PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE—BOOK ENTRY ONLY

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

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in "TAX MATTERS" herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in the federal alternative minimum tax for individuals or, except as described herein, corporations. See "TAX MATTERS" herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.

$_____*
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)

$_____*
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2018 SERIES A

$_____*
GENERAL OBLIGATION REFUNDING BONDS
ELECTION OF 2008, 2018 SERIES A

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

The Santa Monica Community College District (the "District") is issuing its General Obligation Bonds, Election of 2016, 2018 Series A (the "New Money Bonds"), and its General Obligation Refunding Bonds, Election of 2008, 2018 Series (the "Refunding Bonds" and together with the New Money Bonds, the "Bonds").

The New Money Bonds were authorized at a bond election conducted within the District on November 8, 2016 (the "2016 Authorization"), as more fully described herein under the caption "THE BONDS – Authority for Issuance." The proceeds of the New Money Bonds are being applied to (i) finance the construction, acquisition, furnishing and equipping of District facilities, (ii) pay capitalized interest on the New Money Bonds through and including a portion of interest accrued through August 1, 2020* and (iii) pay certain costs of issuance associated with the Bonds. The Refunding Bonds are being issued to refund the District's outstanding Taxable General Obligation Build America Bonds, 2008 Election, 2010 Series A-1. See the caption "PLAN OF FINANCE" herein.

The Bonds are dated the date of their delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover herein. Interest on the Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018.*

The Bonds will be issued in denominations of $5,000 principal amount, or integral multiples thereof, and are payable as to principal amount 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 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" herein.

The Bonds are subject to optional redemption and mandatory sinking fund 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 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. The Board of Supervisors of the County of Los Angeles (the "County") 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 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.

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 Underwriters subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, Bond Counsel, and certain other conditions. Norton Rose Fulbright US LLP, Los Angeles is also acting as Disclosure Counsel for the issue. Certain legal matters will be passed upon for the Underwriters 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 _____, 2018.**

RBC CAPITAL MARKETS **RAMIREZ & CO., INC.**

Dated: _____, 2018

* Preliminary; subject to change.

MATURITY SCHEDULES[1]

$_____[1]

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2018 SERIES A

$_____ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No.[2] (802385)
	$	%	%	

$_____ _____% Term Bonds Maturing August 1, 20__, Priced to Yield _____% CUSIP No.[2] 802385_____

[1] Preliminary; subject to change.

[2] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Underwriters or the Municipal Advisor take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

$_____[1]

SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION REFUNDING BONDS
ELECTION OF 2008, 2018 SERIES A

$_____ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No.[2] (802385)
	$	%	%	

$_____ _____% Term Bonds Maturing August 1, 20__, Priced to Yield _____% CUSIP No.[2] 802385_____

[1] Preliminary; subject to change.

[2] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Underwriters or the Municipal Advisor take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

No dealer, broker, salesperson or other person has been authorized by the Santa Monica Community College District (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 this Official Statement does not constitute an offer to sell, 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 District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources which are believed to be reliable. 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 except for the information set forth under the caption "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or the completeness of such information.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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

Board of Trustees

Barry Snell, Chair
Dr. Margaret Quiñones-Perez, Vice Chair
Dr. Susan Aminoff, Member
Dr. Nancy Greenstein, Member
Dr. Louise Jaffe, Member
Rob Rader, Member
Dr. Andrew Walzer, Member
Chase Matthews, Student Trustee

District Administrators

Dr. Kathryn E. Jeffery, Superintendent/President
Elaine Polachek, Interim Executive Vice President
Michael Tuitasi, Vice President, Student Affairs
Dr. Georgia Lorenz, Vice President, Academic Affairs
Teresita Rodriguez, Vice President, Enrollment Development
Sherri Lee-Lewis, Interim Vice President, Human Resources
Don Girard, Senior Director, Government Relations & Institutional Communications

SPECIAL SERVICES

Underwriters

RBC Capital Markets, LLC
Los Angeles, California

Samuel A. Ramirez & Co., Inc.
Los Angeles, California

Bond Counsel and Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Municipal Advisor

KNN Public Finance,
a Limited Liability Company
Oakland, 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

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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**$_____*
SANTA MONICA COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)**

$_____*
**GENERAL OBLIGATION BONDS
ELECTION OF 2016, 2018 SERIES A**

$_____*
**GENERAL OBLIGATION REFUNDING BONDS
ELECTION OF 2008, 2018 SERIES A**

INTRODUCTION

General

The Santa Monica Community College District (the "District") proposes to issue (i) $_____* aggregate principal amount of its General Obligation Bonds, Election of 2016, 2018 Series A (the "New Money Bonds"), and (ii) $_____* aggregate principal amount of its General Obligation Bonds, Election of 2008, 2018 Series A (the "Refunding Bonds" and, together with the New Money Bonds, the "Bonds").

The New Money Bonds are being issued 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 "New Money Act"), and other applicable laws and regulations of the State of California (the "State"), a resolution adopted by the Board of Trustees of the District (the "Board") on March 6, 2018 (the "New Money Resolution"). The Refunding Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the of the California Government Code (commencing with Sections 53550 and 53580, respectively) (the "Refunding Act") and other applicable laws and regulations of the State, and pursuant to a resolution adopted by the Board on March 6, 2018 (the "Refunding Resolution" and, together with the New Money Resolution, the "Resolutions").

The proceeds of the New Money Bonds will be applied to fund certain capital projects of the District approved by the voters at an election conducted on November 8, 2016 (the "2016 Election"), at which more than 55% of the qualified electors of the District voted to authorize the issuance of $345,000,000 of general obligation bonds (the "2016 Authorization") of the District, to pay capitalized interest on the New Money Bonds through and including a portion of interest accrued through August 1, 2020* and to the payment of costs of issuance of the Bonds. The proceeds of the Refunding Bonds will be applied to refund the Taxable General Obligation Build America Bonds, 2008 Election, 2010 Series A-1 (the "Prior Bonds"). See "PLAN OF FINANCE" herein.

The District

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. Santa Monica College is fully accredited by the Accrediting Commission for Community and Junior Colleges.

The assessed valuation of the District for fiscal year 2017-18 is $52,142,544,175. The District's total enrollment for fiscal year 2017-18 is projected to be 46,467. The projected funded full-time

* Preliminary; subject to change.

equivalent students ("FTES") for 2017-18 is 27,660, comprised of approximately 23,010 California resident FTES and 4,650 non-resident FTES. 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 THE BONDS – District Debt" herein. The District's audited financial statements for the fiscal year 2016-17 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDICES A and C attached hereto.

THE BONDS

Authority for Issuance

The New Money Bonds are general obligations of the District. The New Money Bonds were authorized pursuant to the 2016 Authorization approved at the 2016 Election. The New Money Bonds are being issued by the District under the New Money Act and other applicable laws and regulations of the State, and pursuant to the New Money Resolution and the 2016 Authorization. The New Money Bonds represent the first series of bonds issued under the 2016 Authorization, following which $_____* of the 2016 Authorization will remain.

The Refunding Bonds are being issued by the District under the Refunding Act and other applicable laws and regulations of the State, and pursuant to the Refunding Resolution. Pursuant to the Refunding Act, general obligation bonds issued for the purpose of refunding outstanding general obligation bonds previously authorized by the voters that do not increase the debt service obligation of taxpayers do not require additional voter approval, either for issuance of such refunding general obligation bonds or the levy of an *ad valorem* property tax sufficient to pay principal of and interest as due on the refunding general obligation bonds.

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 of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in initial denominations of $5,000 or any integral multiple thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on each Bond shall accrue from its dated date. Interest on the 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, 2018,* 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 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 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 Bonds will be made on each Interest Payment Date by wire transfer to the bank and account number on file with the

* Preliminary; subject to change.

Paying Agent as of the Record Date, to the Owner thereof on 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 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 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.

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.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest, 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.

Optional Redemption[*]

New Money Bonds

The New Money Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their respective stated maturity dates. The New Money 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.

Refunding Bonds

The Refunding Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to their respective stated maturity dates. The Refunding 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.

Mandatory Sinking Fund Redemption[*]

New Money Bonds

The New Money Bonds maturing on August 1, 20__, and bearing interest at a rate of _____%, are subject to mandatory sinking fund redemption prior to their stated maturity 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
20__	$
20__	
Total	$

Refunding Bonds

The Refunding Bonds maturing on August 1, 20__, and bearing interest at a rate of _____%, are subject to mandatory sinking fund redemption prior to their stated maturity 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
20__	$
20__	
Total	$

[*] Preliminary; subject to change.

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, shall select Bonds for redemption in such manner as the District shall direct, or, in the absence of such direction, in inverse order of maturity and within a maturity, 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 of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the resolutions, the Paying Agent, upon written instruction from the District, 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 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.

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 to the MSRB (defined below); (ii) in the event the Bonds shall no longer be held in book-entry form, 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 and the MSRB.

"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.

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.

Any Redemption Notice may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by notifying the Owners of affected Bonds and the MSRB in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

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 any Bonds, the aggregate principal amount of thereof.

Effect of Notice of Redemption

Notice having been given as required in the applicable 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 for the Bonds or deposited with a duly appointed escrow agent, 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 or deposited with a duly appointed escrow 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 and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like 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 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 of, premium, if any, and interest on such Bonds outstanding, and when the same become due and payable;

(b) by depositing with the Paying Agent, or with a duly appointed escrow agent, at or before maturity, cash which, together with the amounts then on deposit in the applicable 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 applicable 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 applicable resolution.

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Debt Service Schedule

The following table summarizes the debt service requirements of the District for all its outstanding general obligation bonds and the Bonds, assuming no optional redemptions:

Bond Year Ending August 1	Outstanding General Obligation Bonds[1][2]	New Money Bonds		Refunding Bonds		
		Principal	Interest	Principal	Interest	Total
2018	$30,033,643.61	--	--	--	--	$
2019	41,197,677.22	--				
2020	40,690,914.32	$				
2021	38,123,306.32			--	--	
2022	35,175,575.12	--	--	--	--	
2023	39,375,700.32	--	--	--	--	
2024	41,502,699.66	--	--	--	--	
2025	43,307,398.96	--	--	--	--	
2026	45,041,288.56	--	--	--	--	
2027	43,678,208.16	--	--	--	--	
2028	45,288,727.20	--	--	--	--	
2029	46,845,928.50	--	--	--	--	
2030	35,189,213.16	--	--	--	--	
2031	23,493,765.40	--	--	--	--	
2032	22,857,939.50	--	--	--	--	
2033	23,630,143.40	--	--	--	--	
2034	24,425,498.20	--	--	--	--	
2035	25,255,175.00	--	--	--	--	
2036	26,330,925.00	--	--	--	--	
2037	25,657,675.00	--	--	--	--	
2038	12,665,000.00	--	--	--	--	
2039	13,110,000.00	--	--	--	--	
2040	13,545,000.00	--	--	--	--	
2041	14,015,250.00	--	--	--	--	
2042	14,508,500.00	--	--	--	--	
2043	15,011,250.00	--	--	--	--	
2044	15,536,000.00	--	--	--	--	
Total	$795,492,402.61	$	$	$	$	$

(1) Represents all outstanding general obligation bonds of the District as of February 6, 2018; does not include general fund and other indebtedness of the District. Includes the Refunded Bonds.
(2) Excludes subsidy payments from the District's Taxable General Obligation Build America Bonds (Direct Subsidy) 2008 Election, 2010 Series A-1.

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 New Money Bonds

The proceeds of the New Money Bonds are being applied to (i) finance the construction, acquisition, furnishing and equipping of District facilities, all as included in the Project List (defined below) approved at the 2016 Election (ii) pay capitalized interest on the New Money Bonds through, and including a portion of interest accrued through August 1, 2020* and (iii) pay certain costs of issuance associated with the Bonds.

Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited into the debt service fund established by the County with respect to such series of Bonds and will be applied to the payment of interest on such series of Bonds.

The Project. The "Strict Accountability in Local School Construction Bonds Act of 2000," comprising Section 15264 *et seq*. of the Education Code, controls the method by which the District will expend amounts derived from the sale of the Bonds on its capital improvements. Prior to the 2016 Election, the District prepared and submitted to the District Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the general obligation bonds being approved at the 2016 Election (the "Project List").

The Refunding Bonds

The net proceeds of the Refunding Bonds will be applied to refund the District's Prior Bonds (the Prior Bonds so refunded being hereinafter referred to as the "Refunded Bonds") on their first redemption date as set forth in the table below.

On the date of delivery of the Refunding Bonds, a portion of the net proceeds of the Refunding Bonds will be deposited into an Escrow Fund (the "Escrow Fund") established pursuant to that certain Escrow Agreement, dated as of April 1, 2018 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, in the capacity of Escrow Agent (the "Escrow Agent").

The net proceeds of the Refunding Bonds will be invested under the terms of the Escrow Agreement. Amounts available in the Escrow Fund will be applied (i) to pay interest coming due on the Refunded Bonds on and prior to August 1, 2020 and (ii) to redeem the Refunded Bonds on August 1, 2020, the first optional redemption date of the Refunded Bonds, at a redemption price equal to 100% of the principal amount of the Refunded Bonds together with interest accrued to August 1, 2020.

The Escrow Agreement provides for the investment of the proceeds of the Refunding Bonds deposited thereunder in noncallable direct obligations issued by the United States Treasury (including

* Preliminary; subject to change.

State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America. Causey, Demgen & Moore P.C., certified public accountants (the "Verification Agent") will verify the sufficiency of amounts so deposited and invested to provide for such payments.

Summary of Prior Bonds to Be Refunded
Taxable General Obligation Build America Bonds (Direct Subsidy)
2008 Election, 2010 Series A-1*
Redemption Date: August 1, 2020

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP Number[(1)] (802385)
2024	$ 3,920,000	5.728%	LC6
2025	4,280,000	5.878	LD4
2030	27,585,000	6.663	LE2
2034	31,080,000	6.763	LF9

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District, the Municipal Advisor, nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only.

* Preliminary; subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

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

Source of Funds	New Money Bonds	Refunding Bonds	Total
Principal Amount	$	$	$
Plus [Net] Original Issue Premium		--	
Total Sources	$	$	$
Uses of Funds			
Project Fund	$	$	$
Escrow Fund			
Debt Service Fund		--	
Costs of Issuance[(1)]			
Total Uses	$	$	$

[(1)] Costs of issuance includes, but is not limited to, Underwriters' discount, printing and rating costs, demographics, fees and expenses of the Paying Agent, Fiscal Agent, Municipal Advisor, Bond and Disclosure Counsel and the Verification Agent.

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 of and interest on the Bonds.

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 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 2016-17 and 2017-18, the District's total assessed valuation is $49,831,253,577 and $52,142,544,175, respectively. Shown in the following tables is information relating to the assessed valuation of property in the District during the current and past six 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
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
2015-16	45,802,812,853	-	1,004,302,267	46,807,115,120
2016-17	48,829,183,700	-	1,002,069,877	49,831,253,577
2017-18	51,103,727,689	-	1,038,816,486	52,142,544,175

Source: California Municipal Statistics, Inc.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
2017-18 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Malibu	$15,777,156,047	30.26%	$ 15,777,156,047	100.00%
City of Santa Monica	34,346,285,178	65.87	34,427,831,562	99.76
City of Westlake Village	93,626	0.00	3,528,924,758	0.00
Unincorporated Los Angeles County	2,019,009,324	3.87	101,883,899,033	1.98
Total District	$52,142,544,175	100.00%		
Los Angeles County	$52,142,544,175	100.00%	$1,424,902,177,619	3.66%

Source: California Municipal Statistics, Inc.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
2017-18 Assessed Valuation and Parcels by Land Use

Non-Residential:	2017-18 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Commercial	$10,417,042,208	20.38%	1,753	5.05%
Vacant Commercial	188,625,994	0.37	304	0.88
Industrial	788,184,080	1.54	263	0.76
Vacant Industrial	20,891,911	0.04	37	0.11
Recreational	191,464,941	0.37	41	0.12
Government/Social/Institutional	130,987,022	0.26	636	1.83
Miscellaneous	51,858,335	0.10	68	0.20
Subtotal Non-Residential	$11,789,054,491	23.07%	3,102	8.93%
Residential:				
Single Family Residence	$23,665,429,489	46.31%	12,823	36.92%
Condominium/Townhouse	6,965,191,386	13.63	10,419	30.00
Mobile Home Park	68,377,957	0.13	7	0.02
2-4 Residential Units	1,685,873,464	3.30	1,878	5.41
5+ Residential Units/Apartments	4,568,594,796	8.94	2,388	6.88
Vacant Residential	1,623,332,761	3.18	3,683	10.60
Subtotal Residential	$38,576,799,853	75.49%	31,198	89.82%
Cross Reference Parcels	$737,873,345	1.44%	433	1.25%
Total	$51,103,727,689	100.00%	34,733	100.00%

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

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
Per Parcel 2017-18 Assessed Valuation of Single-Family Homes

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	12,823	$23,665,429,489	$1,845,545	$1,091,400

2017-18 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $199,999	1,367	10.661%	10.661%	$ 170,824,293	0.722%	0.722%
200,000 - 399,999	1,367	10.661	21.321	402,374,235	1.700	2.422
400,000 - 599,999	1,160	9.046	30.367	581,583,279	2.458	4.880
600,000 - 799,999	1,095	8.539	38.907	767,500,856	3.243	8.123
800,000 - 999,999	977	7.619	46.526	878,458,024	3.712	11.835
1,000,000 - 1,199,999	874	6.816	53.342	954,781,500	4.034	15.869
1,200,000 - 1,399,999	742	5.786	59.128	963,970,252	4.073	19.943
1,400,000 - 1,599,999	650	5.069	64.197	973,710,946	4.114	24.057
1,600,000 - 1,799,999	564	4.398	68.595	957,166,224	4.045	28.102
1,800,000 - 1,999,999	472	3.681	72.276	896,295,921	3.787	31.889
2,000,000 - 2,199,999	412	3.213	75.489	863,496,457	3.649	35.538
2,200,000 - 2,399,999	335	2.612	78.102	768,970,567	3.249	38.787
2,400,000 - 2,599,999	285	2.223	80.324	710,845,943	3.004	41.791
2,600,000 - 2,799,999	245	1.911	82.235	660,648,554	2.792	44.582
2,800,000 - 2,999,999	236	1.840	84.075	684,483,593	2.892	47.475
3,000,000 - 3,199,999	213	1.661	85.737	658,549,496	2.783	50.258
3,200,000 - 3,399,999	159	1.240	86.977	524,140,545	2.215	52.472
3,400,000 - 3,599,999	150	1.170	88.146	524,094,631	2.215	54.687
3,600,000 - 3,799,999	157	1.224	89.371	580,756,577	2.454	57.141
3,800,000 - 3,999,999	127	0.990	90.361	495,311,529	2.093	59.234
4,000,000 and greater	1,236	9.639	100.000	9,647,466,067	40.766	100.000
Total	12,823	100.000%		$23,665,429,489	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 and community college 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 not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

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 2011-12 through 2016-17.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Secured Tax Charges and Delinquencies

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
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
2014-15	17,056,695	246,397	1.44
2015-16	18,372,400	261,451	1.42
2016-17	19,536,371	232,848	1.19

	Secured Tax Charge[2]	Amt. Del. June 30	% Del. June 30
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
2014-15	25,163,816	375,104	1.49
2015-16	28,605,435	1,440,350	5.04
2016-17	28,359,744	417,520	1.47

[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 as a percentage of assessed value in Tax Rate Area 8604 for fiscal years 2013-14 through 2017-18.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Typical Total Tax Rates (TRA 8604)[1]

	2013-14	2014-15	2015-16	2016-17	2017-18
County General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Santa Monica	.005504	.004916	.004699	.003904	.003764
Santa Monica Unified School District	.073806	.076358	.070658	.070057	.073972
Santa Monica Community College District	.059413	.058729	.060095	.058862	.068451
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.142223%	1.143503%	1.138952%	1.136323%	1.149687%

[1] 2017-18 assessed valuation of TRA 8604 is $17,462,258,806.
Source: California Municipal Statistics, Inc.

Largest Taxpayers

The 20 largest local secured taxpayers in the District and their assessed valuations for 2017-18 are shown in the following table.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Largest 2017-18 Local Secured Taxpayers

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total[(1)]
1.	CA Colorado Center LLC	Office Building	$ 521,975,699	1.02%
2.	Water Garden Realty Holding LLC	Office Building	505,881,684	0.99
3.	SC Enterprises SMBP LLC	Commercial	350,940,626	0.69
4.	Douglas Emmett LLC	Office Building	338,569,036	0.66
5.	Lantana Media Campus LLC	Office Building	331,344,168	0.65
6.	Office Block Investment LLC	Office Building	294,097,620	0.58
7.	Macerich SMP LP	Shopping Center	292,354,710	0.57
8.	Hart Arboretum LLC	Apartments	177,989,582	0.35
9.	Equity Office Properties Trust	Office Building	159,885,823	0.31
10.	New Santa Monica Beach Hotel LLC	Hotel	151,177,219	0.30
11.	SCRV SPE I LP	Commercial	142,663,701	0.28
12.	Jamestown Premier Malibu Village LP	Shopping Center	126,749,444	0.25
13.	Agensys Inc.	Industrial	124,262,510	0.24
14.	1299 Ocean LLC	Office Building	121,213,074	0.24
15.	Shores Barrington LLC	Apartments	121,145,627	0.24
16.	Ocean Avenue LLC	Hotel	118,471,713	0.23
17.	CLPF Arboretum LP	Office Building	116,557,778	0.23
18.	CSHV Pen Factory LLC	Industrial	114,946,604	0.22
19.	Blue Devils Owner LLC	Hotel	113,658,540	0.22
20.	Bridgton Realty LLC	Commercial	103,555,500	0.20
			$4,327,440,658	8.47%

[(1)] 2017-18 Local Secured Assessed Valuation: $51,103,727,689
Source: California Municipal Statistics, Inc.

District Debt

Prior to delivery of the Bonds, the District's general obligation indebtedness as of February 1, 2018 was $459,140,632, which is approximately 0.88% of its total 2017-18 assessed valuation. The District has general obligation bonds outstanding pursuant to: (i) a bond authorization for the issuance and sale of not more than $160,000,000 aggregate principal amount 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"), (ii) a bond authorization for the issuance and sale of not more than $135,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Measure S at an election held on November 2, 2004, (iii) a bond authorization for the issuance and sale of not more than $295,000,000 aggregate principal amount of general obligation bonds approved by more than 55% of the voters of the District voting on Measure AA at an election held on November 4, 2008; and (iv) the 2016 Authorization (together with the 2002 Authorization, the 2004 Authorization and the 2008 Authorization, the "Bond Authorizations") pursuant to which the Bonds are issued. The District also has obligations related to certain certificates of participation (the "COPs"), described in APPENDIX A and APPENDIX C hereto.

The following table is a statement of the District's direct and estimated overlapping bonded debt as of February 1, 2018. 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

2017-18 Assessed Valuation: $52,142,544,175

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/18
Metropolitan Water District	1.903%	$ 1,425,442
Santa Monica Community College District	**100.000**	**459,140,630**[1]
Santa Monica-Malibu Unified School District	99.846	361,932,378
City of Santa Monica	99.763	5,447,060
City of Malibu Community Facilities District No. 2006-1	100.000	3,295,000
City of Malibu Assessment Districts	100.000	8,000,000
Los Angeles County Regional Park and Open Space Assessment District	3.659	972,379
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$840,212,889
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	3.659%	$ 70,779,277
Los Angeles County Superintendent of Schools Certificates of Participation	3.659	237,846
Santa Monica Community College District Certificates of Participation	**100.000**	**12,810,000**
Santa Monica-Malibu Unified School District Certificates of Participation	99.846	8,054,079
City of Malibu Certificates of Participation	100.000	45,420,000
City of Santa Monica General Fund Obligations	99.763	126,050,551
City of Westlake Village Certificates of Participation	0.003	493
Los Angeles County Sanitation District No. 27 Authority	100.000	215,137
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$263,567,383
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$81,400,000
COMBINED TOTAL DEBT		$1,185,180,272[2]

(1) Excludes general obligation bonds to be sold. Rounded figure.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Direct Debt ($459,140,630) 0.88%
Total Direct and Overlapping Tax and Assessment Debt..... 1.61%
Combined Direct Debt ($471,950,630) 0.91%
Combined Total Debt..... 2.27%

Ratios to Redevelopment Incremental Valuation ($11,785,775,321):

Total Overlapping Tax Increment Debt..... 0.69%

Source: California Municipal Statistics, Inc.

Pledge of Tax Revenues

Pursuant to the Resolutions, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the debt service fund of the District to the payment of the principal or redemption price of and interest on the Bonds. This pledge is valid and binding from the date of adoption of the Resolutions for the benefit of the owners of the Bonds and successors thereto. The Resolutions provide that the property taxes and amounts held in the debt service fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the debt service fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof, as all such Bonds are required by State law to be paid from the respective debt service fund of the District.

Each Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure or to refinance outstanding general obligation bonds.

Statutory Lien for General Obligation Bonds

Pursuant to Senate Bill 222 (2015) ("SB 222") codified at State Government Code Section 53515 provides that all general obligation bonds issued by local agencies on or after January 1, 2016, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the District or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See also "LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien"* herein.

***Ad Valorem* Property Tax Collection**

Factors Affecting Assessed Valuation. The annual tax rate will be based on the assessed value of taxable property in the District. Changes in the annual debt service on the District's outstanding general obligation bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as economic recession, deflation of land values, relocation of businesses out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, mudslide, drought, fire or other natural disaster, could cause a reduction in the assessed value of taxable property in the District and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within the District could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

TAX MATTERS

General.

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Bonds is exempt from personal income taxes of the State of California. Forms of Bond Counsel's anticipated opinions are included as Appendix B. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolutions by the District subsequent to the issuance of the Bonds. The Resolutions and the Tax Certificate contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal

Revenue Service (the "IRS") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS or the State of California. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum tax on corporations for taxable years that began before January 1, 2018, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is

possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment. The initial offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the District. Complete copies of the proposed form of Bond Counsel opinion(s) are contained in APPENDIX B herein. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

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.

VERIFICATION AGENT

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest to retire the Refunded Bonds and yields will be verified by Causey Demgen & Moore P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome. See "PLAN OF FINANCE – The Refunding Bonds" herein.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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

Current Undertaking. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the SEC, 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 Underwriters in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto.

Previous Undertakings. In the last five years, the District 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). The District did not timely file several notices related to ratings changes for certain bond insurers for its outstanding obligations and regarding a recalibration of the District's rating by Moody's. The District has filed material event notices with the MSRB in order to report ratings changes for its bond insurers and the recalibration of the District's rating by Moody's. Identification of the foregoing instances of non-compliance does not constitute a representation that the District has determined that such non-compliance is material. The District elected to participate in the SEC's Municipalities Continuing Disclosure Cooperation Initiative ("MCDC") prior to the December 1, 2014 filing deadline. The purpose of the MCDC was to encourage issuers and underwriters of municipal securities to self-report possible violations involving materially inaccurate statements relating to prior compliance with their respective continuing disclosure obligations. On March 3, 2017, the District received notice that the SEC concluded its review of the District's MCDC submission and does not intend to recommend an enforcement action by the Commission against the District.

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. See "APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT." If the safeguards are not successful in preventing a community college district from becoming insolvent, the Chancellor of the California Community Colleges (the "State Chancellor"), operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State

law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except as described below in the case of "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory and is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222") that became effective on January 1, 2016, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless

such taxes are "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system, then the court could determine that bondholders may not compel use of debt service *ad valorem* tax revenues to pay debt service to the extent the revenues are needed to pay necessary operating expenses of the District and its schools.

Possession of Tax Revenues; Remedies. If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Held in County Treasury Pool. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in "SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX F – THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS." Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed forms of the opinions of Bond Counsel, attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

UNDERWRITING

RBC Capital Markets, LLC, as representative (the "Representative") of itself and Samuel A. Ramirez & Co., Inc. (together, the "Underwriters") have agreed to purchase the New Money Bonds from the District at the purchase price of $_____ (being the aggregate principal amount of the New Money Bonds, $_____ plus original issue premium of $_____, and less Underwriters' discount of $_____), at the rates and yields shown on the inside cover hereof.

The Underwriters have agreed to purchase the Refunding Bonds from the District at the purchase price of $_____ (being the aggregate principal amount of the Refunding Bonds, $_____, less an Underwriters' discount of $_____), at the rates and yields shown on the respective inside cover hereof.

RBC Capital Markets, LLC made voluntary contributions to the committees that were formed to support the elections that authorized the Bonds and the issuance of the bonds that are being refunded.

RBC Capital Markets, LLC and its affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC Capital Markets, LLC and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets, LLC and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC Capital Markets, LLC and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC Capital Markets, LLC and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the offering of the Bonds or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

MUNICIPAL ADVISOR

KNN Public Finance, a Limited Liability Company ("KNN") is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's compensation for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. KNN, in its capacity as Municipal 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 Municipal Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Municipal 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 Municipal 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* property 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 Resolutions are available upon request from the Interim Executive Vice President, 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

This Appendix A provides information concerning the operations and finances of the Santa Monica Community College District (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. Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of 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 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."

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: Elaine Polachek, Interim Executive Vice President.

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.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES

Name	Office	Term Expires
Barry Snell	Chair	November 2018
Dr. Margaret Quiñones-Perez	Vice Chair	November 2020
Dr. Susan Aminoff	Member	November 2020
Dr. Nancy Greenstein	Member	November 2018
Dr. Louise Jaffe	Member	November 2018
Rob Rader	Member	November 2020
Dr. Andrew Walzer	Member	November 2018
Chase Matthews	Student Trustee	May 2018

Key Personnel

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

Name	Title
Dr. Kathryn E. Jeffery	Superintendent/President
Elaine Polachek	Interim Executive Vice President
Michael Tuitasi	Vice President, Student Affairs
Dr. Georgia Lorenz	Vice President, Academic Affairs
Teresita Rodriguez	Vice President, Enrollment Development
Sherri Lee-Lewis	Interim 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 Interim Executive Vice President follow:

Dr. Kathryn E. Jeffery, Superintendent/President. Kathryn E. Jeffery, PhD, was appointed to the position of Superintendent and President in November 2015 and took office in February 2016. Dr. Jeffery comes to the District after serving nearly eight years as president of Sacramento City College. Dr. Jeffery possesses over three decades of diverse higher education experience – encompassing roles as professor, counselor, and administrator – from arts and educational leadership education, to student services and Career Technical Education. She led the development of educational programs that support Science, Technology, Engineering, and Math (STEM) education at Hennepin Technical College in Minnesota, and at Sacramento City College; as well as the launch of a bachelor's degree program at the College of Southern Nevada. Prior to serving as president of Sacramento City College, Dr. Jeffery was President of Hennepin Technical College; Provost/Chief Campus Administrator at the College of Southern Nevada in Las Vegas; Vice President of Columbia College in the Yosemite Community College District; Dean for Faculty and Staff Diversity/Development and Dean for Student Services at the California Community Colleges Chancellor's Office.

Dr. Jeffery is a member of the American Association of Community Colleges (AACC) Special Commission on Structured Pathways, and she serves on the Board of Directors of the Santa Monica College Foundation; the Broad Stage at the Santa Monica College Performing Arts Center; and the Human Relations Council of Santa Monica.

Elaine Polachek, Interim Executive Vice President. Ms. Polachek was appointed to the position of Interim Executive Vice President of the District on August 21, 2017. With over 30 years of public administration experience, she has served in several key positions with the City of Santa Monica, including Assistant City Manager where she supervised eleven city departments and led the City's economic development efforts by developing and sustaining relations with residents and key business partners such as the Santa Monica Chamber of Commerce, Convention and Visitors Bureau, Downtown Santa Monica, Inc., and the Pier Corporation; Deputy City Manager where she oversaw the City's departments of finance, information systems, community maintenance, human resources and the Big Blue Bus; Director of Community Maintenance; Open Space Manager; Director of Community Maintenance; and Operations Manager for the Santa Monica Pier Restoration Corp. Previously Ms. Polachek held management positions with the Province of Ontario and the City of Scottsdale, Arizona. On March 14, 2016, Assemblyman Richard Bloom (D-Santa Monica) recognized Ms. Polachek with the 2016 "Woman of the Year" Award for the 50th Assembly District at the State Capitol. In 2014, Ms. Polachek received the John H. Nail Award from the League of California Cities, for her significant contributions to the City and the advancement of the community as a whole. Ms. Polachek holds a Bachelor's Degree in Political Science from the University of California, Los Angeles and a Master's Degree in Public Administration from the University of Southern California.

Accreditation

Santa Monica College 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.

Santa Monica College's accreditation was most recently reaffirmed on February 3, 2017.

District Employees

Santa Monica College Faculty Association. As of January 19, 2018, the District employed 313 full-time academic professionals and 1,082 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 19, 2019. Pursuant to the District Board's Ratification of the Collective Bargaining Agreement between the District and SMCFA, for the academic year 2017-18, all salary schedules will increase by the greater of 2.2% or the cost-of-living adjustments ("COLA"). The salary schedule for academic year 2018-19 shall be re-opened in March of 2018. Additionally, there were certain increases not tied to the salary schedule such as increases in Department Chairs and intersession office hours.

California Schools Employee Association and other classified employees. As of January 19, 2018, the District employed 442 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, 2018. The District also employs temporary classified employees who are not members of any collective bargaining unit. Under the provisions of the agreement with the CSEA, if the District agrees to

provide at least 25% of the members of another bargaining unit or unrepresented group with terms relating to COLA, salary schedules or reductions in work hours that are more favorable than those included in the agreement with CSEA, then such more favorable terms will also apply to the agreement with CSEA. As a result, the salary schedule increases provided in the District's collective bargaining agreement with SMCFA (as described in the previous paragraph) will be applicable to the agreement with the CSEA.

Santa Monica Community College Police Officer Association. As of January 19, 2018, the District employed 13 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, 2016, and SMCPOA continues to operate under its existing contract. Under the agreement with SMCPOA, if the District agrees to provide CSEA with terms with respect to COLA or salary schedules that are more favorable than those included in the agreement with SMCPOA, then such more favorable terms will also apply to the agreement with SMCPOA. Due to this provision, the salary schedule increases in the District collective bargaining agreement with SMCFA (as described above) will be applicable to the agreement with SMCPOA.

Other District Employees. As of January 19, 2018, the District employed 48 administrators, 44 classified managers and 8 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, 2017" hereto.

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 20 years, the District has been one of the top-rated community college districts 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 2013-14 through 2017-18.

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

Fiscal Year	FTES[(1)]	Increase (Decrease) From Prior Year
2013-14	25,478	699
2014-15	26,312[(2)]	834
2015-16	26,771[(3)]	459
2016-17	27,807[(4)]	1,036
2017-18	27,660[(5)]	(147)

[(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.
[(2)] Restated.
[(3)] Includes 313 borrowed credit FTES.
[(4)] Includes 2,065 borrowed credit FTES in 2016-17. The District expects to be in stabilization in 2017-18.
[(5)] Projected.
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
Funded FTES Five-Year Projections

Fiscal Year	FTES	Increase (Decrease) From Prior Year
2018-19	25,345	(2,315)
2019-20	25,345	0
2020-21	25,345	0
2021-22	25,345	0
2022-23	25,345	0

Source: The District.

Population

The populations of the City of Santa Monica, the County and the State of California during the period from 2014 through 2017 are set forth in the following table.

Population Figures[(1)]
2014 through 2017

Year	City of Santa Monica	County of Los Angeles	State of California
2014	92,321	10,089,847	38,572,211
2015	93,181	10,150,617	38,915,880
2016	93,282	10,182,961	39,189,035
2017	93,834	10,241,278	39,523,613

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

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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 2013 through 2016.

CITY OF SANTA MONICA
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Yearly Average for Years 2012 through 2016

Year and Area	Labor Force	Civilian Employment	Civilian Unemployment	Unemployment Rate (%)
2013				
City of Santa Monica	54,900	50,300	4,600	8.3
California	18,624,300	16,958,700	1,665,600	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Santa Monica	55,500	51,600	3,900	7.0
California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Santa Monica	55,600	52,400	3,100	5.6
California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Santa Monica	56,200	53,700	2,500	4.4
California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9

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 10 employers in the City of Santa Monica.

CITY OF SANTA MONICA
Principal Employers 2016

Employer	Industry	Number of Employees
1. Santa Monica-UCLA Hospital	Hospital	2,351
2. City of Santa Monica	Government	1,977
3. Santa Monica College	College	1,870
4. Saint John's Hospital Medical Center	Hospital	1,750
5. Santa Monica-Malibu Unified School District	Education	1,457
6. RAND Corporation	Think Tank	862
7. Activision Publishing incl. Beachhead Studios, Treyarch Corp	Digital Entertainment	827
8. Lionsgate Entertainment Corp. incl. Artisan Home Entertainment Inc., Artisan Releasing LLC	Entertainment	799
9. Universal Music Group	Media Corporation	760
10. ET Whitehall	Hotel	610

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" hereto.

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, charges for current services, aid from other governmental agencies and other revenue. The General Fund of the District 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. Certain information from the District's financial statements follows. The District's audited financial statements for fiscal year ended June 30, 2017 are attached hereto as APPENDIX C. The District has not requested and its auditor has not provided any review or update of such statements in connection with the inclusion thereof in this Official Statement.

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 beyond fiscal year 2016-17 is unaudited and has not been reviewed by the District's independent certified public accountants.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District's accounting method, see "APPENDIX C –AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017" hereto.

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

The District's Audited Financial Statements for fiscal year ended June 30, 2017 were prepared by Vavrinek, Trine, Day & Co., LLP, Rancho Cucamonga, California and are attached as APPENDIX C.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

Budgets of District; State Chancellor Oversight

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.

State law grants to the Board of Governors of the California Community Colleges and to the State Chancellor certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to California Education Code Section 84040 *et seq.* and the California Code of Regulations Section 58310 *et seq*., the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. Further, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the California Education Code Section 84040 *et seq.*

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

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

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

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

District Finances

The following pages describe the District's audited financial results for the fiscal years 2013-14 through 2016-17, as well as a comparison of the adopted general fund budget to audited actuals for fiscal years 2015-16 and 2016-17 and the adopted budgets for fiscal years 2016-17 and 2017-18.

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SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE GENERAL FUND
Fiscal Years 2013-14 through 2016-17

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
REVENUES				
Revenue from Federal Sources				
Higher Education Act	$ 3,021,104	$ 2,924,379	$2,745,616	$2,701,559
Workforce Investment Act	759,168	78,665	185,263	198,748
Temporary Assistance for Needy Families (TANF)	59,745	64,259	68,627	59,652
Student Financial Aid	118,830	118,373	103,192	104,493
Career & Technical Education	632,017	663,121	681,624	720,928
Other Federal Revenue	1,570,822	1,219,233	164,614	390,811
Revenue from State Sources				
General Apportionments	77,073,120	76,017,649	75,035,354	74,397,455
Categorical Apportionments	7,035,857	11,875,821	15,829,972	16,362,773
Other State Revenues	4,976,996	5,983,477	22,050,892	11,874,561
Revenue from Local Sources				
Property Taxes	17,523,067	19,467,000	28,052,704	33,109,250
Interest and Investment Income	171,118	177,495	235,862	411,642
Student Fees and Charges	50,787,240	55,161,735	57,590,215	57,422,571
Other Local Revenue	6,617,403	6,027,356	6,917,323	6,551,165
TOTAL REVENUES	170,346,487	179,778,563	209,661,258	204,305,608
EXPENDITURES				
Academic Salaries	72,682,604	79,697,982	83,692,839	86,959,483
Classified Salaries	34,229,194	35,810,558	38,987,050	41,382,638
Employee Benefits	31,015,300	33,596,938	41,620,008	45,201,961
Supplies and Materials	1,430,333	1,720,272	2,025,641	1,940,506
Student Financial Aid	585,524	484,783	672,162	510,381
Other Operating Expenses & Services	23,208,249	23,449,928	26,369,426	27,070,603
Capital Outlay	1,496,464	2,763,184	3,248,839	3,290,156
TOTAL EXPENDITURES	164,647,668	177,523,645	196,615,965	206,355,728
Excess (deficiencies) of revenues over expenditures	5,698,819	2,254,918	13,045,293	(2,050,120)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	453,305	305,564	128,383	90,235
Interfund Transfers Out	(1,914,709)	(1,897,888)	(1,887,032)	(402,168)
TOTAL OTHER FINANCING SOURCES (USES)	(1,461,404)	(1,592,324)	(1,758,649)	(311,933)
Excess (deficiencies) of revenues over Expenditures and other sources (uses)	4,237,415	662,594	11,286,644	(2,362,053)
Fund balance, beginning of year	15,784,905	20,022,320	20,684,914	31,971,558
Fund balance, end of year	$20,022,320	$20,684,914	$31,971,558	$29,609,505

Source: The District.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Comparison of Adopted Unrestricted General Fund Budgets for Fiscal Years 2016-17 and 2017-18 with Audited Actuals for Fiscal Year 2015-16 and 2016-17

	2015-16 Audited Actuals	2016-17 Adopted Budget[(1)]	2016-17 Audited Actuals	2017-18 Adopted Budget
REVENUES:				
Federal	$ 103,192	$ 116,798	$ 104,493	$ 107,933
State	96,987,204	91,390,457	85,404,972	87,597,041
Local	78,813,807	75,089,680	84,506,897	86,011,387
Total Revenues	$175,904,203	$166,596,935	$170,016,362	$173,716,361
EXPENDITURES:				
Academic Salaries	$ 75,990,477	$ 77,274,734	$ 78,603,062	$ 80,369,245
Classified Salaries	32,921,897	33,609,429	34,732,762	35,783,625
Employee Benefits	38,026,277	42,092,707	40,836,963	44,556,982
Supplies and Materials	1,172,462	1,094,840	962,207	1,104,180
Other Operating Expenses & Services	16,562,963	17,998,820	17,194,327	18,359,058
Capital Outlay	900,505	633,600	5,043	0
Total Expenditures	$165,574,581	$172,704,130	$172,334,364	$180,173,090
Total Other Financing Sources (Uses)	(185,608)	(234,157)	(235,815)	(170,298)
Change in Fund Balance	10,144,014	(6,341,352)	(2,553,817)	(6,627,027)
Beginning Fund Balance	13,781,577	23,925,591	23,925,591	21,371,774
Ending Fund Balance	$ 23,925,591	$ 17,584,239	$21,371,774	$14,744,747

(1) The 2016-17 Adopted Budget does not include certain salary increases adopted by the District Board on and after March 7, 2017. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – THE DISTRICT – *District Employees*" herein.

Source: The District.

Santa Monica College Foundation

The Santa Monica College Foundation (the "Foundation") is a separate non-profit, public benefit corporation organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established in 1956 to provide financial support for the District's programs, scholarships, services and capital campaigns. The purpose of the Foundation is to promote, foster and help provide scientific, literary, educational and recreational programs and facilities at Santa Monica College; provide scholarships, fellowships, grants, loans and other financial assistance to approved students, members of the faculty, alumni and programs of Santa Monica College; and raise and expend monies for the general welfare of District students, staff, faculty and programs. Under GASB rules, the Foundation is not a component unit of the District for financial reporting purposes. As of June 30, 2016, the Foundation had net assets valued at $20,907,186.

Operating Leases

The District has entered into an operating lease for land, building, and equipment with lease terms in excess of one year for the Madison campus and the 14th Street warehouse project. These agreements do not contain a purchase option. Future minimum lease payments under these agreements are as follows:

Fiscal Year (Ending June 30)	Lease Payments
2018	$ 1,130,212
2019	1,022,104
2020	913,996
2021	913,996
2022	913,996
2023-2027	4,569,980
2028-2032	4,569,980
2033-2037	4,569,980
2038-2042	4,569,980
2043-2047	4,569,980
2048-2052	4,569,980
2053-2057	4,569,980
2058	913,996
Total	$37,798,160

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 the Municipal Finance 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. In May, 2016, the District refinanced the original lease with the Municipal Finance Corporation for the acquisition of and installation of energy conservation and alternative energy measures. Future minimum lease payments are as follows:

Fiscal Year (Ending June 30)	Lease Payments
2018	$ 405,998
2019	426,826
2020	448,657
2021	471,538
2022	495,520
2023-2027	2,879,721
2028-2029	777,531
Total	5,905,791
Less: Amount Representing Interest	(968,674)
Present Value of Minimum Lease Payment	$4,937,117

Source: The District.

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 aggregate principal amount of $13,945,000, to prepay certain of the District's 1999 Certificates of Participation. Lease payments are required to be made by the District for the 2010 COPs on each June 1 and December 1 for use and possession of certain capital improvements through and until June 1, 2023.

On December 19, 2013, the District, as the "lessee," and the LA County Schools Regionalized Business Services 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 aggregate principal 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 for the 2013 COPs on each February 1 and August 1 for use and possession of certain capital improvements through and until February 1, 2027. The 2013 COPs were sold in a private placement.

For additional information regarding the 2010 COPs and the 2013 COPs, see APPENDIX C. 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

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teacher's Retirement System ("STRS") and classified employees are members of the State Public Employees' Retirement System ("PERS").

For the fiscal year ended June 30, 2017, the District reported the net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources for each of the plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
STRS	$105,165,413	$22,317,037	$12,318,637	$9,953,143
PERS	60,962,426	17,952,085	3,538,675	7,196,825
PERS – Safety Plan	3,375,206	950,677	128,062	321,236
Total	$169,503,045	$41,219,799	$15,985,374	$17,471,204

Source: The District.

STRS. The District participates in the State Teachers' Retirement System. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

Prior to fiscal year 2014-15, unlike typical defined benefit programs, neither the employee, employer or State contribution rate to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed legislation to increase contribution rates.

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.15%	8.15%
July 1, 2015	9.20	8.56
July 1, 2016	10.25	9.21

Source: STRS and California Assembly Bill 1469

Pursuant to A.B. 1469, K-14 school district contribution rates will increase over a seven-year phase-in period in accordance with the following schedule:

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

Effective Date	K-14 School District Employer Contributions
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: STRS and California Assembly Bill 1469

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

The District's employer contributions to STRS for fiscal years ended June 30, 2015 through June 30, 2017 (together with the projection for fiscal year ended June 30, 2018) are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 for additional information.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
STRS CONTRIBUTIONS

Fiscal Years Ended June 30	District Employer Contributions
2015	$5,472,236
2016	7,157,396
2017	8,018,587
2018[1]	7,792,710[2]

[1] Projected.
[2] 28 full-time faculty members retired in December, 2017.
Source: The District

PERS. The District also participates in the State Public Employees' Retirement System ("PERS"). The District's employer contribution to PERS for fiscal years ended June 30, 2015 through June 30, 2017 (together with the projection for fiscal year ended June 30, 2018) are set forth in the table below, and equal 100 percent of the required contributions for each year. See APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 for additional information.

SANTA MONICA COMMUNITY COLLEGE DISTRICT
PERS CONTRIBUTIONS

Fiscal Years Ended June 30	District Employer Contributions
2015	$4,300,944
2016	4,650,746
2017	5,474,393
2018[1]	5,846,446

[1] Projected.
Source: The District

Both PERS and STRS are operated on a Statewide basis and, based on available information, both PERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. See "State Pension Trusts" below. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act") into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety PERS participants hired after the Implementation Date, the Reform Act changes the

normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

On April 17, 2013 the PERS Board of Administration (the "PERS Board") approved new actuarial policies aimed to fully fund the pension system's obligations within 30 years. The new policies included a rate-smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented in respect of the State, K-14 school district and all other public agencies in Fiscal Year 2015-16.

In 2014, PERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the PERS Board adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS discount rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS discount rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS discount rate to 7.0% over the next three years in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate will go into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate to 7.0% is expected to result in average employer rate increases of approximately 1-3% of normal cost as a percent of payroll for most miscellaneous retirement plans and a 2-5% increase for most safety plans. The PERS Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these changes is the inclusion of mortality improvement to acknowledge the greater life expectancies among PERS membership and expected continued improvements.

Pursuant to the PERS Board's decision in February 2014, the new actuarial assumptions will be incorporated in the June 30, 2015 valuation for the schools portion of the PERS pool (the "School's Pool"). The increase in liability due to the new actuarial assumptions will be amortized over 20 years and phased in over 5 years in accordance with PERS Board policy, beginning with the contribution requirement for fiscal year 2016-17. The projected impact of the assumption change on the Schools Pool rate is estimated to be an increase of 1.6 percent of payroll in 2016-17 with approximate annual increases

of 0.8 percent of payroll in each of the next 4 years with an estimated total increase of 4.8 percent of payroll by 2020-21.

In February 2017, the STRS Board voted to adopt revised actuarial assumptions to reflect the increasing life expectancies of its members and the then-current economic trends. The revisions to the actuarial assumptions included changes to the generational mortality methodology that reflect prior improvements in life expectancies and more dynamic assessments of future life spans. In addition, the STRS Board determined to decrease the investment return assumption over a two-year period as follows: (i) a decrease from 7.50% to 7.25% for the June 30, 2016 actuarial valuation that is to be presented to the STRS Board in April 2017 and (ii) a decrease from 7.25% to 7.00% for the June 30, 2017 actuarial valuation to be presented to the STRS Board at the April/May 2018 meeting. The changes reflect the less than 50% probability that the then-current return assumptions would be met over the long term. The STRS Board also decreased some of the economic-related assumptions to reflect continued trends. As a result, the wage-growth assumption was reduced to 3.50% from 3.75% while the price inflation factor was also reduced to 2.75% from 3.00%.

State Pension Trusts

The following information on the State Pension Trusts 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 or the Underwriter. 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 STRS and PERS have substantial Statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The PERS Schools Pool had an unfunded liability, based on the market value of assets, of $21.7 billion as of June 30, 2016, and STRS had unfunded actuarial liabilities of $96.7 billion as of June 30, 2016. 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 PERS 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 PERS annual financial report and actuarial valuations may be obtained from the PERS 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.

GASB Statement Nos. 67 and 68

On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved two new standards ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for

purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For more information, See the fiscal year 2016-17 audited financial statements of the District included in Appendix C hereto.

Post-Employment Benefits

In June 2015, GASB issued Statement Nos. 74 and 75, respectively, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pension Plans and Pensions, respectively*. The objectives of these statements are to (i) improve the usefulness of information related to postemployment benefits other than pensions (other postemployment benefits or "OPEB") included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability and (ii) improve accounting and financial reporting by State and local governments for OPEB, respectively.

Plan Description. The District administers a single-employer defined benefit plan for retiree healthcare benefits. The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. The District contributes 100 percent of the amount of premiums, for medical, dental and vision benefits, incurred by retirees and their dependents up to the age of 65. For all retirees above the age of 65, medical benefits are paid, not-to-exceed a maximum amount determined by the District, for life. There are currently 560 retired employees eligible to receive post-employment retirement benefits, 59 of which are eligible to receive full benefits and 501 employees who are eligible to receive the supplement to Medicare and/or the maximum District contribution to postemployment health care benefits (currently $911.52 per month).

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional discretionary contribution made to the PERS irrevocable trust as determined by the Board of Trustees. For fiscal year 2016-17, the District contributed $3,573,461 to the Plan, which was applied to current premiums and no discretionary contribution to the PERS irrevocable trust. The District has budgeted approximately $3,930,807 from the General Fund for fiscal year 2017-18 to pay retiree medical benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities ("UAAL") (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 8,999,025
Interest on the net OPEB Obligation	3,001,560
Adjustment to annual required contribution	(2,822,152)
Contributions made for retiree benefits	(3,573,461)
Change in value of Irrevocable Trust	(624,219)
Net Changes in Total OPEB Liability	4,980,753
Net OPEB Liability, beginning of year	46,177,849
Net OPEB Liability, end of year	**$51,158,602**

Source: The District.

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2015	9,017,644	3,747,964	42	41,798,141
2016	9,070,651	4,690,943	52	46,177,849
2017	8,554,214	3,573,461	42	51,158,602

For additional information, see the fiscal year 2016-17 audited financial statements of the District included in Appendix C hereto.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

Major Revenues

General. California community college districts (other than Basic Aid Districts, as described below) receive operating income from the State, from local sources derived from the community college district's share of the county-wide property tax, revenues generated from the community college district's operations, consisting of student fees and miscellaneous sources, and federal government grants and transfers. State funds include general apportionment, categorical funds, capital construction, the State lottery, and other minor sources.

SB 361. Senate Bill 361, which was signed by the Governor on September 29, 2006 ("SB 361"), reformed the formulas for allocating general-purpose apportionments to California community college districts beginning fiscal year 2006-07. The updated system includes allocation of State general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each district, plus funding received based on the number of credit, noncredit and enhanced noncredit FTES in each district. SB 361 also specifies that the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES (subject to cost

of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of $2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at $3,092 per enhanced noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation."

See "APPENDIX A – FINANCIAL AND DEMOGRAPHIC INFORMATION RELATED TO THE DISTRICT – District Enrollment" herein for more detailed information regarding the District's FTES for 2016-17 and FTES projections for 2017-18.

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 of the district. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprises the District's funding allocation. "Basic Aid" or community-funded community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid Districts do not receive any funds from the general State appropriation. See also, "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance – Proposition 30 and Proposition 55." The implication for Basic Aid Districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Basic Aid District.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State; however, a majority of these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require a portion of the funds to be used for instructional purposes, and prohibits their use for capital purposes.

Ad Valorem Property Taxes

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 and locally 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 voter-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 ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent 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 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 ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (6) a civil action against the taxpayer; (7) 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; (8) 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 (9) 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.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

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 (the "State 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) 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"). Under 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 the 1988-89 fiscal year, 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 the fall of 1989, the Legislature and the Governor 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 accurately predict. 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.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California'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 Underwriters, Bond and 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, none of the District, the County, Bond and Disclosure Counsel nor the Underwriters 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.ebudget.ca.gov, which website is not incorporated herein by reference.**

2017-18 State Budget. On June 27, 2017, the Governor signed the 2017-18 Budget into law (the "2017-18 Budget"). The Final 2017-18 Budget included total general fund spending of $125 billion, with a funding increase of more than $3 billion for K-14 education (approximately $1 billion more than the Governor proposed in the 2017-18 Proposed Budget) and a revision to the minimum funding guarantee for fiscal year 2016-17 at $71.3 billion, reflecting a decrease of $558 million from the prior year. Total spending, however, exceeded the minimum funding guarantee by approximately $29 million, as a result of a $514 million "settle up" payment related to an obligation created by understating the minimum guarantee in a prior year.

In addition, the 2017-18 Budget allocated $2.8 billion (expected from increases in the gas tax and vehicle registration fees) to be applied to road repairs, transit and other transportation infrastructure projects and proposes to spend portions of more than $1 billion the State expects to receive each year from the tobacco tax (approved by California voters in November of 2016) that raised reimbursement rates for doctors and dentists who provide publicly funded care ($465 million) and for other providers, including those working in women's health ($81 million). The 2017-18 Budget also included $1.8 billion to the State's reserve fund and an expanded tax credit for low-wage workers.

Significant features with respect to California community college ("CCC") education funding included the following:

- *Student Success* – An increase of $150 million in one-time funding for an initiative focused on assisting community college districts to (i) integrate existing student success programs and services, (ii) build internal capacity for data analysis, leadership, planning and program implementation, and (iii) develop structured academic courses for incoming students.

- *Enrollment; Apportionments* – An increase of $58 million in Proposition 98 funding to base allocations to support a 1% growth in enrollment system-wide. The 2017-18 Budget also provided $98 million to fund a 1.56% COLA to apportionments, $5 million to fund a 1.56% COLA to selected categorical programs, and $1 million to fund a COLA for financial aid administration. In addition to these base increases, the 2017-18 Budget provided $184 million that community college districts may use to fund any educational or operational purpose, including hiring additional faculty, paying retirement costs, professional development and facility maintenance.

- *Innovation Awards* – $20 million in one-time Proposition 98 funding for awards to community college districts that develop innovations that both address specified groups of underrepresented students and use technology to improve instruction and support services.

- *Financial Aid* – An increase of $25 million in Proposition 98 funding to increase the maximum annual Full Time Student Success Grant. This grant was created in fiscal year 2015-16 and provides additional aid to community college students who carry 12 or more credits per term and qualify for Cal Grant B and Cal Grant C awards. The 2017-18 Budget also provided $25 million for a Community College Completion Grant, which would provide an additional $2,000 annually for grant recipients that develop a comprehensive education plan and carry 15 or more units per term. Lastly, the 2017-18 Budget includes $1.7 million to double the Cal Grant C book and supply award.

- *On-line Education* – An increase of $10 million in Proposition 98 funding, for total ongoing funding of $20 million, to provide system-wide access to the California Online Education Initiative, a grant-funded collaborative effort among community colleges to increase access to and success in high-quality online courses.

- *Library Systems* – An increase of $6 million in one-time Proposition 98 funding to the California Community College Technology Center, a grant funded project that coordinates statewide technology projects, to assist in the procurement and operational of an integrated library system for California community college students.

- *Deferred Maintenance and Instructional Equipment* – An increase of $77 million in one-time Proposition 98 funding for deferred facility maintenance, special repairs, hazardous substance abatement, architectural barrier removal, or specified water conservation projects, with funds allocated based on full time equivalent student enrollment.

- *Proposition 51* – a total allocation of $16.9 million in Proposition 51 bond funds for initial design activities at 15 community college districts.

For additional information regarding the 2017-18 Budget, see the State's Department of Finance website at www.ebudget.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Governor's Proposed 2018-19 State Budget. Governor Brown released the Proposed Fiscal Year 2018-19 State Budget (the "Proposed 2018-19 Budget") on January 10, 2018, including a plan to fully fund California's "rainy-day" cash reserve fund to $13.5 billion and an increase in K-12 education funding to a total $78.3 billion, mostly from earmarked funding from annual tax revenues, and including the addition of $3 billion to program targeting disadvantaged schools under the LCFF. The Proposed 2018-19 Budget also includes $4.6 billion in new transportation funding (sourced from the 2017 increase in the California gas tax), most of which will be applied to road, highway and bridge repairs.

The Proposed 2018-19 Budget recognizes that CCCs serve approximately 2.1 million students (three-quarters of all public higher education students) and that in 2017, the community college system released its 'Vision for Success' providing a strategic plan to improve CCC student outcomes by increasing student completion and transfer rates, decreasing excess units taken by students, increasing the number of career technical education students who are employed in their field of study, and eliminating racial/ethnic and regional achievement gaps. The Proposed 2018-19 Budget proposes fully funding the waiver of fees for first-time CCC students, which will cost approximately $46 million in fiscal year 2018-19. Other significant features of the Proposed 2018-19 Budget affecting CCCs include:

- *CCC Apportionments*—An increase of $322.5 million Proposition 98 General Fund, which includes (i) an increase of $175 million to support CCC transition to a student-focused funding formula; (ii) an increase of $161.2 million for a 2.51-percent cost-of-living adjustment; (iii) an increase of $60 million available for enrollment growth; and (iv) a decrease of $73.7 million to reflect unused growth provided in fiscal year 2016-17.

- *Deferred Maintenance and Instructional Equipment*—A one-time increase of $264.3 million Proposition 98 General Fund and $10.9 million Proposition 98 settle-up for deferred maintenance, instructional equipment, and specified water conservation projects.

- *California Online College*—An increase of $120 million Proposition 98 General Fund ($20 million ongoing) to establish a fully online community college.

- *California College Promise*—An increase of $46 million Proposition 98 General Fund to support the implementation of the California College Promise, pursuant to Chapter 735, Statutes of 2017 (AB 19).

- *Student Success Completion Grant*—An increase of $32.9 million Proposition 98 General Fund to support a streamlined and student-focused CCC financial aid program that consolidates the Full-Time Student Success Grant and the Completion Grant programs, shifts to a per-unit per-semester/per-year grant and augments the underlying grant amounts.

- *Innovation Awards*— $20 million one-time Proposition 98 General Fund to provide grants to support innovation in higher education, focused on enhancing equity.

- *Student Enrollment Fee Adjustment*—An increase of $5.4 million Proposition 98 General Fund as a result of decreased offsetting student enrollment fee revenues.

- *Local Property Tax Adjustment*—A decrease of $230.2 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

- CCC Facilities— Proposed $44.9 million in general obligation bond funding for 5 new and 15 continuing projects, representing the second installment of the $2 billion available for CCCs under Proposition 51, and will address critical fire and life safety issues at campuses Statewide.

The Proposed 2018-19 Budget includes several new items regarding workforce reforms in K-12 and higher education commenced in recent years including (i) $20.5 million for a cost-of-living adjustment for the Adult Education Block Grant program and (ii) $17.8 million ongoing for increased reimbursements to K-12 and CCC-sponsored apprenticeship programs for instructional hours provided in fiscal year 2018-19, with an additional one-time increase of $30.6 million to backfill shortfalls in reimbursements provided from fiscal years 2013-14 to 2017-18.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.ebudget.ca.gov. Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

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

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting or diverting revenues to any other local government, including school and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to K-14 schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is 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") 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 reduced the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State has 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 are more directly dependent upon the State's general fund.

Redevelopment Agency Dissolution. 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. As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and became effective in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional State tax revenues of about $6 billion annually from 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011–12, 2017–18, and 2018–19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget from going into effect. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Revenues generated by Proposition 30 accounted for an increase of approximately 14 percent over fiscal year 2011–12 in funding for schools and community colleges as set forth in the 2012–13 State Budget. Almost all of this increase was used to pay K–14 expenses from the previous year and reduce delays in certain State K–14 payments. Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through 2018–19, providing several billion dollars annually through fiscal year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was approved by State voters on November 8, 2016. Proposition 55 extends the increase to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the year 2030. Tax revenues received under Proposition 55 are allocated as follows: 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act ("Proposition 2") was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State's Budget Stabilization Account (the "Stabilization Account") established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the "Annual Stabilization Account Transfer"). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a "Supplemental Stabilization Account Transfer") are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a "budget emergency" (defined as an emergency within the meaning of Article XIIIB of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding fiscal year.

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

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016.

Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

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

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

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

Future Initiatives

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

Sanctuary Jurisdictions and Federal Funding

On January 25, 2017, President Trump issued an Executive Order (the "Executive Order") aimed at enhancing public safety in the interior of the United States. The Executive Order includes a provision directing the Attorney General and the Secretary of Homeland Security, in their discretion, to ensure that state and local jurisdictions that willfully refuse to comply with 8 U.S.C. 1373 (a federal law concerning the provision of information on individuals' immigration status), will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes. Although the District has neither adopted, nor plans to adopt, a resolution declaring itself a sanctuary jurisdiction, it could, nevertheless, be deemed to be a sanctuary jurisdiction if an agent of the federal government determines that the District willfully refuses to comply with any provision of 8 U.S.C. 1373, for example, if the District or an official of the District were to restrict the sending to or receipt from the United States Citizenship and Immigration Services ("USCIS") of any information regarding the citizenship or immigration status of a student or employee. The Executive Order states that it is the policy of the executive branch to ensure that jurisdictions that fail to comply with applicable federal law do not receive federal funds, except as mandated by law. The District is unable to predict the extent to which this threat will be enforced by the

federal government, the extent of the impact that enforcement of the Executive Order would have on the District's financial condition, or what other actions, if any, the District might take in response to the Executive Order or any action under it.

Federal funding comprises a portion of the District's general fund revenue. Although the general fund is not a pledged source of repayment for general obligation bonds, including the Bonds, a loss of all federal revenues may have a material effect on the overall fiscal health of the District and on the District's ability to meet its financial obligations in each budget year.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIIIA of the California Constitution. On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to one percent 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 (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See "Proposition 39" below. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-1976 tax bill under full 'cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer's date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (Nordlinger v. Hahn, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

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 one percent 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 two percent 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.

Article XIIIB of the California Constitution. An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental 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 1978-1979 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.

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 62. In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a "general tax") must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a "special tax") must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency's property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in Santa Clara County Local Transportation Authority v. Guardino, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 98. In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and

Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (d) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (e) 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 (f) 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"). Under 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 the 1988-89 fiscal year, 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 the fall of 1989, the Legislature and the Governor 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.

In 1992, a lawsuit, California Teachers' Association et al. v. Gould, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total $1.76 billion in loans, the State will repay $935 million, while K-14 districts will repay $825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the

Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and $360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. A significant amount of the "extra" Proposition 98 moneys in the last few years has been allocated to special programs, most particularly an initiative to allow each classroom from grades K-3 to have no more than 20 pupils by the end of the 1997-98 school year. There are also new initiatives to improve reading skills and to upgrade technology in high schools, as well as numerous programs approved by the State Budget Act for Fiscal Year 1999-2000 and proposed for Fiscal Year 2001-02. The economy of the State has slowed and the State is experiencing severe budget shortfalls. For a discussion of State funding of the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA." See also "RISK FACTORS – Economic Conditions in California" and "– Future State Budgets."

Proposition 39.

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent 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 except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIIIA of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the 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.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 111, 1A, 22, 30, 2, 62, 39 and 51 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

APPENDIX B

FORMS OF BOND COUNSEL OPINIONS

Upon issuance and delivery of the New Money Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinions with respect to the New Money Bonds substantially in the following form:

_____, 2018

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

Re: Santa Monica Community College District General Obligation Bonds, Election of 2016, 2018 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Monica Community College District (the "District"), in connection with the issuance by the District of $_____ aggregate principal amount of its General Obligation Bonds, Election of 2016, 2018 Series A (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 March __, 2018 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given 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, including the Resolution and the Tax Exemption Certificate of the District dated the date hereof (the "Tax Certificate"). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. 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.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties

other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings

and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Upon issuance and delivery of the Refunding Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinions with respect to the Refunding Bonds substantially in the following form:

_____, 2018

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

Re: Santa Monica Community College District General Obligation Refunding Bonds, Election of 2008, 2018 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to the Santa Monica Community College District (the "District"), in connection with the issuance by the District of $_____ aggregate principal amount of its General Obligation Refunding Bonds, Election of 2008, 2018 Series A (the "Bonds"). The Bonds are issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53550 and 53580, respectively), and the resolution adopted by the Board of Trustees of the District on ____, 2018 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given 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, including the Resolution, the Tax Exemption Certificate of the District dated the date hereof (the "Tax Certificate"), and a special report of Causey Demgen & Moore P.C. (the "Report"). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. 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.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not

cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. For taxable years that began before January 1, 2018, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum tax on such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

Under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX C

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

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_____, 2018 in connection with the execution and delivery of its General Obligation Bonds, Election of 2016, 2018 Series A, and its General Obligation Refunding Bonds, Election of 2008, 2018 Series (collectively, the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Trustees of the District on [March 6, 2018] (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 Underwriters 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 and Samuel A. Ramirez, Inc., (together, the "Underwriters") 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 the District, or, any alternate or successor dissemination agent, designated in writing by the Superintendent/President or Interim Executive Vice President (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 _____, 2018.

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 on or prior to February 25, 2019 with the report for the fiscal year ending June 30, 2018, 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; and

(v) Largest local secured taxpayers.

(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, if applicable;

(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) If the District determines that the occurrence of a Listed Event described in Section 6(b) hereof is material under applicable federal security 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 Executive Vice President 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 Underwriters 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:_____
Interim Executive Vice President

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Santa Monica Community College District

Name of Issue: [$_____ General Obligation Bonds, Election of 2016, 2018 Series A]
[$_____ General Obligation Refunding Bonds, Election of 2008, 2018 Series A]

Date of Issuance: _____, 2018

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 _____, 2018. 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 _____, 2018, 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	$
Schools and Community Colleges	
Discretionary Participants	
Total	$

The Treasury Pool participation composition is as follows:

Non-Discretionary Participants	%
Discretionary Participants:	
Independent Public Agencies	
County Bond Proceeds and Repayment Funds	
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 Los Angeles 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 March 21, 2017, 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 _____, 2018, the _____, 2018 book value of the Treasury Pool was approximately $_____ billion and the corresponding market value was approximately $_____ 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. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of _____, 2018.

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

The Treasury Pool is highly liquid. As of _____, 2018, approximately _____% of the investments mature within 60 days, with an average of ___ days to maturity for the entire portfolio.