscal year 2012-13 was not properly associated with its General Obligation Refunding Bonds, 2002 Election, 2013 Series A or General Obligation Refunding Bonds, 2004 Election, 2013 Series B (Federally Taxable), and the District filed several late notices regarding ratings changes for certain bond insurers for its outstanding obligations. The District has filed material event notices with the Municipal Securities Rulemaking Board in order to report ratings changes for its bond insurers as of [________], 2014. The District plans to self-report prior misstatements in official statements regarding the District's compliance with the Rule to the Securities and Exchange Commission under its Municipalities Continuing Disclosure Cooperation Initiative; however, the District does not believe that such prior statements constituted material misstatements or omissions under the Rule.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school and community college districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the State Government Code require the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus 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 County's Treasury Pool, as described above. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Interest and Sinking Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter"), has agreed to purchase the Bonds from the District at the purchase price of $___________ (being the initial principal and issue amount of the Bonds, plus/less [net] original issue premium/discount of $_____________, and less Underwriter's discount of $_________), at the rates and yields shown on the inside cover hereof.

RBC Capital Markets, LLC made a voluntary contribution to the committee that was formed to support the Authorization.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's compensation for services rendered with respect to the sale of the Bonds is not contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

NO LITIGATION

No litigation is pending or threatened concerning the validity 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 taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Vice President, Business/Administration, Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405-1628.

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

The execution and delivery of this Official Statement has been duly authorized by the District.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

By:____
Superintendent/President

APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION
RELATING TO THE DISTRICT

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APPENDIX A

FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Santa Monica Community College District (the "District"), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or Maturity Amount or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for* ad valorem *tax revenues collected by the County of Los Angeles (the "County") to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the debt service fund of the District. The Bonds are and will continue to be payable solely from* ad valorem *taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

This Appendix A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable from* ad valorem *property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California or any of its other political subdivisions or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

THE DISTRICT

District General Information

The District was established in 1929. The District encompasses approximately 28 square miles which borders the Pacific Ocean on the western edge of the County. The District's boundaries are approximately coterminous with the combined area of the City of Santa Monica, the City of Malibu and the unincorporated area of the County within the Malibu postal zip code.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Santa Monica Community College District, 1900 Pico Boulevard, Santa Monica, California 90405, Attention: Robert Isomoto, Vice President, Business/Administration.

District Organization

The District is governed by a seven-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. A student trustee, who serves a one-year term, is elected by District students. Current members of the Board, together with their offices and the dates their terms expire, are listed on the following page.

Key Personnel

The following is a listing of the key administrative personnel of the District:

Name	Title
Dr. Chui L. Tsang	Superintendent/President
Jeff Shimizu	Interim Executive Vice President
Robert G. Isomoto	Vice President, Business/Administration
Mike Tuitasi	Vice President, Student Affairs
Georgia Lorenz	Vice President, Academic Affairs
Teresita Rodriguez	Vice President, Enrollment Development
Marcy M. Wade	Vice President, Human Resources
Don Girard	Senior Director, Government Relations & Institutional Communications

The Superintendent/President of the District is responsible for administering the affairs of the District in accordance with the policies of the Board.

Brief biographies of the Superintendent/President and the Vice President, Business/Administration follow:

Dr. Chui l. Tsang, Superintendent/President. Dr. Chui L. Tsang was appointed Superintendent/President of the District by the Board in December 2005 and began in his position in February 2006. Under his direction, the District began a long-term planning process to ensure financial and institutional stability. He has also overseen the opening of several new multi-million-dollar, award-winning facilities projects on campus. Active in the community, Dr. Tsang serves on the Santa Monica Chamber of Commerce Board and The Madison Project Board, among others. His awards include Union Bank of California's Local Hero Award and U.S. Department of Labor honors for his work in workforce and economic development. Dr. Tsang attended Contra Costa College and transferred to University of California Berkeley to earn his B.A. degree in linguistics in 1975. He received his Ph.D. in linguistics from Stanford University in 1981 and is published in the fields of linguistics, education and workforce training.

Robert Isomoto, Vice President, Business / Administration. Robert "Bob" Isomoto, who has had more than 35 years of experience in community colleges in counseling and administrative posts, was vice president of administrative services at East Los Angeles College before starting at the District in 2009.

As the Vice President, Business/Administration of the District, Mr. Isomoto is responsible for leadership and administration of all aspects of the District's business operations, including fiscal services, budget planning, contracts, risk management, and facilities planning and management. Born and raised in Los Angeles, Mr. Isomoto graduated from Montebello High School. He earned a bachelor's degree in Psychology at the University of Southern California and a master's degree in counseling at Northern Arizona University.

Accreditation

The District is accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). ACCJC is one of seven institutional accrediting bodies recognized by the Commission on Recognition of Postsecondary Accreditation and the U.S. Department of Education. Accreditation is a voluntary system of self-regulation developed to evaluate overall educational quality and institutional effectiveness and to provide public assurance of the quality of education based upon such evaluation. Each institution affiliated with ACCJC voluntarily accepts the obligation to participate in a six year cycle of evaluation that requires a comprehensive evaluation visit by an external team of peers. The cycle includes a mandatory midterm report in the third year as well as any other reports requested by ACCJC.

The District's accreditation was most recently reaffirmed through a March 2010 comprehensive visit. The District submitted its midterm report in March 2013. The District will seek reaffirmation of accreditation in March 2016.

District Employees

As of July 23, 2014, the District employed 316 full-time academic professionals and 1,088 part-time academic professionals who are in the collective bargaining unit represented by the Santa Monica College Faculty Association ("SMCFA"), which represents these academic, non-management personnel. The collective bargaining agreement with SMCFA expires on August 22, 2016. As of July 23, 2014, the District employed 452 permanent classified employees who are in the collective bargaining unit represented by the California School Employees Association ("CSEA"), which represents all permanent classified non-management personnel. The collective bargaining agreement with CSEA expires on June 30, 2015. The District also employs temporary classified employees who are not members of any collective bargaining unit. As of July 23, 2014, the District employed 9 permanent community college police officers and police officer trainees who are in the collective bargaining unit represented by the Santa Monica Community College Police Officer Association ("SMCPOA"). The collective bargaining agreement with SMCPOA expired on June 30, 2014, and SMCPOA continues to operate under its existing contract. As of July 23, 2014, the District employed 48 administrators, 39 classified managers and 7 confidential employees.

Insurance

The District maintains various insurance programs, the majority of which are partially or entirely self-insured, while smaller and/or specialized types of coverage are placed with commercial insurance carriers including excess property coverage for loss due to fire.

The District participates in three joint powers agreements (the "JPAs"): the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"); the Southern California Community College District Joint Powers Agency ("SCCCD-JPA"); and the Statewide Association of Community Colleges ("SWACC"). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes and as such are not included in the District's financial statement.

ASCIP provides its members with high quality, high value employee benefit programs and related services. SCCCD-JPA provides workers compensation and retiree health benefit insurance coverage for its member districts. SWACC provides liability and property insurance for approximately nineteen community colleges throughout the State.

The District has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's audited financial statements. Fund transactions between the District and the JPAs are included in the District financial statements. Audited financial statements are available from the respective entities. See APPENDIX C – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013."

Based upon prior claims experience, the District believes it has adequate insurance coverage through the JPAs and its own self-insurance.

District Enrollment

For the past twenty years, the District has been the top-rated community college district for transfers to the University of California system, the University of California, Los Angeles, the University of Southern California, and Loyola Marymount University. Enrollment includes a large number of international and out-of-state students who pay higher tuition and fees than in-state students. The District has the second-largest number of international students enrolled among all community colleges and junior colleges, nationally. The table below sets forth the enrollment for funded Full-Time Equivalent Students ("FTES") for the District for the fiscal years 2009-10 through 2013-14.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Full-Time Equivalent Students[(1)]

Fiscal Year	FTES[(1)]	Increase (Decrease) From Prior Year
2009-10	26,064	(871)
2010-11	26,616	552
2011-12	24,631	(1,985)
2012-13	24,777	146
2013-14	25,509	732

(1) FTES figures include California resident ("Resident") and non-resident students. The District receives apportionment from the State only for Resident students. Non-resident students are charged a higher fee per unit than Resident students, which income is independent and not subject to apportionment nor deduction by the State.
Source: The District.

The table below sets forth the projected funded FTES in the District for the next five fiscal years.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
FTES Five-Year Projections

Fiscal Year	FTES	Increase From Prior Year
2014-15	26,307	798
2015-16	26,702	395
2016-17	27,102	400
2017-18	27,509	407
2018-19	27,921	412

Source: The District.

The table below sets forth the historical total student enrollment in the District for the fiscal years 2009-10 through 2013-14.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Historical Enrollment

Fiscal Year	Total Enrollment
2009-10	55,451
2010-11	52,408
2011-12	48,322
2012-13	47,438
2013-14	46,409

Source: The District.

Population

The populations of the City of Santa Monica, the County and the State during the period from 2010 through 2014 are set forth in the following table.

Population Figures(1)
2010 through 2014

Year	City of Santa Monica	County of Los Angeles	State of California
2010	89,736	9,818,605	37,253,956
2011	90,082	9,847,712	37,427,946
2012	90,269	9,889,467	37,668,804
2013	91,094	9,963,811	37,984,138
2014	92,185	10,041,797	38,340,074

(1) As of January 1 of the respective year.
Source: California State Department of Finance.

Employment

The following chart compares labor force, employment, civilian employment and the unemployment rate in the City of Santa Monica, the State of California and the United States during the period from 2009 through 2013.

CITY OF SANTA MONICA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2009 through 2013

Year and Area	Labor Force	Civilian Employment	Civilian Unemployment	Unemployment Rate (%)
2009				
City of Santa Monica	57,200	51,800	5,500	9.6
California	18,220,100	16,155,000	2,065,100	11.3
United States	154,142,000	139,877,000	14,265,000	9.3
2010				
City of Santa Monica	57,200	51,300	6,000	10.4
California	18,336,300	16,068,400	2,267,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
2011				
City of Santa Monica	57,500	51,700	5,800	10.1
California	18,417,900	16,249,600	2,168,300	11.8
United States	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Santa Monica	57,200	52,100	5,200	9.0
California	18,494,881	16,589,700	1,929,300	10.4
United States	154,975,000	142,469,000	12,506,000	8.1
2013				
City of Santa Monica	58,100	53,300	4,700	8.1
California	18,596,800	16,933,300	1,663,500	8.9
United States	155,379,000	143,919,000	11,460,000	7.4

Source: State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

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Principal Employers

The following table lists the top ten employers in the City of Santa Monica.

CITY OF SANTA MONICA
Principal Employers
2013

Employer	Industry	Number of Employees
1. City of Santa Monica	Government	2,528
2. Santa Monica-UCLA Hospital	Hospital	2,079
3. Santa Monica College	College	1,953
4. Saint John's Hospital Medical Center	Hospital	1,676
5. Santa Monica-Malibu Unified School District	Education	1,457
6. RAND Corporation	Think Tank	842
7. Universal Music Group	Media Corporation	743
8. Activision Blizzard, Inc.	Digital Entertainment	692
9. ET Whitehall	Hotel	568
10. Lions Gate Entertainment Corporation	Entertainment	555

Source: City of Santa Monica.

District Investments

The Treasurer and Tax Collector (the "Treasurer") of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see APPENDIX F - "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS."

Revenue Limits

California community college districts (other than Basic Aid districts, as described below) receive approximately 58% of their funds from the State, 39% from local sources, and 3% from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources. Funds for fiscal years up to and including 2005-06 were allocated to the colleges using a program-based model. The model used different factors to establish support levels for five different programs or functions: (1) Instruction and Instructional Administration; (2) Instructional Services; (3) Student Services; (4) Operation and Maintenance of Plants; and (5) Institutional Support. The program-based model was instituted in 1991, and replaced an older model based on enrollments. From and after fiscal year 2006-07, a revised model was and is used based on the adoption of Senate Bill 361 ("SB 361"). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – *General*" herein.

All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District.

Funding of a district's revenue limit is accomplished by a mix of (1) local property taxes and (2) State apportionments of basic aid and (3) student enrollment fees. Generally, the State apportionments amount to the difference between the district's revenue limit and its local property tax revenues and student enrollment fees.

Proposition 13 and its implementing legislation permit each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribe how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County 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 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."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted for non-payment on or about June 30 of the fiscal year and is subject to the power of sale five years from such date if delinquent taxes are not paid. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus 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 then subject to sale by the Treasurer. For additional details on property tax levies and collections, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuations in the District" herein.

Expenditures

Funding of the above revenue limits is accomplished by a mix of local property taxes and State aid. Since the passage of Article XIIIA of the California Constitution in 1978, property taxes received by the District have been limited to the District's share of 1% of the full cash value collected by the County. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

As noted in the financial statements included and attached as APPENDIX C, the District's major expenditures each year are employee salaries and benefits.

Financial Statements of the District

The District's General Fund finances the legally authorized activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year 2012-13 are attached hereto as APPENDIX C.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds and Account Groups used by the District are categorized as follows:

Governmental Funds	Fiduciary Funds
General Fund	Trust and Agency Fund
Special Revenue Fund	Student Body Fund
Debt Service Funds	Student Financial Aid Fund
Capital Projects Funds	
	Account Groups
	General Fixed Assets Account Group
	General Long-Term Debt Account Group

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District and restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The data included in this Official Statement for the District for fiscal year 2013-14 is unaudited and has not been reviewed by the District's independent certified public accountants.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The Chancellor of California Community Colleges (the "State Chancellor") imposes a uniform budgeting format for each community college district in the State.

District Finances

The following pages describe the District's audited financial results for the fiscal years 2010-11, 2011-12 and 2012-13 and unaudited financial results for fiscal year 2013-14, as well as a comparison of the adopted general fund budget to audited actuals for fiscal years 2012-13 and 2013-14 and the adopted budget for fiscal year 2014-15.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE GENERAL FUND
Fiscal Years 2010-11 through 2013-14

	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14 (Unaudited)
REVENUES				
Revenue from Federal Sources				
Higher Education Act	$ 3,218,404	$ 2,440,221	$ 2,988,060	$3,021,104
Workforce Investment Act	621,153	1,802,758	1,777,990	759,168
Temporary Assistance for Needy Families (TANF)	53,534	56,367	58,647	59,744
Student Financial Aid	121,270	127,218	119,436	118,830
Career & Technical Education	689,116	611,838	645,326	632,017
Other Federal Revenue	2,093,382	2,469,925	1,893,296	1,570,822
Revenue from State Sources				
General Apportionments	84,399,708	72,534,643	59,848,756	77,059,324
Categorical Apportionments	5,760,970	5,229,244	5,744,970	7,079,534
Other State Revenues	4,120,167	3,972,010	4,686,797	4,947,115
Revenue from Local Sources				
Property Taxes	13,478,341	14,035,164	24,532,912	17,523,067
Interest and Investment Income	222,864	193,413	95,099	171,118
Student Fees and Charges	38,998,121	44,544,176	47,325,976	50,787,240
Other Local Revenue	6,955,814	4,660,593	8,006,451	6,617,403
TOTAL REVENUES	160,732,844	152,677,570	157,723,716	170,346,486
EXPENDITURES				
Academic Salaries	67,212,065	66,553,087	69,329,188	72,682,602
Classified Salaries	33,864,513	33,856,014	34,012,849	34,229,194
Employee Benefits	29,736,309	32,065,450	31,274,147	31,015,299
Supplies and Materials	1,753,047	1,467,560	1,311,149	1,430,337
Student Financial Aid	603,390	622,320	637,174	585,522
Other Operating Expenses & Services	21,361,008	22,378,034	21,916,134	23,208,250
Capital Outlay	1,509,805	2,198,629	1,517,292	1,496,463
TOTAL EXPENDITURES	156,040,137	159,141,094	159,997,933	164,647,667
Excess (deficiencies) of revenues over expenditures	4,692,707	(6,463,524)	(2,274,217)	5,698,819
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	147,494	143,887	122,670	106,906
Interfund Transfers Out	(1,845,544)	(1,875,921)	(1,849,230)	(1,568,310)
TOTAL OTHER FINANCING SOURCES (USES)	(1,698,050)	(1,732,034)	(1,726,560)	(1,461,404)
Excess (deficiencies) of revenues over Expenditures and other sources (uses)	2,994,657	(8,195,558)	(4,000,777)	4,237,415
Fund balance, beginning of year	24,097,578	27,092,235	19,785,682	15,784,905
Adjustment for restatement	---	889,005[1]	---	---
Fund balance, beginning of year as restated	---	27,981,240	---	---
Fund balance, end of year	$27,092,235	$19,785,682	$15,784,905	$20,022,320

[1] See Note 14 in APPENDIX C of the 2011-12 audited financial statements.
Source: The District.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Comparison of Adopted General Fund Budgets for Fiscal Years 2012-13, 2013-14 and 2014-15, Audited Actuals for Fiscal Years 2012-13 and Unaudited Actuals for Fiscal Year 2013-14

	2012-13 Adopted Budget	2012-13 Audited Actuals	2013-14 Adopted Budget	2013-14 Unaudited Actuals	2014-15 Adopted Budget
REVENUES:					
Federal	$ 9,277,537	$ 7,482,755	$ 7,957,929	$ 6,161,685	$ 6,296,651
State	86,222,678	70,280,523	84,483,306	89,085,973	93,245,395
Local	66,340,235	79,960,438	74,034,001	75,098,828	77,100,773
Total Revenues	$161,840,450	$157,723,716	$166,475,236	$170,346,486	$176,642,819
EXPENDITURES:					
Academic Salaries	$ 67,413,219	$69,329,188	$70,715,293	$72,682,602	$77,671,079
Classified Salaries	34,609,011	34,012,849	34,402,880	34,229,194	36,953,320
Employee Benefits	31,908,627	31,274,147	32,394,006	31,015,299	34,117,784
Supplies and Materials	1,977,123	1,311,149	1,944,959	1,430,337	2,040,414
Student Financial Aid	480,783	637,174	499,633	585,522	475,065
Other Operating Expenses & Services	25,196,078	21,916,134	24,709,041	23,208,250	25,632,380
Capital Outlay	2,347,030	1,517,292	2,200,749	1,496,463	3,033,041
Total Expenditures	$163,931,871	$159,997,933	$166,866,561	$164,647,667	$179,923,083
Net Other Financing Sources (Uses)	(1,768,596)	(1,726,560)	(1,745,486)	(1,461,404)	(1,542,212)
Change in Fund Balance	$(3,860,017)	$(4,000,777)	$(2,136,811)	$4,237,415	$(4,822,476)
Beginning Fund Balance	19,785,682	19,785,682	15,784,905	15,784,905	20,022,320
Ending Fund Balance	$ 15,925,665	$15,784,905	$13,648,094	$20,022,320	$15,199,844

Operating Leases

The District has entered into various operating leases for land, building, and equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are as follows:

Fiscal Year (Ending June 30)	Lease Payments
2015	$ 883,600
2016	883,600
2017	883,600
2018	883,600
2019-2023	4,418,000
2024-2028	4,418,000
2029-2033	4,418,000
2034-2038	4,418,000
2039-2043	4,418,000
2044-2048	4,418,000
2049-2053	4,418,000
2054-2058	4,418,000
Total	$38,878,400

Source: The District.

The District will receive no sublease rental revenues nor pay any contingent rentals for these leases.

Capital Leases

The District has entered into a lease with Municipal Financial Corporation for the acquisition of certain capital improvements, including a Photovoltaic Power System, valued at approximately $7 million under an agreement which provides for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year (Ending June 30)	Lease Payments
2015	$ 432,092
2016	404,929
2017	423,817
2018	443,612
2019-2023	2,549,984
2024-2028	3,208,994
2028-2029	177,579
Total	$7,641,007

Source: The District.

The District will receive no sublease rental revenues nor pay any contingent rentals for this lease.

Certificates of Participation

On March 11, 2010, the District, as the "lessee," and the Los Angeles County Schools Regionalized Business Service Corporation (the "LA County Corporation"), a legally separate entity from the District, as the "lessor" or "corporation," entered into a lease agreement in connection with the execution and delivery of certificates of participation (the "2010 COPs"), initially in the amount of $13,945,000, to advance refund certain of the District's 1999 Certificates of Participation. Lease payments are required to be made by the District under the lease agreement for the 2010 COPs on each June 1 for use and possession of certain capital improvements capital improvements through and until June 1, 2023.

On December 19, 2013, the District, as the "lessee," and the LA County Corporation, as the "lessor", entered into a lease agreement in connection with the execution and delivery of certificates of participation (the "2013 COPs"), initially in the amount of $7,410,000, to refund certain of the District's 2004 Certificates of Participation (the "2004 COPs"). Lease payments are required to be made by the District under the lease agreement for the 2013 COPs on each January 15 for use and possession of certain capital improvements through and until January 15, 2027.

For additional information regarding the 2010 COPs, see Note 8 in APPENDIX C. The 2013 COPs are not addressed in Note 8 in APPENDIX C as they were executed and delivered in fiscal year 2013-14. Note 8 in APPENDIX C discusses the 2004 COPs which were refunded with proceeds of the 2013 COPs.

The District may enter into additional lease obligations, including certificates of participation, executed and delivered for capital improvements not covered by Bond proceeds.

Retirement Systems

The District participates in the State Teachers' Retirement System ("STRS"). This plan basically covers all full-time certificated and some classified District employees. The District's employer contribution to STRS was $4,641,198 for fiscal year 2012-13, $4,796,354 for fiscal year 2013-14, and is budgeted to be $5,330,784 for fiscal year 2014-15.

The District also participates in the State Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's employer contribution to CalPERS was $3,911,626 for fiscal year 2012-13, $4,003,362 for fiscal year 2013-14, and is budgeted to be $4,329,544 for fiscal year 2014-15.

State Pension Trusts

The following information relating to STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter, Bond Counsel or Disclosure Counsel. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

Both CalPERS and STRS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and CalPERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the CalPERS annual financial report and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

In recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS has increased significantly. The District is unable to predict what the STRS program liabilities will be in the future. In order to address STRS funding inadequacies, the 2014-15 State Budget sets forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS, as discussed below under "- A.B. 1469 STRS Funding Reform."

As of June 30, 2013, the STRS Defined Benefit Program had approximately 599,219 active and inactive program members and 269,274 retirees and benefit recipients.

As of June 30, 2013, PERS provided pension benefits to 1,104,237 active and inactive program members and 574,759 retirees, beneficiaries and survivors. There were 283,003 active members from schools.

A.B. 1469 STRS Funding Reform

Assembly Bill ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State Budget, is projected to fund the STRS Defined Benefit Program fully in 32 years through shared contribution increases among the program's three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. The following table shows expected member contribution rates over the three year phase-in period.

		A.B. 1469 Increases	
Effective Date	**Prior Rate for All Members**	**STRS Members Hired Prior to July 1, 2013**	**STRS Members Hired After January 1, 2013**
July 1, 2014	8%	8.15%	8.15%
July 1, 2015	8	9.20	8.56
July 1, 2016	8	10.25	9.205

Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

Effective Date	Prior Rate	A.B. 1469 Increases Increase	Total
July 1, 2014	8.25%	0.63%	8.88%
July 1, 2015	8.25	2.48	10.73
July 1, 2016	8.25	4.33	12.58
July 1, 2017	8.25	6.18	14.43
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	9.88	18.13
July 1, 2020	8.25	10.85	19.10

PERS Contribution Rates and Reform

At the PERS Board of Administration (the "BoA") meeting held on February 18, 2014, the BoA adopted new actuarial assumptions that take into account public employees living longer and an asset allocation mix. To assist in preparing and planning for these changes, the BoA adopted staff's recommendation for school districts and community college districts to first reflect the change in assumption in fiscal year 2016-17 with the cost spread over twenty years with the increases phased in over the first five years and decreased over the last five years.

The table below shows the projected future employer contribution rates, per PERS Circular 200-012-14, dated March 2014.

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
11.7%	12.6%	15.0%	16.6%	18.2%	19.9%	20.4%

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2013 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees first employed on or after January 1, 2013, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees first employed on or after January 1, 2013 while adjusting the retirement formulas, requires employees first employed on or after January 1, 2013 to pay at least 50% of the annual accrued actuarially determined normal costs of benefits and prohibits employers in any year in combination with employee contributions less than the plan normal cost, except as specified , and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and special district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on STRS, CalPERS or the District's pension obligations under STRS and PERS at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* "("GASB 45"). The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement will be staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB 45 became effective for the District during the fiscal year 2006-07.

Currently, the District offers employees a choice of medical, dental and vision packages ranging from Health Maintenance Organizations ("HMOs") to Preferred Provider Organizations ("PPOs"). The District pays all of the benefit costs for current employees and their dependents. The medical plan selected by the employee continues at retirement. Full-time employees who meet age and years of service requirements at the time of their retirement receive benefits under their selected medical plan until the age of 65. At the age of 65, the District provides a supplement to Medicare for the lifetime of the employee. There are currently 414 retired employees eligible to receive post-employment retirement benefits, 75 of which are eligible to receive full benefits and 339 employees who are eligible to receive the supplement to Medicare.

The District has budgeted approximately $2,813,910 from the General Fund for fiscal year 2014-2015 to pay retiree medical benefits and an additional $1,000,000 contribution to fund the irrevocable trust. Based on an actuarial study as of July 1, 2013, had the District begun accruing retiree health benefits when each current employee and retiree was hired, the estimated "actuarial accrued liability" would have accumulated to $89,242,676. As of the audited financial statements for fiscal year 2012-13, the covered payroll (annual payroll of active employees covered by the plan) was $66,394,945, and the ratio of unfunded actuarial accrued liability ("UAAL") to the covered payroll was 131.4%. The District calculated the annual cost to amortize the unfunded actuarial accrued liability using a 5.00% discount rate and a 30-year amortization period and assumed inflation at 2.75% per year and payroll increases of 2.75% per year. Combining the normal cost and UAAL amortization produces a total year annual required contribution ("ARC") of $8,511,480.

In the 2013-2014 fiscal year the Board of Trustees approved a funding plan that called for incrementally increasing contributions to the irrevocable trust until the eighth year, at which time the ARC would be met. Under this plan the District believes its total OPEB liability would be funded by 2033.

The District participates in the California Employers' Retiree Benefit Trust (the "Retiree Trust"). The District had a balance, as of July 22, 2014, of $3,394,825 in an irrevocable trust with the Retiree Trust.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. On September 29, 2006, the Governor signed into law Senate Bill No. 361 ("SB 361") which established the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. SB 361 required the Board of Governors of the California Community Colleges (the "Board of Governors") to develop criteria and standards in accordance with prescribed Statewide minimum requirements. In establishing these minimum requirements, the Board of

Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding based on the number of credit and noncredit FTES in each district.

SB 361 specified that, commencing with fiscal year 2006-07, the marginal amount of credit revenue allocated per credit FTES would not be less than $4,367, noncredit instruction would be funded at a uniform rate of $2,626 per FTES, and career development and college preparation would be funded at a rate of $3,092 per FTES, each subject to cost of living adjustments in the budget act in subsequent fiscal years. For the 2013-2014 fiscal year the funding rates per FTES, adjusted for cost of living adjustments, were $4,636 for credit, $2,788 for noncredit and $3,283 for career development and college preparation.

The major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the district. Property taxes and student enrollment fees are applied towards fulfilling the district's financial needs. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the districts. The sum of the property taxes, student enrollment fees, and State aid generally comprise a district's revenue limit. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation – *Constitutional and Statutory Initiatives*" in the forepart of this Official Statement for additional information regarding Article XIIIA, assessed valuations and ad valorem property taxes.

A small part of each community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State. The initiative authorizing the lottery does require the funds to be used for instructional materials, and prohibits their use for capital purposes.

Budget Procedures. On or before September 15 of each calendar year, the respective board of trustees for each community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's proposed 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 supports. The law requires the State Legislature to submit its approved budget by June 15. State law requires the Governor to announce his or her line item reductions and sign the State budget by June 30.

In response to growing concern for accountability the statewide Board of Governors and the Chancellor's Office have, through enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the State 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 State Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

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

Proposition 98

General. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) pursuant to a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income ("Test 3"), schools would receive the amount appropriated in the prior year adjusted for changes 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 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of fiscal year 1988-89, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In 1989, the State Legislature and the Governor last utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

Application of Proposition 98. The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels.

The State determined that there were loans to K-14 districts of $1.3 billion during fiscal year 1990-91, $1.1 billion during fiscal year 1991-92, $1.3 billion during fiscal year 1992-93 and $787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling $1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

State Assistance

The principal funding formulas and revenue sources for school and community college districts are derived from the budget of the State. **The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriter, Bond Counsel, Disclosure Counsel, nor the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, neither the District, the County, Bond Counsel, Disclosure Counsel nor the Underwriter assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including *www.dof.ca.gov*.** This website is not incorporated herein by reference and neither the District nor the Underwriter makes any representation as to the accuracy of the information provided therein.

2014-15 State Budget. On June 20, 2014, Governor Brown signed the fiscal year 2014-15 State Budget Act (the "2014-15 State Budget"). The 2014-15 State Budget including approximately $109.3 billion in State General Fund resources (including revenues, transfers and prior year balance) and approximately $108.0 billion in planned State General Fund expenditures. $1.6 billion in State General Fund revenues will be transferred to a budget stabilization fund. The 2014-15 State Budget includes an approximately 7.2% State General Fund spending increase from the State's fiscal year 2013-14 budget. The 2014-15 State Budget includes approximately $10 billion more in Proposition 98 funding than in fiscal year 2013-14.

The 2014-State Budget also assumes a proposed constitutional amendment to strengthen California's reserve fund. The constitutional amendment would, among other things, create a Proposition 98 reserve, whereby spikes in funding would be saved for future years of decline, designed to minimize cuts during times of economic downturn. The establishment of such a reserve would not affect the guaranteed level of funding for community colleges under Proposition 98. California voters will vote on the proposed constitutional amendment in November 2014.

The 2014-15 State Budget included the following significant adjustments affecting California community colleges:

- *Investing in Student Success* — $170 million in the Proposition 98 State General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes $100 million to increase orientation, assessment, placement, counseling and other education planning services for all matriculated students. It also targets $70 million to close achievement gaps in access and achievement in underrepresented student groups.

- *Allocating Apportionments* — An increase of $140.4 million in the Proposition 98 State General Fund for growth in general-purpose apportionments, which represents a 2.75% increase in enrollment. The 2014-15 State Budget directs the Board of Governors to adopt a growth formula that gives first priority to districts identified as having the greatest unmet need in adequately serving their community's higher education needs.

- *Cost-of-Living Adjustment* — An increase of $47.3 million for a statutory cost of living adjustment of 0.85%.

- *Eliminating Apportionment Deferrals* — Designating $498 million to the Proposition 98 State General Fund to buy down outstanding deferral debt owed to California community colleges.

- *Financial Stability for Apportionments* — An increase of $40.5 million in fiscal year 2013-14 and $37.8 million fiscal year 2014-15 in Proposition 98 State General Fund by shifting a portion of the redevelopment agency revenues that are scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 State General Fund would be used to backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount California community colleges receive through April 15th of any given fiscal year.

- *Investing in Deferred Maintenance and Instructional Equipment* — A one-time increase of $148 million to the Proposition 98 State General Fund, for either deferred maintenance or instructional equipment purchases.

The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. The complete text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget" or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State General Fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") are actively engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State General Fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State General Fund.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions.

Final State Budgets

Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. The State Legislature failed to pass a State budget for fiscal year 2008-09 until September 23, 2008. Accordingly, many State payments were held until the 2008-09 State Budget was adopted, including those scheduled to be made to school and community college districts under Proposition 98 and receipt of State categorical funds by the District was delayed until the State budget was adopted for fiscal year 2008-09. The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the May Revision for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. Further State actions taken to address its budgetary difficulties could have the effect of reducing the District's support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will continue to encounter budgetary difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on the District's finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

Constitutional Initiatives and Statutory Measures

Article XIIIA of the California Constitution. On June 16, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Assessed Valuation – Constitutional and Statutory Initiatives" in the forepart of this Official Statement for additional information regarding Article XIIIA.

Proposition 26. On November 2, 2010, California voters approved Proposition 26 as an amendment to Section 3 of Article XIIIA (and Section 1 of Article XIIIC) of the State Constitution that requires a two-thirds vote in the State Legislature to pass certain State fees, levies, charges and tax revenue allocations that under the State's previous rules could be enacted by a simple majority vote. Certain local fees must also be approved by two-thirds of voters. Proposition 26 expanded the scope and definition of a State or local tax to include many payments previously considered to be fees or charges, so that more proposals would require approval by two-thirds of the State Legislature or by local voters.

Article XIIIB of the California Constitution. Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. The District's fiscal year 2013-14 appropriations limit was $133,194,884 and the fiscal year 2014-15 appropriations limit is $134,523,065.

Unitary Property. AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with fiscal year 1988-89, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery. In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance or full-time equivalent students at each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Proposition 46. On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39. On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters voting on the measure, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the California Education Code. Under amendments to Section 15268 and 15270 of the California Education Code, the following limits on ad valorem taxes apply in any single election: (1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per

$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Article XIIIC and XIIID of the California Constitution. On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters voting on a bond measure, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State Constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 1A. Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate from 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Future Initiatives. Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46, 39 and 1A 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 the District's revenues or their ability to expend revenues.

APPENDIX B

FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Trustees
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, California 90405

Re: $___________ Santa Monica Community College District General Obligation Bonds, 2008 Election, 2014 Series B

We have acted as bond counsel for the Santa Monica Community College District, Los Angeles County, State of California (the "District"), in connection with the issuance by the District of $__________ aggregate principal and issue amount of the District's General Obligation Bonds, 2008 Election, 2014 Series B (the "Bonds"). The Bonds are issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, and the resolution adopted by the Board of Trustees of the District on October 7, 2014 (the "Resolution"). Capitalized terms used herein and not otherwise defined shall be the meanings ascribed to them in the Resolution.

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligations of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the tax and nonarbitrage certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

   Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

6. Bond Counsel is further of the opinion that the difference between the principal amount of the Current Interest Bonds maturing on August 1, 20__ through August 1, 20__, inclusive, and the Capital Appreciation Bonds (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 6 above, we are relying upon representations and covenants of the District in the Resolution and in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 through 6, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

APPENDIX C

AUDITED FINANCIAL STATEMENTS
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by Santa Monica Community College District (the "District") as of _________, 2014, in connection with the execution and delivery of $__________ aggregate principal and issue amount of the District's General Obligation Bonds, 2008 Election, 2014 Series B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on October 7, 2014 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and in order to assist RBC Capital Markets, LLC (the "Underwriter") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, 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 4 and 5 of this Disclosure Undertaking.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" shall mean any dissemination agent, or any alternate or successor dissemination agent, designated in writing by the Superintendent/President or Vice President, Business/Administration (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access ("EMMA") website located at http://emma.msrb.org, or any other entity designated or authorized by the Commission.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated __________, 2014.

SECTION 4. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District), not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2014, to provide to the MSRB, in a format prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Undertaking. As of the date of this Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access system. Information regarding requirement for submissions to EMMA is available at http://emma.msrb.org.

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 5 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report. If the District does not have audited financial statements available when it submits the relevant Annual Report, it shall submit unaudited financial statements, as described in Section 5(a) below.

(b) Not later than 15 Business Days prior to the filing date required in paragraph (a) above for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided to the MSRB.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Outstanding indebtedness and lease obligations;

(ii) General fund budget and actual results;

(iii) Enrollment, or equivalent information, as may be reasonably available;

(iv) Assessed valuations (as of the current year); and

(v) Largest local secured taxpayers (as of the current year).

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or to the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Listed Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the District.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States 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 governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(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, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of Owners;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent/President or Vice President, Business/Administration may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent in place, the District shall act as the Dissemination Agent.

The Dissemination Agent, if other than the District, shall be paid compensation for its services provided hereunder, and reimbursement for its costs and expenses. The Dissemination Agent shall not be responsible for the form or content of any document provided by the District hereunder.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking under the following conditions, provided no amendment to this Disclosure Undertaking shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Undertaking.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, any Bondholder 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 Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

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

SECTION 13. Record Keeping. The District shall maintain records of all Annual Reports and notices of material Listed Events including the content of such disclosure, the names of the entities with whom the such disclosure were filed and the date of filing such disclosure.

SECTION 14. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of California, applicable to contracts made and performed in such State of California.

IN WITNESS WHEREOF, Santa Monica Community College District has executed this Continuing Disclosure Undertaking as of the date first set forth herein.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

By:____
Vice President, Business/Administration

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Santa Monica Community College District

Name of Issue: $___________ Santa Monica Community College District General Obligation Bonds, 2008 Election, 2014 Series B

Date of Issuance: November __, 2014

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Disclosure Undertaking dated November ___, 2014. The Issuer anticipates that the Annual Report will be filed by _______________.

Dated: _____________________

[ISSUER/DISSEMINATION AGENT]

By:_____________________________________

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds 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 "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any and interest payments 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of

DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository).Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

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

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination of like tenor upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

APPENDIX F

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Pooled Surplus Investments Fund has been provided by the Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasurer and Tax Collector (the "Treasurer") of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of July 31, 2014, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$ 8.250
Schools and Community Colleges	11.061
Discretionary Participants	2.196
Total	$21.507

The Treasury Pool participation composition is as follows:

Non-Discretionary Participants	89.79%
Discretionary Participants:	
Independent Public Agencies	8.76
County Bond Proceeds and Repayment Funds	1.45
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In the County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State, and by a more restrictive Investment Policy (the "Investment Policy") developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on June 17, 2014, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the County Board of Supervisors. According to the Investment Report dated September 2, 2014, the July 31, 2014, book value of the Treasury Pool was approximately $21.507 billion and the corresponding market value was approximately $21.382 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor-Controller's Office performs similar cash and investment reconciliations on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of July 31, 2014.

Type of Investment	% of Pool
U.S. Government and Agency Obligations	54.80
Certificates of Deposit	12.42
Commercial Paper	31.89
Bankers Acceptances	0.00
Municipal Obligations	0.03
Corporate Notes & Deposit Notes	0.86
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of July 31, 2014, approximately 42.55% of the investments mature within 60 days, with an average of 695 days to maturity for the entire portfolio.

APPENDIX G

ACCRETED VALUES TABLE