General Obligation Bonds Election of 2012, Series D Post Pricing Book

September 12, 2018



Raymond James Public Finance

2000 Avenue of the Stars, Suite 920-N Los Angeles, CA 90067

209 Avenida Del Mar, Suite 207 San Clemente, CA 92672

One Embarcadero Center, 6th Floor San Francisco, CA 94111 John R. Baracy, Managing Director john.baracy@raymondjames.com

Un Chu Reardon, Senior Vice President unchu.reardon@raymondjames.com

Parker Colvin, Managing Director parker.colvin@raymondjames.com

Isom Advisors a Division of URBAN FUTURES | Incorporated

RAYMOND JAMES



TABLE OF CONTENTS

PUBLIC FINANCE

SECTION 1 Financing Summary

SECTION 2 Pricing Day Summary

SECTION 3 Bond Sale Comparables

SECTION 4 Market Update as of August 21, 2018

APPENDIX A Final Numbers

APPENDIX B Financing Calendar & Distribution List

APPENDIX C Rating Reports

SECTION 1

Financing Summary

NEW ISSUE - FULL BOOK-ENTRY

RATINGS: Moody's: "Aaa" Standard & Poor's: "AA+" See "RATINGS" herein

In the opinion of Jones Hail, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series D Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal afternative minimum tax, aithough, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$120,000,000 SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT (Los Angeles County, California) General Obligation Bonds Election of 2012, Series D

Dated: Date of Delivery

Due: August 1, as shown on inside cover

Authority and Purpose. The captioned bonds (the "Series D Bonds") are being issued by the Santa Monica-Mailbu Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on June 28, 2018 (the "Bond Resolution"). The Series D Bonds were authorized at an election of the registered voters of the District held on November 6, 2012 (the "Authorization") which authorized the issuance of \$385,000,000 principal amount of general obligation bonds to finance the renovation, construction and improvement of school facilities. The Series D Bonds are the fourth series of bonds to be issued under the Authorization. See "THE FINANCING PLAN" and "THE SERIES D BONDS — Authority for Issuance."

Security. The Series D Bonds are general obligation bonds of the District payable solely from ad valorem taxes. The Board of Supervisors of Los Angeles County has the power and is obligated to annually levy ad valorem taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Series D Bonds. See "SECURITY FOR THE SERIES D BONDS."

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

Book-Entry Only. The Series D Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede 3. Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Series D Bonds. See "THE SERIES D BONDS — Book-Entry Only System."

Payments. The Series D Bonds are dated the date of delivery and are being issued as current interest bonds. The Series D Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2019. Payments of principal of and interest on the Series D Bonds will be paid by U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer and Tax Collector of Los Angeles, California, the designated paying agent, registrar and transfer agent (the "Paying Agent"). to DTC for subsequent discussments to DTC Participants who will remit such payments to the beneficial owners of the Series D Bonds. See "THE SERIES D BONDS."

MATURITY SCHEDULE

(see inside front cover)

This cover page contains information for general reference only. It is not a summary of all the provisions of the Series D Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series D Bonds will be offered when, as and if Issued and accepted by the Underwriters, subject to the approval as to legally by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, is also serving as Disclosure Counsel to the District. Norton Rose Pulpinght US LLP, Los Angeles, California is serving as Underwriters' Counsel. It is anticipated that the Series D Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about September 6, 2018.

RAYMOND JAMES



RBC Capital Markets

The date of this Official Statement is August 22, 2018

Gei	neral Obligation Bonds Election of 2012, Series D
Par Amount	\$120,000,000
Tax Status	Tax-Exempt
Pricing Date	8/22/2018
Closing Date	9/6/2018
Purpose	To improve academic instruction and school safety by modernizing high school classrooms and campuses, repairing aging elementary schools, ensuring every school meets current earthquake and fire safety standards to protect students, and constructing, acquiring, modernizing, and/or repairing classrooms, sites, facilities, equipment, computers, and learning technology to raise student achievement.
Payment Dates	Principal: 8/1, commencing 8/1/2020 Interest: 2/1 and 8/1, commencing 2/1/2019
Redemption Provisions	8/1/2025 at Par (2020 to 2035) 8/1/2023 at Par (2036 to 2043)
Credit Ratings (1)	Aaa / AA+ /

⁽¹⁾ S&P AA+ represents an upgrade from AA for the District.

SECTION 2

Pricing Day Summary

- Fixed income markets this week will be focused on China-US Trade talks and global unrest. This week's economic calendar is light and will feature FOMC minutes and end the week with the Jackson Hole Fed summit. The flat yield curve will most likely be a topic at the Jackson Hole meeting as the FED continues to remain on a tightening path. The safe haven of US Treasury bonds continues to attract investor demand globally. The catalysts for volatility this week will be the FOMC minutes and the Jackson Hole Symposium on Friday.
- Last week, treasury rates were unchanged in 5 years, and lower by 1 basis point in 10 and 30 years. Municipal yields were unchanged in 5 years, and were lower by 2 basis points in 10 years, and 3 basis points in 30 years. Primary issuance for the week is expected to be \$4 billion of which \$3.2 billion will be negotiated and \$800 million competitive. The largest deals of the week are a \$920 million Illinois GO deal and a \$300 million City and County of Denver deal. Ratios vs. treasuries were tighter last week, the five year 72.1% of treasuries, ten year spot at 84.7% of treasuries and the thirty year spot ended the week at 99.5% of comparable treasuries. U.S. municipal bond funds reported \$452 mln of net inflows in the week ended August 15th, compared with \$622.6 mln of inflows in the previous week, according to data released by Lipper on Thursday. The four-week moving average remained positive at \$314.1 mln of inflows. In short term markets, the SIFMA Index rose by 12 bps to 1.57%.

		Today 8/20/2018	Last Week 8/13/2018	Last Month 7/23/2018	Last Year 8/21/2017			T	AX-EXEMP	T RATES	SATION	
Federal Fur	nds Rate	2.00	2.00	2.00	1.25	5.00						
Prime Rate		5.00	5.00	5.00	4.25	4.00	Mary					
LIBOR (1 m	nonth)	2.07	2.06	2.06	1.24	7.44	A round	The same	-			
LIBOR (3 m	nonth)	2.31	2.31	2.34	1.31	3.00	Nula	- Marie	a man	~ /	my man	man and a second
SIFMA		1.57	1.45	0.94	0.77	2.00	and and	mound	a prome	A CONTRACTOR	10/	the frame
SIFMA/1 M	LIBOR %	76.0	70.3	45.6	62.3	200	NA.	7.7	-	mark	Maria	MA
B.B. 20 Bor	nd Index	3.95	3.98	3.83	3.57	1.00	2	my	my my	my		1
B.B. Rev. In	ndex	4.45	4.48	4.33	3.78			_	_	~~		
30-Day Visi	ble Supply	9.3 B	16.3 B	8.9 B	7.7 B	0.00	4/13 0/13	4114 7714 0014	4/15 7/15 0/16	7/16	4117-	77.18 77.18
	OBLIGATION	CHANGE TO LEAVE TO A STATE OF THE STATE OF T		Curre	ent Tax-Exem	A		h Ago Tax-			Ago Tax-	
	OBLIGATION Year	Carrier and Carrier (Carrier Carrier C	BOND MARK	Curre	edit Spreads	•	1 Mont	h Ago Tax- redit Sprea	Exempt	C	redit Spre	ada
	Year	AAA Tax	x-Exempt	Curre	edit Spreads A	888	1 Mont	h Ago Tax- redit Spres	Exempt ds BBB	AA C	redit Spre	ada BBB
	Year 1	AAA Tax	x-Exempt	Curre Cri AA 0.01	edit Spreads A 0.19	BBB 0.46	1 Mont Cr AA 0.01	h Ago Tax- redit Sprea A 0.19	Exempt ds EBB 0.46	AA 0.02	A 0.20	868 0.47
	Year 1 5	AAA Tax	x-Exempt 50 98	Curre Cn AA 0.01 0.07	0.19 0.38	0.46 0.70	1 Mont Cr AA 0.01 0.07	h Ago Tax- redit Sprea A 0.19 0.38	Exempt da 0.46 0.70	0.02 0.08	0.20 0.38	0.47 0.69
	Year 1 5	AAA Tax 1. 1. 2.	50 98 43	Curre Cn AA 0.01 0.07 0.17	0.19 0.38 0.47	0.46 0.70 0.82	1 Mont Cr AA 0.01 0.07 0.17	n Ago Tax- redit Spres 0.19 0.38 0.47	0.46 0.70 0.82	0.02 0.08 0.19	0.20 0.38 0.52	0.47 0.69 0.87
	Year 1 5 10 20	1. 1. 2. 2.	50 98 43	0.01 0.07 0.17 0.20	0.19 0.38 0.47	0.46 0.70 0.82 0.83	1 Mont C: AA 0.01 0.07 0.17 0.20	0.19 0.38 0.47 0.49	Exempt ds 0.46 0.70 0.82 0.83	0.02 0.08 0.19 0.22	0.20 0.38 0.52 0.53	0.47 0.69 0.87 0.86
	Year 1 5	1. 1. 2. 2.	50 98 43	Curre Cn AA 0.01 0.07 0.17	0.19 0.38 0.47	0.46 0.70 0.82	1 Mont Cr AA 0.01 0.07 0.17	n Ago Tax- redit Spres 0.19 0.38 0.47	0.46 0.70 0.82	0.02 0.08 0.19	0.20 0.38 0.52	3da BBB 0.47 0.69 0.87
	Year 1 5 10 20	1. 1. 2. 2. 2.	50 98 43 90 01	0.01 0.07 0.17 0.20	0.19 0.38 0.47	0.46 0.70 0.82 0.83	1 Mont C: AA 0.01 0.07 0.17 0.20	0.19 0.38 0.47 0.49	Exempt ds 0.46 0.70 0.82 0.83	0.02 0.08 0.19 0.22 0.22	0.20 0.38 0.52 0.53	0.47 0.69 0.87 0.86
	Year 1 5 10 20 30	1. 1. 2. 2. 3. TAXABLE MA	50 98 43 90 01	0.01 0.07 0.17 0.20	0.19 0.38 0.47 0.49 0.49	0.46 0.70 0.82 0.83 0.81	1 Mont C: AA 0.01 0.07 0.17 0.20	A Ago Tax- redit Sprea 0.19 0.38 0.47 0.49 0.49	Exempt ds 0.46 0.70 0.82 0.83	0.02 0.08 0.19 0.22 0.22	0.20 0.38 0.52 0.53 0.53	ada 0.47 0.69 0.87 0.86 0.85
GENERAL	Year 1 5 10 20 30 OBLIGATION	AAA Tax 1. 1. 2. 2. 3. TAXABLE MA	x-Exempt 50 98 43 90 01 RKET	0.01 0.07 0.17 0.20 0.20	0.19 0.38 0.47 0.49 0.49	0.46 0.70 0.82 0.83 0.81	1 Mont Cr AA 0.01 0.07 0.17 0.20 0.20	A Ago Tax- redit Sprea 0.19 0.38 0.47 0.49 0.49	Exempt ds	0.02 0.08 0.19 0.22 0.22 0.22	0.20 0.38 0.52 0.53 0.53	ada 0.47 0.69 0.87 0.86 0.85
GENERAL Year	Year 1 5 10 20 30 OBLIGATION Tressury	1. 1. 2. 2. 3. TAXABLE MAA TAXABAB TAXABBAB TAXABAB TAXABBAB TAXABBAB TAXA	x-Exempt 50 98 43 90 01 RKET axable 51 98	Curre Cn AA 0.01 0.07 0.17 0.20 0.20 0.20	0.19 0.38 0.47 0.49 0.49 0.49	0.46 0.70 0.82 0.83 0.81	1 Monto CAA 0.01 0.07 0.17 0.20 0.20 0.20	A Ago Tax- redit Sprea 0.19 0.38 0.47 0.49 0.49	Exempt da	0.02 0.08 0.19 0.22 0.22 0.22 SWAP I 70% I	0.20 0.38 0.52 0.53 0.53 0.53 MARKET LIBOR 85	3da BBB 0.47 0.69 0.87 0.86 0.85 SIFMA 1.71 2.03
GENERAL Year 1 5	Year 1	1. 1. 2. 2. 3. TAXABLE MAA T 2. 2. 3. 3.	x-Exempt 50 98 43 90 01 RKET (axable) 51 98 45	Curre Cn AA 0.01 0.07 0.17 0.20 0.20 0.20	edit Spreads A 0.19 0.38 0.47 0.49 0.49 0.49 axable 53 94	0.46 0.70 0.82 0.83 0.81	1 Mont Cr AA 0.01 0.07 0.17 0.20 0.20 0.20 to AAA Tas -0.04 -0.19	A Ago Tax- redit Sprea 0.19 0.38 0.47 0.49 0.49	Exempt da BBB 0.46 0.70 0.82 0.83 0.81 LIBOR 2.64 2.88 2.93	0.02 0.08 0.19 0.22 0.22 0.22 SWAP I 70% I	0.20 0.38 0.52 0.53 0.53 0.53 MARKET LIBOR 85 02	3da 0.47 0.69 0.87 0.86 0.85 SIFMA 1.71 2.03 2.19
GENERAL Year 1 5	Year 1	1. 1. 2. 2. 3. TAXABLE MAA T 2. 2. 3. 3.	x-Exempt 50 98 43 90 01 RKET axable 51 98	Curre Cn AA 0.01 0.07 0.17 0.20 0.20 0.20	edit Spreads A 0.19 0.38 0.47 0.49 0.49 0.49 axable 53 94	0.46 0.70 0.82 0.83 0.81	1 Monto CAA 0.01 0.07 0.17 0.20 0.20 0.20	A Ago Tax- redit Sprea 0.19 0.38 0.47 0.49 0.49	Exempt da	0.02 0.08 0.19 0.22 0.22 0.22 SWAP I 70% I	0.20 0.38 0.52 0.53 0.53 0.53 MARKET LIBOR 85	8d8 0.47 0.69 0.87 0.86 0.85 SIFMA 1.71 2.03

Summary

- \$120,000,000 par amount
 - \$119,701,000 deposit to the District's Project Fund
- The Series D Bonds matured in various principal amounts from August 1, 2020 through 2043
- The District's outstanding Moody's Aaa rating was affirmed and the District's S&P rating was upgraded one notch to AA+. The upgrade lowered interest rates at pricing that saved District taxpayers approximately \$1,500,000
- The Series D Bonds are optionally callable on or after August 1, 2025 at 100% (August 1, 2020 to 2035) and 8/1/2023 at 100% (August 1, 2036 to 2043)
- Debt Service Fund deposit of \$9,197,327 will be applied to pay interest on the Series D Bonds due on February 1, 2019 through a portion of interest due on August 1, 2020

Structure

- Leading up to the order period, the District's financing team evaluated several coupon structure alternatives and optional redemption dates to generate the lowest cost of borrowing and the highest level of future debt management flexibility for the District's Series D Bonds.
 - As a new money general obligation bond issuance, a certain amount of premium was required to be generated
 - Interest due for tax rate management and the underwriting fee
 - Buyer demand is greater for 4% and 5% coupons
- The financing team determined that the best strategy to attract the greatest amount of prospective buyers would be to structure bonds with coupons ranging from 3% to 5%; and structure multiple optional redemption dates of 5 years and 7 years

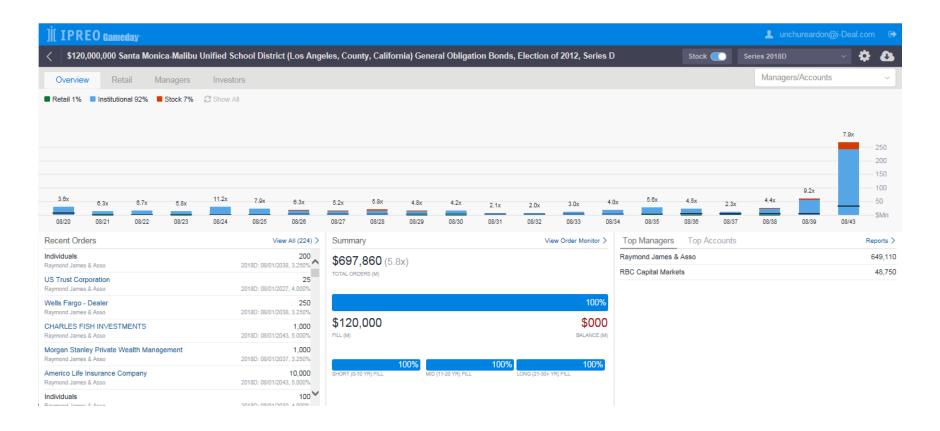
Order Period Result

- Given the large total par amount of the financing, the District's extremely strong Moody's Aaa and S&P AA+ ratings and highly regarded name, the Series D bonds garnered the attention of a very large pool of potential buyers (over 58 separate accounts)
 - 92% Institutional Buyers
 - 7% Stock Orders
 - 1% Retail Buyers
- By offering multiple coupon structures and multiple optional redemption provisions to investors and the reasons stated above, we were able to generate significant demand for the District's Series D Bonds and were able to reduce yields from the initial pre-pricing levels
 - The All-in True Interest Cost was reduced by 7 basis points and the total net debt service was reduced by over \$1.14 million over the life of the Series D Bonds
- Comparing the District's sale to other similar California K-12 financings of similar ratings/structure, the financing achieved lower spreads to MMD in nearly every maturity
- As summarized on the following page, the Series D Bonds generated approximately \$698 million of orders

ORDER FLOW

PUBLIC FINANCE

 At the end of the order period on pricing day, the District's bonds were approximately 5.8 times oversubscribed



 Prior to the sale of the Series D Bonds,
 Raymond James ran the adjacent ad to attract local retail investor participation PROPOSED NEW ISSUE

UNDERLYING RATINGS: Moody's "Asa" Standard & Poor's "AA+"

\$120,000,000*



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT (Los Angeles County, California) General Obligation Bonds

Election of 2012, Series D

Anticipated date of offering on or about

August 22, 2018

The offering of Bonds will be made only by the Official Statement, which describes the security for such issue and which may be obtained in any state in which the undersigned may lawfully offer such issue.

RAYMOND JAMES®

Matt Ayers Bruce Treitman 424.303.6412

This is neither an offer to sell nor a solicitation to buy any security. A credit rating of a security is not a recommendation to buy, sell or held securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agancy. A decision to purchase the Bonds is an investment decision that should only be made after a complete review and understanding of the terms of the Bonds, including investment risks. No decision should be made prior to receipt and review of the Preliminary Official Statement and applicable pricing information. Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.

*Preliminary, subject to change

SECTION 3

Bond Sale Comparables

	Final Pricing Scale, 8/22/2018					Release Scale, 8/22/2018						Pre-Pricing Scale, 8/21/2018						
Par	\$120,000.0		Jeale, of	22/2010			Par	\$120,000		care, 0/22	,,2010		Par	\$120,000		s Jeale, of	21/2010	
Issuer	Santa Mor		LUSD				Issuer	,,	nica-Mali	nu LISD			Issuer	,,	onica-Malil	hu HSD		
Sale Date		iica-iviaiibe	1030				Sale Date		Jilica-Iviaili	Ju 03D					Jilica-Iviaili	JU 03D		
	e General O	hligation R	onds						Obligation	Ronds			Sale Date 8/22/18 Bond Type General Obligation Bonds					
	s Tax-Exem	-	onus			Bond Type General Obligation Bonds Tax Status Tax-Exempt							s Tax-Exen	-	Donus			
	Aaa/AA+/-						Ratings Aaa/AA+/					Aaa/AA+						
Insurance							Insurance		/				Insurance		,			
Call	8/1/25	Call Price	100%	< 2020 t	0.2035		Call	8/1/25	Call Price	100%	< 2020 t	0.2035	Call	8/1/25	Call Price	100%	< 2020 t	0.2035
Call	8/1/23	Call Price		< 2036 t			Call	8/1/23	Call Price		< 2036 t		Call	8/1/23	Call Price		< 2036 t	
Closing	9/6/18	Cullinice	10070	2030 0	0 2043		Closing	9/6/18	carrince	10070	2030 (0 2043	Closing	9/6/18	cuirrince	10070	2030 0	0 2043
Closing	3/0/10			Yield to		Yield/YTM Spread	Closing	3/0/10			Yield to		Closing	3/0/10			Yield to	
	Par		Stated		Spread to MMD	•		Par		Stated		Spread to MMD		Par		Stated		Spread to MMD
Maturity	(1.000s)	Coupon	Yield	(YTM)	Stated/YTM	from Release	Maturity	(1.000s)	Coupon	Yield	(YTM)	Stated/YTM	Maturity	(1.000s)	Coupon	Yield	(YTM)	Stated/YTM
2019	() ,			, ,	,		2019	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			` ′	,	2019	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			, ,	,
2020	8,405	4.000%	1.360%		-0.28%	-0.02%	2020	8,405	4.000%	1.380%		-0.26%	2020	8,395	4.000%	1.390%		-0.25%
2021	2,205	4.000%	1.450%		-0.32%	-0.04%	2021	2,205	4.000%	1.490%		-0.28%	2021	2,180	4.000%	1.520%		-0.25%
2022	2,420	4.000%	1.530%		-0.35%	-0.04%	2022	2,420	4.000%	1.570%		-0.31%	2022	2,395	4.000%	1.600%		-0.28%
2023	2,650	3.000%	1.620%		-0.37%	-0.04%	2023	2,650	3.000%	1.660%		-0.33%	2023	2,625	4.000%	1.690%		-0.30%
2024	2,870	4.000%	1.700%		-0.40%	-0.07%	2024	2,870	4.000%	1.770%		-0.33%	2024	2,870	4.000%	1.800%		-0.30%
2025	3,130	4.000%	1.840%		-0.37%	-0.06%	2025	3,130	4.000%	1.900%		-0.31%	2025	3,130	4.000%	1.930%		-0.28%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%	-0.04% / -0.04%	2026	3,165	4.000%	2.060%	2.27%	-0.26% / -0.05%	2026	3,165	4.000%	2.090%	2.30%	-0.23% / -0.02%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%	-0.03% / -0.03%	2027	3,410	4.000%	2.170%	2.53%	-0.21% / 0.15%	2027	3,410	4.000%	2.200%	2.55%	-0.18% / 0.17%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%	-0.03% / -0.02%	2028	3,415	4.000%	2.280%	2.73%	-0.16% / 0.29%	2028	3,415	4.000%	2.310%	2.76%	-0.13% / 0.32%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%	-0.02% / -0.01%	2029	3,660	4.000%	2.390%	2.90%	-0.11% / 0.40%	2029	3,660	4.000%	2.470%	2.96%	-0.03% / 0.46%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%	-0.03% / -0.02%	2030	3,905	4.000%	2.500%	3.05%	-0.06% / 0.49%	2030	3,910	4.000%	2.630%	3.13%	0.07% / 0.57%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%	-0.01% / -0.01%	2031	4,165	4.000%	2.600%	3.17%	-0.02% / 0.55%	2031	4,165	4.000%	2.770%	3.27%	0.15% / 0.65%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%	-0.01% / -0.01%	2032	4,240	4.000%	2.700%	3.27%	0.04% / 0.61%	2032	4,245	4.000%	2.860%	3.36%	0.20% / 0.70%
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%	-0.02% / -0.01%	2033	4,505	4.000%	2.800%	3.36%	0.09% / 0.65%	2033	4,505	4.000%	2.960%	3.44%	0.25% / 0.73%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%	-0.04% / -0.02%	2034	4,785	4.000%	2.900%	3.44%	0.14% / 0.68%	2034	4,785	4.000%	3.060%	3.52%	0.30% / 0.76%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%	-0.05% / -0.02%	2035	5,075	4.000%	3.000%	3.51%	0.20% / 0.71%	2035	5,075	4.000%	3.150%	3.58%	0.35% / 0.78%
2036	5,380	3.250%	3.370%		0.53%	-0.03%	2036	5,380	3.250%	3.400%		0.56%	2036	5,380	3.250%	3.460%		0.62%
2037	5,655	3.250%	3.410%		0.54%	-0.02%	2037	5,655	3.250%	3.430%		0.56%	2037	5,655	3.250%	3.490%		0.62%
2038	6,310	3.250%	3.430%		0.54%	-0.02%	2038	6,310	3.250%	3.450%		0.56%	2038	6,310	3.375%	3.510%		0.62%
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%	-0.10% / -0.03%	2039	6,630	5.000%	2.620%	4.21%	-0.29% / 1.30%	2039					
2040							2040						2040					
2041							2041						2041					
2042							2042						2042					
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%	-0.10% / -0.03%	2043	34,020	5.000%	2.670%	4.30%	-0.28% / 1.35%	2043	40,725	5.000%	2.750%	4.32%	-0.20% / 1.37%
2044							2044						2044					
2045							2045						2045					
2046							2046						2046					
2047							2047						2047					
2048							2048						2048					

	Final Pricing Scale, 8/22/2018					Final Scale				Final Scale							
Par	\$120,000,0		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			Par	\$197,000,		u. 00u.c			Par	\$43,500,0		a. oca.c		
Issuer	Santa Mon		USD			Issuer		Union HSI	D			Issuer	El Camino				
Sale Date						Sale Date						Sale Date					
	e General O	hligation B	onds			Bond Type General Obligation Bonds					Bond Type General Obligation Bonds						
	Tax-Exem	•	0.145			Tax Status Tax-Exempt						Tax-Exem	-	Donas			
Ratings	Aaa/AA+/-					Ratings		•					Aa1/AA+/				
Insurance						Insurance						Insurance					
Call	8/1/25	Call Price	100%	< 2020 t	o 2035	Call	8/1/26	Call Price	100%			Call	8/1/28	Call Price	100%		
Call	8/1/23	Call Price		< 2036 t			-, -,						-, -,				
Closing	9/6/18					Closing	8/29/18					Closing	8/29/18				
9	-, -,			Yield to			0, 20, 20			Yield to	Spread to		5, 25, 25			Yield to	Spread to
	Par		Stated	Maturity	Spread to MMD		Par		Stated	Maturity	MMD		Par		Stated	Maturity	MMD
Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM	Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM	Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM
2019						2019	1,200	3.000%	1.230%		-0.25%	2019	1,390	3.000%	1.250%		-0.23%
2020	8,405	4.000%	1.360%		-0.28%	2020	8,800	4.000%	1.380%		-0.25%	2020	3,000	4.000%	1.380%		-0.25%
2021	2,205	4.000%	1.450%		-0.32%	2021	7,350	4.000%	1.480%		-0.28%	2021	1,200	4.000%	1.440%		-0.32%
2022	2,420	4.000%	1.530%		-0.35%	2022	1,200	4.000%	1.560%		-0.31%	2022					
2023	2,650	3.000%	1.620%		-0.37%	2023	1,600	4.000%	1.670%		-0.31%	2023					
2024	2,870	4.000%	1.700%		-0.40%	2024	2,070	4.000%	1.790%		-0.30%	2024					
2025	3,130	4.000%	1.840%		-0.37%	2025	2,640	5.000%	1.930%		-0.27%	2025					
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%	2026	3,280	5.000%	2.050%		-0.26%	2026					
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%	2027	4,570	5.000%	2.130%	2.39%	-0.24% / 0.02%	2027					
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%	2028	5,650	5.000%	2.220%	2.68%	-0.21% / 0.25%	2028					
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%	2029	6,510	5.000%	2.320%	2.92%	-0.17% / 0.43%	2029					
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%	2030	7,435	5.000%	2.440%	3.14%	-0.12% / 0.58%	2030					
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%	2031	8,425	5.000%	2.530%	3.31%	-0.09% / 0.69%	2031					
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%	2032	9,500	5.000%	2.610%	3.45%	-0.06% / 0.78%	2032					
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%	2033	16,485	5.000%	2.660%	3.56%	-0.06% / 0.84%	2033					
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%	2034	18,190	5.000%	2.710%	3.65%	-0.06% / 0.88%	2034					
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%	2035	20,015	5.000%	2.780%	3.74%	-0.03% / 0.93%	2035					
2036	5,380	3.250%	3.370%		0.53%	2036	21,970	5.000%	2.820%	3.81%	-0.03% / 0.96%	2036					
2037	5,655	3.250%	3.410%		0.54%	2037	24,060	4.000%	3.260%	3.62%	0.38% / 0.74%	2037					
2038	6,310	3.250%	3.430%		0.54%	2038	26,050	4.000%	3.280%	3.65%	0.38% / 0.75%	2038					
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%	2039						2039					
2040						2040						2040					
2041						2041						2041					
2042						2042						2042					
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%	2043						2043	9,850	3.500%	3.660%		0.67%
2044						2044						2044					
2045						2045						2045					
2046						2046						2046					
2047						2047						2047					
2048						2048						2048	28,060	5.000%	3.140%	4.08%	0.10% / 1.04%



	Final Pricing Scale, 8/22/2018					Final Scale				Final Scale							
Par	\$120,000,0		, •••••			Par	\$15,135,0					Par					
Issuer		nica-Malibu	USD			Issuer		ontra Cost	a Sanitati	on District	:	Issuer	Las Virge				
Sale Date						Sale Date						Sale Date 8/8/18					
	General O	bligation B	onds			Bond Type Wastewater Revenue Bonds					Bond Type General Obligation Bonds						
	Tax-Exem	-				Tax Status							Tax-Exem	-			
Ratings	Aaa/AA+/-					Ratings	/AAA/					Ratings	Aa1//				
Insurance						Insurance						Insurance	None				
Call	8/1/25	Call Price	100%	< 2020 t	o 2035	Call	9/1/28	Call Price	100%			Call	8/1/28	Call Price	100%		
Call	8/1/23	Call Price	100%	< 2036 t	o 2043												
Closing	9/6/18					Closing	9/13/18					Closing	8/29/18				
				Yield to						Yield to	Spread to					Yield to	Spread to
	Par		Stated	Maturity	Spread to MMD		Par		Stated	Maturity	MMD		Par		Stated	Maturity	MMD
Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM	Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM	Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM
2019						2019						2019					
2020	8,405	4.000%	1.360%		-0.28%	2020	1,225	4.000%			-0.25%	2020	70	5.000%			-0.18%
2021	2,205	4.000%	1.450%		-0.32%	2021	1,270	5.000%			-0.32%	2021	110		1.600%		-0.18%
2022	2,420	4.000%	1.530%		-0.35%	2022	1,335	5.000%			-0.32%	2022	110	5.000%			-0.17%
2023	2,650	3.000%	1.620%		-0.37%	2023	1,395	5.000%			-0.32%	2023	120	5.000%			-0.17%
2024	2,870	4.000%	1.700%		-0.40%	2024	1,465	5.000%			-0.32%	2024	125		1.960%		-0.16%
2025	3,130	4.000%	1.840%		-0.37%	2025	1,535	5.000%			-0.33%	2025	130		2.070%		-0.16%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%	2026	1,610	5.000%			-0.30%	2026	120	5.000%	2.200%		-0.15%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%	2027	1,685	5.000%			-0.27%	2027	115		2.280%		-0.14%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%	2028	1,765	5.000%			-0.24%	2028	115		2.360%		-0.13%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%	2029	1,850	5.000%	2.340%	2.53%	-0.18% / 0.01%	2029	115	4.000%	2.540%	2.65%	-0.01% / 0.10%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%	2030						2030	110	4.000%	2.700%	2.88%	0.09% / 0.27%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%	2031						2031	110	3.000%	2.900%	2.92%	0.23% / 0.25%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%	2032						2032					
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%	2033 2034						2033 2034	1,820	3.250%	3.340%		0.51%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%	2034						2034	7,265		3.280%	3.52%	0.51%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%	2033						2036	7,203	4.000%	3.200/0	3.32/0	0.41% / 0.03%
2036	5,380	3.250%	3.370%		0.53%	2030						2030					
2037	5,655	3.250%	3.410% 3.430%		0.54% 0.54%	2037						2037					
2038	6,310 6,630	3.250% 5.000%	2.520%	4.18%	-0.39% / 1.27%	2039						2039					
2039	0,030	5.000%	2.320%	4.10%	-0.39% / 1.27%	2040						2040					
2040						2041						2041					
2041						2042						2042					
2042	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%	2043						2043					
2043	37,020	3.000/0	2.3/0/0	7.27/0	3.30/0 / 1.32/0	2044						2044					
2045						2045						2045					
2045						2046						2046					
2047						2047						2047					
2047						2048						2048					
20.0																	
						1								_			

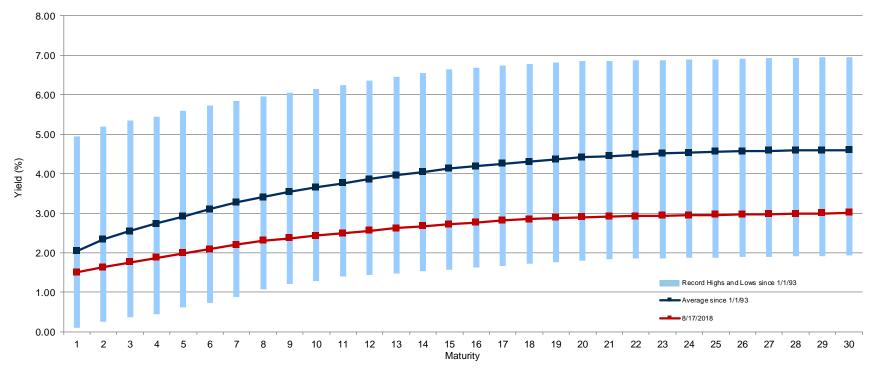
	Final Pricing Scale, 8/22/2018						Final Scale							
Par	\$120,000,0		,,_,_,	,		Par \$38,000,000								
Issuer		nica-Malibu	LUSD			Issuer	Desert CC							
Sale Date							Sale Date 6/7/18							
	General O	hligation R	onds			Bond Type General Obligation Bonds								
	Tax-Exem	-	Ullus				Tax-Exem	•	Donas					
Ratings	Aaa/AA+/-					Ratings	/AA/	ρt						
_		-				Insurance								
Insurance		Call Dates	1000/	4 2020±	- 2025	Call	8/1/23	Call Price	1000/					
Call Call	8/1/25	Call Price		< 2020 to		Call	0/1/23	Call Price	100%					
	8/1/23	Call Price	100%	< 2036 to	0 2043	Clasina	6/27/10							
Closing	9/6/18			Yield to		Closing	6/27/18			Yield to	Spread to			
	Par		Stated		Spread to MMD		Par		Stated	Maturity				
B. d. married and		C				Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM			
Maturity	(1,000s)	Coupon	Yield	(YTM)	Stated/YTM	2019	8,000	4.000%	1.390%	• •	-0.16%			
2019	0.405	4.0000/	4.2000/		0.200/						-0.16%			
2020	8,405	4.000%	1.360%		-0.28%	2020	1,500	4.000%	1.500%		-0.20%			
2021	2,205	4.000%	1.450%		-0.32%	2021								
2022	2,420	4.000%	1.530%		-0.35%	2022								
2023	2,650	3.000%	1.620%		-0.37%	2023								
2024	2,870	4.000%	1.700%		-0.40%	2024	475	F 0000/	2.0500/	2.700/	0.200/ / 0.520/			
2025	3,130	4.000%	1.840%		-0.37%	2025	175	5.000%	2.050%	2.78%	-0.20% / 0.53%			
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%	2026	260	5.000%	2.150%		-0.20% / 0.73%			
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%	2027	360	5.000%	2.210%		-0.20% / 0.88%			
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%	2028	460	5.000%	2.270%		-0.20% / 0.99%			
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%	2029	585	5.000%	2.320%		-0.20% / 1.07%			
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%	2030	710	5.000%	2.370%		-0.20% / 1.13%			
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%	2031	840	5.000%	2.400%	3.79%	-0.20% / 1.19%			
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%	2032	1,000	5.000%	2.440%	3.87%	-0.20% / 1.23%			
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%	2033	1,000	5.000%	2.510%		-0.45% / 0.99%			
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%	2034	1,285	5.000%	2.570%		-0.17% / 1.28%			
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%	2035	1,440	5.000%	2.620%		-0.16% / 1.30%			
2036	5,380	3.250%	3.370%		0.53%	2036	1,605	5.000%	2.660%		-0.16% / 1.31%			
2037	5,655	3.250%	3.410%		0.54%	2037	1,780	5.000%	2.680%	4.16%	-0.16% / 1.32%			
2038	6,310	3.250%	3.430%		0.54%	2038	2,000	5.000%	2.700%	4.19%	-0.16% / 1.33%			
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%	2039								
2040						2040					ļ			
2041						2041								
2042						2042								
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%	2043	15,000	5.000%	2.780%	4.31%	-0.15% / 1.38%			
2044						2044					ļ			
2045						2045								
2046						2046					ļ			
2047						2047								
2048						2048								
						L								



SECTION 4

Market Update as of August 21, 2018

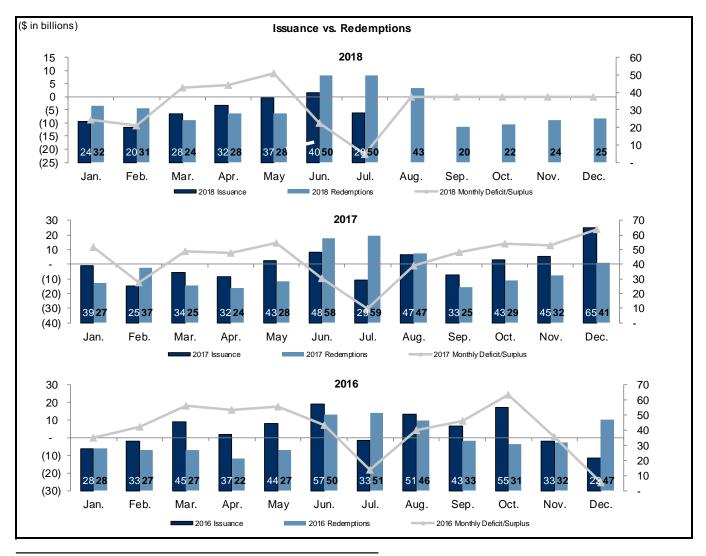
- The graph below shows the range between the record highs and lows of AAA MMD at each maturity since 1993, along with average rates over this time frame and the current rates.
- AAA MMD rates set multiple record lows in June and July 2016, and current rates remain well below the historical average.



Current (06/16/17)	1	5	10	15	20	25	30
Record Low since 1/1/93	0.11	0.62	1.29	1.57	1.80	1.88	1.93
Record High since 1/1/93	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average since 1/1/93	1.98	2.84	3.56	4.03	4.31	4.45	4.49
Current (08/17/18)	1.50	1.98	2.43	2.72	2.90	2.96	3.01

- MMD rates set new record lows after Brexit in July 2016 but rose in the wake of the 2016 Presidential election.
- In December 2016, the Federal Reserve increased the target fed funds rate for the first time in over a year. They continued to practice their strategy of gradual rate increases in 2017 by implementing three additional rate hikes.
- With multiple rate hikes and positive inflation data coming in for 2018, the yield curve has reached it flattest point since 2007.





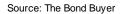
Source: MuniView & The Bond Buyer

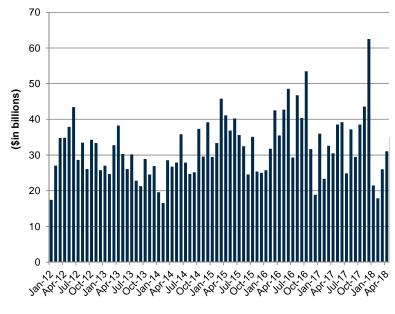
As of August 2018



Long-term municipal new issue volume was down 16% for the first seven months of 2018 compared to this same period in 2017.

	Municipal L	ong-Term Is	ssuance	
\$ in billions	2016	2017	2018	YoY %
January	\$25.741	\$36.005	\$21.500	-40%
February	31.759	23.360	17.857	-24%
March	42.530	32.616	26.022	-20%
April	35.510	30.474	31.037	2%
May	42.713	38.541	34.951	-9%
June	48.577	39.232	32.985	-16%
July	29.292	24.867	25.307	2%
August	46.734	37.201		
September	40.405	29.442		
October	53.447	38.530		
November	31.665	43.575		
December	18.881	62.502		
Total	\$447.252	\$436.345	\$189.659	-16%





■ Monthly Long-Term Municipal Issuance

ECONOMIC CALENDAR PUBLIC FINANCE

### Stankik US Manf. (Jul.) final) 9:45 Chicago Bus. Barometer (Jul) 10:00 CB Cons. Confidence (Jul) 9:45 Chicago Bus. Barometer (Jul) 10:00 CB Cons. Confidence (Jul) 10:00 CB Cons. Confidence (Jul) 10:00 SM Manf. Survey (Jul) 2:00 FOMC Policy Statement (no press conference) TBD Motor Vehicle Sales (Jul) BOE Monetary Policy Decision ###################################			August 2018		
8:30 Empl. Cost Index (2Q18) 8:30 Personal Income Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Jul) 9:45 Markit US Manri. (Jul, final) 10:00 Cost. Spending (Jun) 10:00 ISM Manri. Survey (Jul) 10:00 ISM Manri. S	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
### Stand Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Jul) 10:00 CB Cons. Confidence (Jul) 10:00 FMM Mnf. Survey (Jul) 2:00 FOMC Policy Statement (no press conference) TBD Motor Vehicle Sales (Jul) BOE Monetary Policy Decision #### Auction: 4-week bill ### Auction: 4-week bill ### Auction: 4-week bill ### Auction: 10-year note ### 15	30	31	1 August	2	3 Dodgeball World Cup (8/3-4)
10.00 JOLTS (Jun)	10:00 Pending Home Sales (Jun)	8:30 Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Jul) 10:00 CB Cons. Confidence (Jul)	9:45 Markit US Manf. (Jul, final) 10:00 Const. Spending (Jun) 10:00 ISM Manf. Survey (Jul) 2:00 FOMC Policy Statement (no press conference)	10:00 Factory Orders (Jun)	
10:00 JOLTS (Jun)	Auction: 13- & 26-wk bill	Auction: 4-week bill			
Auction: 13- & 26-wk bill	6	7	8	9	10
13		10:00 JOLTS (Jun)			
S:00 Small Business Opt. (Jul) S:30 Productivity (2Q18, prelim.) S:30 Import Prices (Jul) S:30 Retail Sales (Jul) S:30 Retail Sales (Jul) S:30 Building Permits 10:00 Adv. Services Report (2Q18, prelim.) S:30 Building Permits Housing Starts (Jul) Housing Starts (Jul) S:30 Philly Fed Index (Aug) 10:00 UM Cons. Sent. (mid-Aug) 10:00 UM Co	Auction: 13- & 26-wk bill	Auction: 4-wk bill & 3-yr note	Auction: 10-year note	Auction: 30-year bond	
8:30 Import Prices (Jul) 8:30 Retail Sales (Jul) 8:30 Empire State Manf. (Aug) 9:15 Industrial Production (Jul) 10:00 Business Inventories (Jun) 10:00 Homebuilder Sentiment (Aug) 8:30 Philly Fed Index (Aug) 10:00 UM Cons. Sent. (mid-Aug) 10:00 UM	13	14	15	16	17
21 22 23 24			8:30 Retail Sales (Jul) 8:30 Empire State Manf. (Aug) 9:15 Industrial Production (Jul) 10:00 Business Inventories (Jun)	8:30 Building Permits Housing Starts (Jul)	
10:00 Existing Home Sales (Jul) 2:00 FOMC Minutes (7/31-8/01) 8:30 Jobless Claims (8/18) 9:45 Markit US Manf. (Aug, flash) 10:00 New Home Sales (Jul) Fed Jackson Hole Symp. (thru Sat.) Auction: 13- & 26-wk bill Auction: 4-week bill Auction: 5-year TIPS (r) 30 31 NCAA Football begins (9/1) 8:30 Adv. Econ Indicators (Jul) 10:00 CB Cons. Confidence (Aug) 10:00 Pending Home Sales (Jul) 8:30 Personal Income Personal Spending (Jun) 10:00 UM Cons. Sent. (Aug) 10:00 UM Cons.	Auction: 13- & 26-wk bill	Auction: 4- & 52-wk bill			
2:00 FOMC Minutes (7/31-8/01) 9:45 Markit US Manf. (Aug, flash) 10:00 New Home Sales (Jul) Fed Jackson Hole Symp. (thru Sat.) Auction: 13- & 26-wk bill Auction: 4-week bill 29 30 31 NCAA Football begins (9/1) 8:30 Real GDP (2018, 2 nd est.) 10:00 CB Cons. Confidence (Aug) 10:00 Pending Home Sales (Jul) Auction: 13- & 26-wk bill Auction: 13- & 26-wk bill	20	21	22	23	24
27 28 29 30 30 31 NCAA Football begins (9/1) 8:30 Adv. Econ Indicators (Jul) 10:00 CB Cons. Confidence (Aug) 10:00 Pending Home Sales (Jul) 8:30 Real GDP (2Q18, 2 nd est.) 10:00 Pending Home Sales (Jul) 8:30 Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Aug) 10:00 UM Cons. Sent. (Aug)				9:45 Markit US Manf. (Aug, flash) 10:00 New Home Sales (Jul)	8:30 Durable Goods Orders (Jul)
8:30 Adv. Econ Indicators (Jul) 10:00 CB Cons. Confidence (Aug) 8:30 Real GDP (2Q18, 2 nd est.) 10:00 Pending Home Sales (Jul) 8:30 Jobless Claims (8/25) 8:30 Jobless Claims (8/25) 8:30 Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Aug) 10:00 UM Cons. Sent. (Aug)	Auction: 13- & 26-wk bill	Auction: 4-week bill		Auction: 5-year TIPS (r)	
8:30 Adv. Econ Indicators (Jul) 10:00 CB Cons. Confidence (Aug) 8:30 Real GDP (2Q18, 2 nd est.) 10:00 Pending Home Sales (Jul) 8:30 Jobless Claims (8/25) 8:30 Jobless Claims (8/25) 9:45 Chicago Bus. Barometer (Aug) 10:00 UM Cons. Sent. (Aug) Auction: 13- & 26-wk bill	27	28	29	i i	31 NCAA Football begins (9/1)
	Auction: 13- & 26-wk bill	Control of the Contro		8:30 Personal Income	9:45 Chicago Bus. Barometer (Aug)
		Auction: 4-wk bill and 5-year nates	Auction: 2-year FRN & 7-year note		



APPENDIX A

Final Numbers

SOURCES AND USES OF FUNDS

Santa Monica-Malibu Unified School District General Obligation Bonds, Election of 2012, Series D

Moody's Aaa | S&P AA+

Optional Call (2020 to 2035): 8/1/2025 at 100% Optional Call (2036 to 2043): 8/1/2023 at 100% FINAL NUMBERS

Dated Date 09/06/2018 Delivery Date 09/06/2018

Sources:	
Bond Proceeds:	
Par Amount	120,000,000.00
Net Premium	9,611,327.00
	129,611,327.00
Uses:	
Project Fund Deposits:	
Project Fund	119,701,000.00
Other Fund Deposits:	
Capitalized Interest Fund	9,197,327.00
Delivery Date Expenses:	
Cost of Issuance	299,000.00
Underwriter's Discount	414,000.00
	713,000.00

129,611,327.00

BOND SUMMARY STATISTICS

Santa Monica-Malibu Unified School District General Obligation Bonds, Election of 2012, Series D

Dated Date	09/06/2018
Delivery Date	09/06/2018
Last Maturity	08/01/2043
2000	00,01,2010
Arbitrage Yield	2.729304%
True Interest Cost (TIC)	3.645266%
Net Interest Cost (NIC)	3.870500%
All-In TIC	3.666137%
Average Coupon	4.363126%
Average Life (years)	15.558
Weighted Average Maturity (years)	15.566
Duration of Issue (years)	11.310
Par Amount	120,000,000.00
Bond Proceeds	129,611,327.00
Total Interest	81,459,498.78
Net Interest	72,262,171.78
Total Debt Service	201,459,498.78
Maximum Annual Debt Service	13,454,912.50
Average Annual Debt Service	8,089,840.44
	-,,-
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	3.450000
Total Underwriter's Discount	3.450000
Bid Price	107.664439

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Current Interest Bonds Serial Current Interest Bonds Current Interest Term Bond 2043	62,005,000.00 23,975,000.00 34,020,000.00	108.787 101.580 111.124	3.978% 3.769% 5.000%	9.687 19.495 23.485
	120,000,000.00			15.558

	TIC	All-In TIC	Arbitrage Yield
Par Value + Accrued Interest	120,000,000.00	120,000,000.00	120,000,000.00
+ Premium (Discount) - Underwriter's Discount - Cost of Issuance Expense - Other Amounts	9,611,327.00 -414,000.00	9,611,327.00 -414,000.00 -299,000.00	9,611,327.00
Target Value	129,197,327.00	128,898,327.00	129,611,327.00
Target Date Yield	09/06/2018 3.645266%	09/06/2018 3.666137%	09/06/2018 2.729304%



BOND PRICING

Santa Monica-Malibu Unified School District General Obligation Bonds, Election of 2012, Series D

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
— Dona Component	Date	Amount	nate	Ticiu	11100	iviatarity	Date	11100	(Discount)
Serial Current Interest									
	08/01/2020	8,405,000	4.000%	1.360%	104.941				415,291.05
	08/01/2021	2,205,000	4.000%	1.450%	107.221				159,223.05
	08/01/2022	2,420,000	4.000%	1.530%	109.321				225,568.20
	08/01/2023	2,650,000	3.000%	1.620%	106.477				171,640.50
	08/01/2024	2,870,000	4.000%	1.700%	112.864				369,196.80
	08/01/2025	3,130,000	4.000%	1.840%	113.940				436,322.00
	08/01/2026	3,165,000	4.000%	2.020%	112.696 C	2.238%	08/01/2025	100.000	401,828.40
	08/01/2027	3,410,000	4.000%	2.140%	111.875 C	2.503%	08/01/2025	100.000	404,937.50
	08/01/2028	3,415,000	4.000%	2.250%	111.129 C	2.711%	08/01/2025	100.000	380,055.35
	08/01/2029	3,660,000	4.000%	2.370%	110.321 C	2.889%	08/01/2025	100.000	377,748.60
	08/01/2030	3,905,000	4.000%	2.470%	109.653 C	3.028%	08/01/2025	100.000	376,949.65
	08/01/2031	4,165,000	4.000%	2.590%	108.858 C	3.159%	08/01/2025	100.000	368,935.70
	08/01/2032	4,240,000	4.000%	2.690%	108.200 C	3.261%	08/01/2025	100.000	347,680.00
	08/01/2033	4,505,000	4.000%	2.780%	107.612 C	3.347%	08/01/2025	100.000	342,920.60
	08/01/2034	4,785,000	4.000%	2.860%	107.093 C	3.418%	08/01/2025	100.000	339,400.05
	08/01/2035	5,075,000	4.000%	2.950%	106.512 C	3.487%	08/01/2025	100.000	330,484.00
		62,005,000						_	5,448,181.45
Serial Current Interest	· Ronds·								
Serial Carrent interest	08/01/2036	5,380,000	3.250%	3.370%	98.394				-86,402.80
	08/01/2037	5,655,000	3.250%	3.410%	97.781				-125,484.45
	08/01/2038	6,310,000	3.250%	3.430%	97.416				-163,050.40
	08/01/2039	6,630,000	5.000%	2.520%	111.368 C	4.179%	08/01/2023	100.000	753,698.40
	00,01,2003	23,975,000	3.00070	2.52070	111.505 0		00,01,2025	_	378,760.75
Current Interest Term	Rond 2043:								
Current interest reini	08/01/2040	7,090,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	788,691.60
	08/01/2040	8,785,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	977,243.40
	08/01/2041	9,390,000	5.000%	2.570%	111.124 C 111.124 C	4.270%	08/01/2023	100.000	1,044,543.60
	08/01/2042	8,755,000	5.000%	2.570%	111.124 C 111.124 C	4.270%	08/01/2023	100.000	973,906.20
	00/01/2043	34,020,000	3.000%	2.3/0/0	111.124 C	4.2/0%	00/01/2023	100.000 _	3,784,384.80
		34,020,000							3,704,304.80
		120,000,000							9,611,327.00

Dated Date Delivery Date First Coupon	09/06/2018 09/06/2018 02/01/2019	
Par Amount Premium	120,000,000.00 9,611,327.00	
Production Underwriter's Discount	129,611,327.00 -414,000.00	108.009439% -0.345000%
Purchase Price Accrued Interest	129,197,327.00	107.664439%
Net Proceeds	129,197,327.00	

NET DEBT SERVICE

Santa Monica-Malibu Unified School District General Obligation Bonds, Election of 2012, Series D

Period				Total	Capitalized	Net
Ending	Principal	Coupon	Interest	Debt Service	Interest Fund	Debt Service
08/01/2019			4,558,948.78	4,558,948.78	4,558,948.78	
08/01/2020	8,405,000	4.000%	5,049,912.50	13,454,912.50	4,638,378.22	8,816,534.28
08/01/2021	2,205,000	4.000%	4,713,712.50	6,918,712.50		6,918,712.50
08/01/2022	2,420,000	4.000%	4,625,512.50	7,045,512.50		7,045,512.50
08/01/2023	2,650,000	3.000%	4,528,712.50	7,178,712.50		7,178,712.50
08/01/2024	2,870,000	4.000%	4,449,212.50	7,319,212.50		7,319,212.50
08/01/2025	3,130,000	4.000%	4,334,412.50	7,464,412.50		7,464,412.50
08/01/2026	3,165,000	4.000%	4,209,212.50	7,374,212.50		7,374,212.50
08/01/2027	3,410,000	4.000%	4,082,612.50	7,492,612.50		7,492,612.50
08/01/2028	3,415,000	4.000%	3,946,212.50	7,361,212.50		7,361,212.50
08/01/2029	3,660,000	4.000%	3,809,612.50	7,469,612.50		7,469,612.50
08/01/2030	3,905,000	4.000%	3,663,212.50	7,568,212.50		7,568,212.50
08/01/2031	4,165,000	4.000%	3,507,012.50	7,672,012.50		7,672,012.50
08/01/2032	4,240,000	4.000%	3,340,412.50	7,580,412.50		7,580,412.50
08/01/2033	4,505,000	4.000%	3,170,812.50	7,675,812.50		7,675,812.50
08/01/2034	4,785,000	4.000%	2,990,612.50	7,775,612.50		7,775,612.50
08/01/2035	5,075,000	4.000%	2,799,212.50	7,874,212.50		7,874,212.50
08/01/2036	5,380,000	3.250%	2,596,212.50	7,976,212.50		7,976,212.50
08/01/2037	5,655,000	3.250%	2,421,362.50	8,076,362.50		8,076,362.50
08/01/2038	6,310,000	3.250%	2,237,575.00	8,547,575.00		8,547,575.00
08/01/2039	6,630,000	5.000%	2,032,500.00	8,662,500.00		8,662,500.00
08/01/2040	7,090,000	5.000%	1,701,000.00	8,791,000.00		8,791,000.00
08/01/2041	8,785,000	5.000%	1,346,500.00	10,131,500.00		10,131,500.00
08/01/2042	9,390,000	5.000%	907,250.00	10,297,250.00		10,297,250.00
08/01/2043	8,755,000	5.000%	437,750.00	9,192,750.00		9,192,750.00
	120,000,000		81,459,498.78	201,459,498.78	9,197,327.00	192,262,171.78

NET DEBT SERVICE

Santa Monica-Malibu Unified School District General Obligation Bonds, Election of 2012, Series D

Annu	Net	Capitalized	Total	, .			Period
Net D	Debt Service	Interest Fund	Debt Service	Interest	Coupon	Principal	Ending
		2,033,992.53	2,033,992.53	2,033,992.53			02/01/2019
		2,524,956.25	2,524,956.25	2,524,956.25			08/01/2019
		2,524,956.25	2,524,956.25	2,524,956.25			02/01/2020
8,816,534.2	8,816,534.28	2,113,421.97	10,929,956.25	2,524,956.25	4.000%	8,405,000	08/01/2020
, ,	2,356,856.25		2,356,856.25	2,356,856.25			02/01/2021
6,918,712.5	4,561,856.25		4,561,856.25	2,356,856.25	4.000%	2,205,000	08/01/2021
	2,312,756.25		2,312,756.25	2,312,756.25			02/01/2022
7,045,512.5	4,732,756.25		4,732,756.25	2,312,756.25	4.000%	2,420,000	08/01/2022
	2,264,356.25		2,264,356.25	2,264,356.25			02/01/2023
7,178,712.5	4,914,356.25		4,914,356.25	2,264,356.25	3.000%	2,650,000	08/01/2023
	2,224,606.25		2,224,606.25	2,224,606.25			02/01/2024
7,319,212.5	5,094,606.25		5,094,606.25	2,224,606.25	4.000%	2,870,000	08/01/2024
	2,167,206.25		2,167,206.25	2,167,206.25			02/01/2025
7,464,412.5	5,297,206.25		5,297,206.25	2,167,206.25	4.000%	3,130,000	08/01/2025
	2,104,606.25		2,104,606.25	2,104,606.25			02/01/2026
7,374,212.5	5,269,606.25		5,269,606.25	2,104,606.25	4.000%	3,165,000	08/01/2026
	2,041,306.25		2,041,306.25	2,041,306.25			02/01/2027
7,492,612.5	5,451,306.25		5,451,306.25	2,041,306.25	4.000%	3,410,000	08/01/2027
	1,973,106.25		1,973,106.25	1,973,106.25			02/01/2028
7,361,212.5	5,388,106.25		5,388,106.25	1,973,106.25	4.000%	3,415,000	08/01/2028
	1,904,806.25		1,904,806.25	1,904,806.25			02/01/2029
7,469,612.5	5,564,806.25		5,564,806.25	1,904,806.25	4.000%	3,660,000	08/01/2029
	1,831,606.25		1,831,606.25	1,831,606.25			02/01/2030
7,568,212.5	5,736,606.25		5,736,606.25	1,831,606.25	4.000%	3,905,000	08/01/2030
	1,753,506.25		1,753,506.25	1,753,506.25			02/01/2031
7,672,012.5	5,918,506.25		5,918,506.25	1,753,506.25	4.000%	4,165,000	08/01/2031
, ,	1,670,206.25		1,670,206.25	1,670,206.25			02/01/2032
7,580,412.5	5,910,206.25		5,910,206.25	1,670,206.25	4.000%	4,240,000	08/01/2032
, ,	1,585,406.25		1,585,406.25	1,585,406.25			02/01/2033
7,675,812.5	6,090,406.25		6,090,406.25	1,585,406.25	4.000%	4,505,000	08/01/2033
	1,495,306.25		1,495,306.25	1,495,306.25			02/01/2034
7,775,612.5	6,280,306.25		6,280,306.25	1,495,306.25	4.000%	4,785,000	08/01/2034
	1,399,606.25		1,399,606.25	1,399,606.25			02/01/2035
7,874,212.5	6,474,606.25		6,474,606.25	1,399,606.25	4.000%	5,075,000	08/01/2035
, ,	1,298,106.25		1,298,106.25	1,298,106.25			02/01/2036
7,976,212.5	6,678,106.25		6,678,106.25	1,298,106.25	3.250%	5,380,000	08/01/2036
	1,210,681.25		1,210,681.25	1,210,681.25			02/01/2037
8,076,362.5	6,865,681.25		6,865,681.25	1,210,681.25	3.250%	5,655,000	08/01/2037
, ,	1,118,787.50		1,118,787.50	1,118,787.50			02/01/2038
8,547,575.0	7,428,787.50		7,428,787.50	1,118,787.50	3.250%	6,310,000	08/01/2038
, ,	1,016,250.00		1,016,250.00	1,016,250.00			02/01/2039
8,662,500.0	7,646,250.00		7,646,250.00	1,016,250.00	5.000%	6,630,000	08/01/2039
, ,	850,500.00		850,500.00	850,500.00			02/01/2040
8,791,000.0	7,940,500.00		7,940,500.00	850,500.00	5.000%	7,090,000	08/01/2040
, , ,	673,250.00		673,250.00	673,250.00		, , -	02/01/2041
10,131,500.0	9,458,250.00		9,458,250.00	673,250.00	5.000%	8,785,000	08/01/2041
, - ,	453,625.00		453,625.00	453,625.00		, -,	02/01/2042
10,297,250.0	9,843,625.00		9,843,625.00	453,625.00	5.000%	9,390,000	08/01/2042
	218,875.00		218,875.00	218,875.00	2.300,0	-,0,000	02/01/2043
9,192,750.0	8,973,875.00		8,973,875.00	218,875.00	5.000%	8,755,000	08/01/2043
192,262,171.7	192,262,171.78	9,197,327.00	201,459,498.78	81,459,498.78		120,000,000	

APPENDIX B

Financing Calendar & Distribution List

SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT General Obligation Bonds, Election of 2012, Series D

Preliminary Financing Schedule

Action

<u>Date</u>

June 6

June 12

September 6

Close Bond Issuance

		Ju	ne 20	18		June 2018							
S	М	T	W	Th	F	Sa							
					1	2							
3	4	5	6	7	8	9							
10	11	12	13	14	15	16							
17	18	19	20	21	22	23							
24	25	26	27	28	29	30							
		Ju	ly 20	18									
S	М	Т	W	Th	F	Sa							
1	2	3	4	5	6	7							
8	9	10	11	12	13	14							
15	16	17	18	19	20	21							
22	23	24	25	26	27	28							
29	30	31											
		Aug	ust 2	018									
S	М	T	W	Th	F	Sa							
			1	2	3	4							
5	6	7	8	9	10	11							
12	13	14	15	16	17	18							
19	20	21	22	23	24	25							
26	27	28	29	30	31								
	:	Septe	m b e r	2018									
S	М	T	W	Th	F	Sa							
						1							
2	3	4	5	6	7	8							
9	10	11	12	13	14	15							
16	17	18	19	20	21	22							
23	24	25	26	27	28	29							
30													

Holidays highlighted in yellow	Holidays	highlighted in	vellow
--------------------------------	----------	----------------	--------

Julie 12	official statement (POS), and other legal documents	всувс
June 19	Comments due on draft legal documents and POS	ALL
June 21	Board agenda deadline	SD
June 28	Board approves resolution authorizing bond issuance and supporting documents	ALL
June 29	Submit credit package to rating agency and bond insurers (if applicable)	FA
Week of July 16	Rating prep conference call	ALL
Week of July 23	Meeting / conference call with rating agencies	ALL
July 26	County Board agenda deadline for 8/14 board meeting	BC/DC
August 10	Receive rating	FA
Week of August 13	Due Diligence call	ALL
August 14	County Board of Supervisors Meeting	BC/DC
August 15	Distribute Preliminary OS	ALL
August 21	Pre-Price Bonds	ALL
August 22	Price Bonds	ALL
August 31	Print and mail Final OS	ALL
_		

Distribute timeline, distribution list and term sheet

Distribute first drafts of resolution, preliminary

<u>Legend</u>

SD – Santa Monica – Malibu USD

FA – Isom Advisors

BC / DC - Jones Hall

UW - RBC and Raymond James



ALL

Responsible

Party

FΑ

BC/DC

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTIRCT General Obligation Bonds, Election of 2012, Series D

Distribution List

ISSUER

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTIRCT

1651 16th Street

Santa Monica, CA 90404

Phone: (310) 450-8338

Ben Drati, Superintendent

E-Mail: <u>bdrati@smmusd.org</u>

Phone: (310) 450-8338

Melody Canady, Assistant Superintendent,

Business and Fiscal Services

E-Mail: <u>mcanady@smmusd.org</u>

Phone: (310) 450-8338

FINANCIAL ADVISOR

ISOM ADVISORS, A DIVISION OF URBAN FUTURES

1470 Maria Lane, Suite 315

Walnut Creek, CA 94596

Phone: (925) 478-7450 Fax: (925) 478-7697

Greg Isom Isom, Managing Principal

E-mail: greg@isomadvisors.com

Jason List, Principal

E-mail: jason@isomadvisors.com

Nate McAllister, Associate

E-mail: nate@isomadvisors.com

BOND & DISCLOSURE COUNSEL

JONES HALL

475 Sansome Street, Suite 1700

San Francisco, CA 94111

Phone: (415) 391-5780

Fax: (415) 391-5784

Courtney Jones, Vice President

E-Mail: cjones@joneshall.com

UNDERWRITERS

RAYMOND JAMES & ASSOCIATES, INC.

2000 Avenue of the Stars, Suite 920-N

Los Angeles, California 90067

John Baracy, Managing Director

E-Mail: <u>john.baracy@raymondjames.com</u>

Phone: (424) 303-6406

Un Chu Reardon, Senior Vice President

E-mail: unchu.reardon@raymondjames.com

Phone: (206) 602-2914

John Nguyen, Vice President

E-Mail: <u>John.Nguyen@RaymondJames.com</u>

Phone: (415) 616-8026

Laurie Miller, Executive Assistant

E-mail: laurie.miller@raymondjames.com

Phone: (916) 846-9734

RBC CAPITAL MARKETS

777 SOUTH FIGUEROA STREET, SUITE 850

Los Angeles, CA 90017

Frank Vega, Managing Director

E-mail: <u>frank.vega@rbccm.com</u>

Phone: (213) 362-4113

Rod Carter, Managing Director

E-mail: Roderick.carter@rbccm.com

Phone: (213) 362-4133

Christen Villalobos, Director

E-mail: christen.villalobos@rbccm.com

Phone: (213) 362-3950

UNDERWRITER'S COUNSEL

NORTON ROSE FULLBRIGHT 555 South Flower Street, 41st Floor Los Angeles, CA 90071

Ann Rohlin, Partner

E-Mail ann.rohlin@nortonrosefulbright.com

Phone: (213) 892-9327

Juan Redin, Sr. Associate

E-Mail <u>juan.redin@nortonrosefulbright.com</u>

Phone: (213) 892-9381

LOS ANGELES COUNTY

Auditor-Controller

500 West Temple Street, Room 603

Los Angeles, CA 90012

Fax: (213) 617-8106

Rachelene Rosario, Principal Accountant

E-Mail: rrosario@auditor.lacounty.gov

Phone: (213) 974-2871

Lotis De Ungria, Senior Accountant

E-Mail: Ideungria@auditor.lacounty.gov

Phone: (213) 974-7199

Robyn Huston, Accountant II

E-Mail: rhuston@auditor.lacounty.gov

Phone: (213) 974-8354

Treasurer and Tax Collector

500 West Temple Street, Room 432

Los Angeles, CA 90012

John Patterson, Senior Finance Analyst

E-Mail jpatterson@ttc.lacounty.gov

Phone: (213) 974-2310

Kathy Chang, Finance Analyst

E-Mail kchang@ttc.lacounty.gov

Phone: (213) 974-6740

John Wong, Finance Analyst

E-Mail <u>jwong@ttc.lacounty.gov</u>

Phone: (213) 974-6802

Peter Papadakis

E-Mail ppapadakis@ttc.lacounty.gov

Phone: (213) 893-0251

County Counsel

500 West Temple Street, Room 653

Los Angeles, CA 90012

Debbie Cho, Deputy County Counsel

E-Mail: dcho@counsel.lacounty.gov

Phone: (213) 974-1813

PAYING AGENT

US BANK NATIONAL ASSOCIATION 633 West Fifth Street, 24th Floor

Los Angeles, CA 90071

Alicia Estrada

E-Mail: Alicia.estrada@usbank.com

Phone: (213) 615-6018



RATING AGENCIES

STANDARD & POOR'S CREDIT MARKET SERVICES One California Street, 31st Floor San Francisco, California 94111

Analyst TBD

Moody's Investors Service 1 Front Street, Suite 1900 San Francisco, CA 94111

Analyst TBD

PRINTER

ROYCE PRINTING

Susan Royce, Printer

E-mail: royceprinting@comcast.net

Phone: (415) 381-7262 Fax: (415) 381-7264

APPENDIX C

Rating Reports



CREDIT OPINION

7 August 2018



Contacts

Lori C Trevino +1.415.274.1757

Analyst

lori.trevino@moodys.com

Helen Cregger +1.415.274.1720

VP-Sr Credit Officer

helen.cregger@moodys.com

Leonard Jones +1.212.553.3806

MD-Public Finance

leonard.jones@moodys.com

Austin Harris +1.415.274.1707

Associate Lead Analyst austin.harris@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

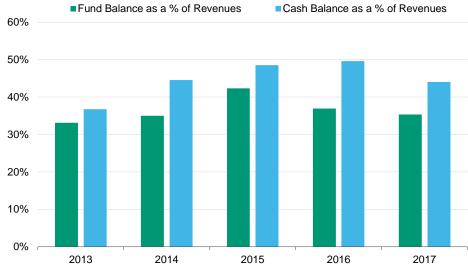
Santa Monica-Malibu USD, CA

Update to credit analysis

Summary

Santa Monica-Malibu USD (Aaa stable) has an exceptionally large, diverse and growing tax base that benefits from high resident wealth levels. The local economy is strong, characterized by tourism, technology, and entertainment. Recent strong tax base growth has resulted in the district transitioning to Community-Funded status. The district's very strong financial position is also bolstered by other local voter-approved revenues, which provide the district a significant level of financial flexibility, offsetting cost pressures including growth in pension contributions. The district has an average debt burden, manageable pension and OPEB liabilities. The district has conservative management with strong financial policies.

Exhibit 1
Santa Monica-Malibu USD's strong financial position is bolstered by significant supplemental revenues



Source: Santa Monica-Malibu Unified School District and Moody's Investors Service

Credit strengths

- » Very large, diverse tax base, benefiting from its coastal location, with robust growth
- » Very high resident wealth levels
- » Supplementary revenues bolstering strong financial position

MOODY'S INVESTORS SERVICE U.S. PUBLIC FINANCE

Credit challenges

- » Slow amortization of debt
- » Rising pension contributions

Rating outlook

The stable outlook reflects our opinion that the district will maintain its improving financial position consistent with the Aaa rating category and that its large tax base will continue to expand, while exhibiting a very favorable socioeconomic profile.

Factors that could lead to an upgrade

» Not applicable

Factors that could lead to a downgrade

- » Material decline in the district's financial position
- » Significant contraction of the tax base or wealth levels

Key indicators

Exhibit 2

Santa Monica-Malibu USD, CA	2013	2014	2015	2016	2017
Economy/Tax Base					
Total Full Value (\$000)	\$39,101,560	\$41,637,141	\$43,691,490	\$46,876,732	\$49,910,196
Population	110,071	110,934	111,980	112,076	112,076
Full Value Per Capita	\$355,239	\$375,333	\$390,172	\$418,258	\$445,325
Median Family Income (% of US Median)	186.9%	185.8%	184.0%	184.0%	184.0%
Finances					
Operating Revenue (\$000)	\$152,680	\$158,448	\$180,979	\$186,597	\$189,226
Fund Balance (\$000)	\$50,576	\$55,442	\$76,627	\$68,967	\$66,877
Cash Balance (\$000)	\$56,180	\$70,647	\$87,830	\$92,549	\$83,302
Fund Balance as a % of Revenues	33.1%	35.0%	42.3%	37.0%	35.3%
Cash Balance as a % of Revenues	36.8%	44.6%	48.5%	49.6%	44.0%
Debt/Pensions					
Net Direct Debt (\$000)	\$342,500	\$331,948	\$352,262	\$380,205	\$418,560
3-Year Average of Moody's ANPL (\$000)	\$242,106	\$286,759	\$319,655	\$341,801	\$387,411
Net Direct Debt / Full Value (%)	0.9%	0.8%	0.8%	0.8%	0.8%
Net Direct Debt / Operating Revenues (x)	2.2x	2.1x	1.9x	2.0x	2.2x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	0.6%	0.7%	0.7%	0.7%	0.8%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.6x	1.8x	1.8x	2.0x	2.0x

Operating revenues include the general fund and debt service funds. Available fund balances include unassigned, assigned and committed balances, and balances restricted to pay for debt service.

Source: Santa Monica-Malibu Unified School District and Moody's Investors Service

Profile

Santa Monica-Malibu Unified School District serves residents of the cities of <u>Santa Monica</u> (Aaa stable) and Malibu, as well as a portion of unincorporated <u>Los Angeles County</u> (Aa1 stable). Located on the scenic Pacific Coast, the district encompasses about 29 square miles, with an estimated population of 111,980. The District currently operates 10 elementary schools, two middle schools, one K-8

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

school, one 6-12 school, one high school, one continuation high school, a regional occupation program, an adult education program, as well as child care and development centers, with estimated enrollment of 10,800.

Detailed credit considerations

Economy and tax base: very large tax base benefits from long-term, robust growth along Pacific Coast; very strong wealth measures

The district's fiscal 2018 assessed valuation (AV) is very large at \$52.2 billion, reflecting a strong 4.6% increase over the prior year. The district's tax base has demonstrated stable, consistent growth over many years, with 6.9% average annual growth rates over the last twenty years. The size of the tax base compares favorably with other Aaa-rated school districts in California and nationally, with medians of \$30.9 billion and \$13.5 billion, respectively. The tax base is diverse, with the top ten taxpayers accounting for a low 6.0% of fiscal 2018 total AV, and residential uses reflecting 75.5% of fiscal 2018 secured AV.

The local housing market has seen significant appreciation, as home prices in the district continue to rise, driving tax base growth. The median price of a single family home in Malibu is \$3.0 million and in Santa Monica is \$1.7 million, both far exceeding the median AV of a home in the district, which is nearly \$740,745 in fiscal 2018. There is also notable non-residential development underway in Santa Monica, which further supports continued tax base growth.

The district has very high resident wealth levels that compare favorably to state and national medians and represent a key credit strength. The median family income for district residents is 184.0% of the US median, compared to 196% and 185% medians for Aaarated districts in California and nationally. AV per capita is an extremely strong \$465,961 in fiscal 20178, ranking amongst the highest of Moody's-rated school districts. The unemployment rate in Santa Monica (4.0%), as of April 2018 is similar to the state (3.8%) and nation (3.7%) for the same time period.

Financial operations and reserves: Continued strong financial position supported by transition to Community-Funded status and new supplemental revenues

The district's financial operation is strong in fiscal 2018, with general fund revenues and expenditures both reaching an estimated \$163 million. Revenue growth is the result of increases in both local property tax revenues and new supplemental local revenues. The district attained Community Funded status in fiscal 2018. In its multi-year projections, the district has conservatively budgeted revenues with modest annual deficits. Projections reflect expenditures reductions in order to maintain reserves equal to two months of expenses in addition to a 3% contingency.

The district's general fund available balances totaled \$26.7 million at the end of fiscal 2017, equaling 17.7% of revenues, slightly below the medians for the rating category, which are 24.9% nationally and 28.6% in California. The district ended fiscal 2017 with a small general fund deficit, primarily resulting from the expenditure of prior-year one-time state funding.

The district's overall financial profile is strengthened by large supplemental revenue streams that significantly increase financial flexibility. In fiscal 2018, the district's revenues include \$11.9 million from a parcel tax, which has no sunset date and is annually adjusted for inflation; \$9.0 million from a facilities use agreement with the city of Santa Monica; \$15.6 million from a one cent sales tax add-on, which does not expire and which the voters directed in a companion ballot measure to be used by the city of Santa Monica to support the district; \$2.4 million from property leases; and \$2.0 million generated annually by a school foundation. Collectively, these supplemental revenues account for about 25% of fiscal 2018 general fund revenues.

Enrollment had remained stable in recent years and out-of-district transfers were providing the district a lever to moderate any declines. Transfers accounts for about 20% of enrolled students in the current school year. As the district attained Community-Funded status in fiscal 2018, management can reduce transfers without a loss in revenue. The district is allowing limited transfers for its dual immersion programs and for the children of city staff, while reducing staffing through attrition as enrollment has started to decline.

On an operating basis, which for the purposes of our analysis includes the general fund and debt service funds, the district's available fund balance equaled \$66.9 million in fiscal 2017 or a very strong 35.3% of operating revenues.

LIQUIDITY

The district continues to maintain a healthy liquidity position with general fund net cash totaling \$43.2 million, or 28.5% of revenues. The district also has \$16.4 million outside the general fund which is available for temporary borrowing.

Debt and pensions: average debt burden; moderate and manageable pension and OPEB liabilities

The district has direct debt levels typical of Aaa-rated school districts in the state and nation. Following the district's upcoming issuance, net direct debt burden is 0.9% of AV, while overall debt, including overlapping tax and assessment-backed obligations to the tax base is 2.9% of AV. The ten-year payout rate is a slow 35.5% and well below average relative to state and national benchmarks for the rating category.

Current debt levels are expected to increase moderately over the next six years. The district has \$115 million of remaining authorized, but unissued bonding capacity under its 2012 Election, and plans to issue every other year through 2023 to fulfill projects identified in its facility master plan.

DEBT STRUCTURE

The district's post-issuance debt portfolio consists of about \$468.4 million par value, fixed-rate, current interest and capital appreciation GO bonds, maturing through 2043, and \$8.0 million of capital appreciation COPs.

The district's 2010 COPs are supported with redevelopment pass-through payments received in a special revenue fund that are more than sufficient to pay debt service on these COPs and thus alleviate the general fund lease burden, which equaled 1.3% of fiscal 2017 general fund expenses.

The 2016 General Obligation Refunding Bonds, Series C (2020 Crossover) are secured by an escrow that is sufficient to pay debt service on the bonds up until the crossover date, July 1, 2020. Following the crossover date, the bonds will be secured by the typical GO ad valorem tax levy.

DEBT-RELATED DERIVATIVES

The district is not party to any interest rate swaps or other derivative agreements.

PENSIONS AND OPEB

District employees participate in the California Public Employee Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS). Moody's adjusted net pension liability (ANPL) for the district, under our methodology for adjusting reported pension data, is a relatively low at \$473.3 million in fiscal 2017. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the district's reported liability information, but to improve comparability with other rated entities. The three-year average ANPL to operating revenues is moderate at 2.1 times.

The district funds its other postemployment benefits (OPEB) on a pay-as-you-go basis and unfunded actuarial accrued liability (UAAL) was \$36.4 million in 2015, equal to a moderately low 38% of covered payroll. The district is currently funding OPEB on a pay as you go basis and is in the process of funding an OPEB irrevocable trust that will offset the OPEB UAAL.

Management and governance: Moderate institutional framework; healthy operating ratio

INSTITUTIONAL FRAMEWORK

California school districts have an Institutional Framework score of A, which is moderate. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. California school districts' major revenue sources are determined by the state government or, for the most part, can only be raised with voter approval. Ad valorem property tax rates cannot be increased above 1% except to meet GO bond payments, and assessed valuation growth is also generally limited to 2% annually unless a property changes ownership. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures. However, California has strong public sector unions and additional expenditure constraints, which limit the ability to make cuts. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

OPERATING HISTORY

The district's five-year average operating ratio of revenues to expenditures is a healthy 1.04 times, reflecting its history of maintaining healthy operating surpluses in four of the last six years.

Malibu residents have initiated an effort to unify a separate school district in Malibu, which would result in a reorganization into two separate districts. The district's board has indicated its commitment to seek a mutually beneficial and fair reorganization, which would be subject to statutory and regulatory requirements, including the approval of the Los Angeles County Office of Education, the

California Department of Education, and a majority vote of Malibu voters. The board has formed a community committee to facilitate the reorganization process over the next several years. Such a reorganization would result in division of the then-existing bonded indebtedness of the district between the two resulting school districts.

© 2018 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS ON OT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER 1134162

CLIENT SERVICES

 Americas
 1-212-553-1653

 Asia Pacific
 852-3551-3077

 Japan
 81-3-5408-4100

 EMEA
 44-20-7772-5454





RatingsDirect®

Summary:

Santa Monica-Malibu Unified School District, California; Appropriations; **General Obligation**

Primary Credit Analyst:

Dan A Kaplan, San Francisco + 1(415) 371-5038; dan.kaplan@spglobal.com

Secondary Contact:

Chris Morgan, San Francisco (1) 415-371-5032; chris.morgan@spglobal.com

Table Of Contents

Rationale

Outlook

Summary:

Santa Monica-Malibu Unified School District, California; Appropriations; General Obligation

Credit Profile		
US\$120.0 mil GO bnds (Election Of 2012) ser D due 08/01/2043		
Long Term Rating	AA+/Stable	New
Santa Monica-Malibu Unif Sch Dist GO		
Long Term Rating	AA+/Stable	Upgraded
Santa Monica-Malibu Unif Sch Dist APPROP		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Rationale

S&P Global Ratings raised its long-term rating to 'AA+' from 'AA' on Santa Monica-Malibu Unified School District, Calif.'s 2018 series D (election of 2012) general obligation (GO) bonds. At the same time, we raised our long-term rating and underlying rating (SPUR) to:

- 'AA+' from 'AA' on the district's existing GO bonds and
- 'AA' from 'AA-' on the district's certificates of participation (COPs).

In addition, S&P Global assigned its 'AA+' rating to the district's series 2018D (election of 2012) GO bonds. Management indicates the district will use the bond proceeds to build new facilities and renovate existing facilities. The outlook is stable.

The positive rating action reflects our view of the district's recent transition to basic-aid status, whereby it is less reliant on volatile state revenue, and a tax base that grew by half over the past decade. Furthermore, this action reflects sustained growth in local supplemental revenue streams—such as a parcel tax and sales tax—that make the district less reliant on volatile state funding.

Security and use of proceeds

The bonds are secured by the district's unlimited ad valorem property tax pledge, which obligates the district to annually levy taxes on taxable property within the district without limitation as to rate or amount such that legally available funds are sufficient to make principal and interest payments. Management indicates the series 2018D (election of 2012) bond proceeds will be used to both build new facilities and renovate existing facilities.

The district's previously issued GO bonds are also secured by an unlimited ad valorem property tax pledge, while the district's previously issued COPs represent an interest in lease payments that the district makes, as lessee, for use of district facilities. The COPs are rated one notch below our view of the district's general creditworthiness to reflect appropriation risk.

The district's previously issued series 2016B refunding GO crossover bonds are secured by proceeds deposited into an escrow fund until the crossover date of July 1, 2020. The proceeds in the escrow fund will be invested in noncallable federal securities (state and local government series). On and after the respective crossover date, unlimited ad valorem taxes levied on taxable property within the district will secure the bonds. For that reason, the rating reflects the weaker of the district's long-term rating and the U.S. government sovereign rating (AA+/Stable) until the crossover date. Afterward, the rating will reflect only the district's long-term rating.

The ratings reflect our view of the district's:

- Extremely strong and resilient local tax base, with very strong incomes, focused in one of Southern California's main economic centers;
- Substantial, diverse array of supplemental revenue streams not common to most school districts in the state, such
 as the ability to realize property tax revenue above what is constitutionally allowed under the California funding
 formula; and
- Expenditure flexibility in the form of a large proportion of its student population that it serves at its discretion; and
- · Good financial management practices.

Partially offsetting these strengths are the district's:

- Inconsistent operating performance, with recent drawdowns of its fund balance;
- · High overall per capita debt; and
- Longstanding political discussion of the division of the school district.

Very strong economy

Santa Monica-Malibu Unified School District is a discontinuous district within Los Angeles County that serves an estimated population of 111,980 within its namesake cities, as well as unincorporated portions of Los Angeles County. The district is located along the Pacific Coast, with Santa Monica located 16 miles west of downtown Los Angeles and Malibu located 33 miles west of downtown Los Angeles. Both Santa Monica and Malibu maintain tourism activity we consider strong while serving as entertainment, restaurant, and retail centers for local residents. Santa Monica also hosts an emerging technology sector known as Silicon Beach and one of the state's largest community colleges, Santa Monica Community College.

With access to the greater Los Angeles regional economy--as demonstrated by a recently completed light rail line from Santa Monica to downtown Los Angeles--we consider the district's income levels to be very strong. The district's per capita effective buying income (EBI) is 202% and median household EBI is 144% of the national levels. The district's total \$52.2 billion market value in fiscal 2018 was extremely strong, in our view, at \$452,630 per capita, and based on current momentum, including new construction, we anticipate further growth for fiscal 2019. Assessed value (AV) grew by a total of 11.4% since 2016 to \$52.2 billion in 2018. The tax base is very diverse, with the 10 largest taxpayers accounting for approximately 6.0% of AV.

Strong budget performance with highly independent revenue streams

General purpose funding for California school districts is determined by a formula based primarily on average daily attendance (ADA), grade levels served, and share of students served that are English language-learners, low to moderate income, or foster youth. Most school districts are funded through a combination of state general fund revenue and local property tax revenue, up to the amount determined by formula. For these districts, increases or decreases in ADA can lead to increases or decreases, respectively, in general purpose funding under the formula. In some districts, however, the property tax base generates local revenue in excess of the formula-determined amount. These districts, known as "basic aid" or "local funding" districts, keep virtually all of the local property tax revenue and receive little to no general funding from the state, resulting in revenues that are less affected by state budget cuts or declines in ADA. Santa Monica-Malibu Unified School District recently transitioned from state-aid status to basic-aid status in fiscal year 2019. While the current benefit of this transition is small--about \$1 million--we expect this to grow as the district's AV continues to grow.

The district reported a deficit general fund result of 4.3% of expenditures in fiscal 2017, but the district's current actuals show that it broke even in fiscal 2018. The fiscal 2019 budget projects a deficit of \$963,000 (0.6% of expenditures.) We note that the district has historically been conservative in its budget estimates (such as by under-estimating sales tax revenue), and believe fiscal 2019 could also be breakeven.

Although the district's available fund balance as of fiscal 2017 was \$26.8 million, or 17.1% of expenditures, preliminary fiscal 2018 results show an increase to \$29.0, or 18.0%, which we consider very strong. Under the fiscal 2019 budget, the district's available reserves would fall midway between these two ratios, at 17.4% of expenditures.

In addition to the fund balance, we view the district as having high expenditure flexibility by state standards due to policies that lead to what we consider a high percentage of transfer students, with about 20% of enrollment consisting of students living outside the district. We believe that the district has the flexibility to reduce enrollment--and expenditures--by tightening its transfer criteria.

In addition to its basic-aid status, we view its supplemental revenue, which are unusual in the state, as representing a credit strength. The district currently has the following revenue streams available to it:

- A parcel tax with no sunset date generating \$12 million per year (7.3% of general fund revenue);
- Two sales tax measures with no sunset dates generating \$16 million per year (9.6%);
- A facility lease through 2022 generating \$9 million per year (5.5%); and
- A foundation that, since fiscal year 2015, has averaged about \$2 million per year (1.2%).

Together, these sources comprised 23.6% of the district's preliminary general fund revenue in 2018.

Good management practices

We consider the district's management practices to be good under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis. Elements of the district's financial policies and practices include:

· Compliance with a well-established state framework that requires the district to report its revenue and expenditure

assumptions, including changes to ADA, and the district utilizes a demographer and other outside sources to make its revenue and expenditure assumptions;

- Presentations of budget-to-actuals performance to the board at least six times per year with occasional board amendments as needed;
- Maintenance of a long-term financial plan that extends a year beyond the state requirement of current-year-plus two-year forecasting;
- · Lack of recent updates to its master facilities plan;
- Adherence to state investment management requirements, including mandatory participation in the county's investment pool, and annual reports on holdings and performance in its audited financial report;
- Adoption of a debt management policy that provides a conceptual framework for debt issuance in compliance with Senate Bill (SB) 1029 (for more information, see "California's Passage Of SB-1029's Formal Debt Management Policy Requirement Could Improve Our View Of Credit Quality," published on Nov. 22, 2016), although we view its guidelines as lacking significant quantitative constraints; and
- Compliance with a state-required reserves minimum of 3% of expenditures, bolstered by an informal minimum goal of two months (17%) of expenditures as a cushion against the cash flow risks of economic uncertainties.

Potential division of district

We understand that the district has had longstanding discussions regarding institutional separation. The school board has explored the division of the district since at least 2012, forming a subcommittee to explore the issue in 2016. In response to these discussions, the district in recent years has taken steps to shift operating and capital financing into its two geographic areas--Santa Monica and Malibu.

For a California school district to divide, state law requires the district to first gain approval from its local County Office of Education and then submit a petition to the State Board of Education, which assesses a variety of factors such as how the division will affect enrollment, management practices, and whether the property division is equitable. If the State Board of Education approves the district's request, the district must then gain approval from local voters. (Based on conversations with the California Legislative Analyst's Office, no school district divisions have occurred in California within at least two decades.)

In 2017, the city of Malibu petitioned the Los Angeles County Office of Education to create a new Malibu Unified School District, of which the Santa Monica-Malibu school board formally objected. We understand that that action accelerated some of the efforts of the district to devolve operating and capital financing. In June of 2018, the board adopted a resolution creating two separate school facilities improvement districts and discussed separating the district's single foundation into two separate foundations. Based on our understanding of the institutional hurdles involved and discussions with management, we do not anticipate that a formal division will occur within the next five years.

High per-capita debt profile

In our opinion, overall net debt is high on a per capita basis at \$12,282, but low as a percentage of market value at 2.7%, the latter of which we think is a more meaningful ratio for understanding the district's debt burden given its income profile. Amortization is slower than average, including the 2018 series D bonds (election of 2012), with 31% of

the district's direct debt to be retired within 10 years. In our view, the district's debt service carrying charges are elevated at 23% of total governmental funds expenditures, excluding capital outlay in fiscal 2016. With the issuance of the series D bonds, the district will exhaust its authorization under the 2012 bond measure. We understand that the district does not have any direct purchase or private placement agreements outstanding.

The district board approved requesting GO authorizations from voters in November 2018 in its newly-created school facilities improvement districts, with \$485 million requested for Santa Monica schools and \$195 million for Malibu schools. Due to the district's slow debt amortization and our expectation that the district's population is likely to grow slowly for the foreseeable future, we anticipate that these ballot measures—if approved and quickly exercised—could materially increase the district's per-capita debt ratio but are unlikely to significantly change overall net debt relative to market value due to the pace of AV growth.

Pension carrying charge and other postemployment benefits (OPEB)

Combined pension and OPEB carrying charges totaled 5.7% of total governmental expenditures in fiscal 2017.

The district contributed its total annual required contribution (ARC) of \$12.6 million toward its pension obligations in fiscal 2017, or 4.9% of total governmental expenditures. The district participates in defined-benefit pension plans managed by the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS). CalSTRS, its largest plan, maintained a funded level of 70%, using its fiduciary net position as a percentage of the total pension liability. Based on CalSTRS' and CalPERS' advice, we anticipate that the district's pension carrying charges will increase in the coming five years.

As of its most recent evaluation, we understand that the district has an actuarial accrued OPEB obligation of \$36.4 million, of which it has set aside \$5.6 million into an irrevocable trust. In fiscal 2017, the district paid \$2.1 million (0.8% of total governmental expenditures) toward its OPEB obligations.

Outlook

The stable outlook reflects our view that the district's very strong local economy, growing tax base, recent basic-aid funding status, and additional revenue flexibility will translate into revenue growth that will support the district's ability to maintain available general fund reserves we consider at least strong. We do not expect district to undergo an institutional separation within the next two years, but we expect devolution of some sort, such as by the passage of GO authorization by voters in one or both of the newly-created school facilities improvement districts this fall. We do not expect to change the ratings within our two-year outlook horizon.

Upside scenario

Should the district experience a major acceleration in revenue growth that we think will lead to a substantial increase in available reserves on an ongoing basis, particularly if accompanied by strengthening financial management policies and practices (such as the formalization of its reserve policy), or if we come to believe that the district is not at risk of a credit determination associated with a potential division, we could raise the rating.

Downside scenario

We could lower the ratings should a major economic downturn lead to substantial deterioration in the district's fund balance, if it were to reduce its local revenue flexibility, or if it were to pursue a path to division that we think would negatively impact its ability to repay its debt burden.

Ratings Detail (As Of August 8, 2018)

Santa Monica-Malibu Unif Sch Dist GO bnds (Election of 2006)

Long Term Rating AA+/Stable Upgraded

Santa Monica-Malibu Unif Sch Dist 2010 rfdg certs of part (tax-exempt)

Long Term Rating AA/Stable Upgraded

Santa Monica-Malibu Unif Sch Dist 2016 GO rfdg bnds (2020 Crossover Rfdg) ser C due 07/01/2035

Long Term Rating AA+/Stable Upgraded

Santa Monica-Malibu Unif Sch Dist GO

Unenhanced Rating AA+(SPUR)/Stable Upgraded

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein. This Presentation is provided to you for the purpose of your consideration of the engagement of Raymond James as an underwriter and not as your financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and we expressly disclaim any intention to act as your fiduciary in connection with the subject matter of this Presentation. The information provided is not intended to be and should not be construed as a recommendation or "advice" within the meaning of Section 15B of the above-referenced Act. Any portion of this Presentation which provides information on municipal financial products or the issuance of municipal securities is only given to provide you with factual information or to demonstrate our experience with respect to municipal markets and products. Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires that we make the following disclosure to you at the earliest stages of our relationship, as underwriter, with respect to an issue of municipal securities: the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer.

Raymond James does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor.

