

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Measure BB General Obligation Bond Program

Issuance of Series A (2007)

August 23, 2007 Board Meeting

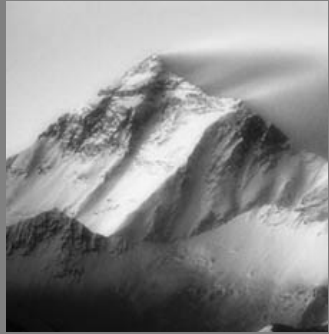
Tony Hsieh
Vice President
anthony.r.hsieh@pjc.com

Piper Jaffray & Co.
1235 Hermosa Ave., Suite 300
Hermosa Beach, CA 90254
800-876-1854

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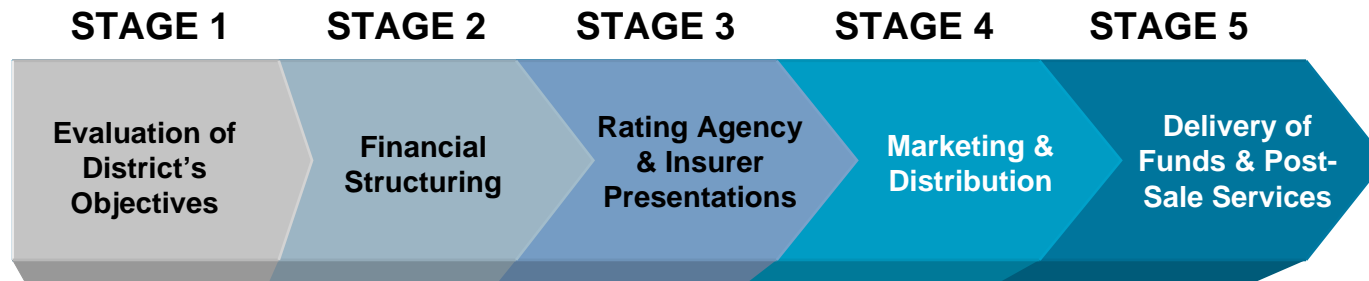
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Bond Issuance Steps

Piper Jaffray will lead/coordinate with the financing team through the process



1. Evaluation of District's Objectives

- Piper meets with District to assess the objectives of the upcoming financing
- Piper works with the District to account for other sources of project funding, if any

2. Financial Structuring

- Piper prepares projected bond issuance schedules to meet the cashflow of the District's overall capital improvement plan
- Piper presents the District with various issuance options
 - Discuss impact of bond structure on Bond Program
- Piper assists the District in evaluating issuance options to determine an appropriate bond structure

3. Rating Agency & Insurer Presentations

- Piper develops a credit enhancement and credit rating strategy

4. Marketing & Distribution

- Piper develops a comprehensive marketing and distribution plan
- Piper markets the District's bonds to prospective investors
- Piper sells the District's bonds; underwrites any unsold bonds

5. Delivery of Funds & Post-Sale Services

- District receives and utilizes funds on bond projects
- Piper continually revises bond issuance schedules to accommodate any changes in assessed value growth, interest rates or the District's capital improvement plan
- Piper assists the District with ratings maintenance and investor relations
- Piper monitors the District's bonds for refinancing opportunities

Bond Program Variables

There are five key variables to consider when implementing the bond program

Bonding Capacity

- California Education Code limit on the amount of general obligation bonds a school district may have outstanding at any given time

Future Interest Rates

- Impacts timing and amount of bonds that can be issued at a fixed tax rate

Projected Assessed Value (“AV”) Growth Rate

- Impacts the issuance amount and timing of the bond program
- Based on past growth and projected development and property value appreciation

Tax Rate

- Tax rate approved at bond election (\$30 per \$100,000 of assessed value)
- Other overlapping taxes (i.e. Santa Monica CCD bonds, District’s parcel tax, etc.)

Issuance Schedule

- Timing, amount and length of bond issuances
- Based on District’s projected capital project expenditures and revised throughout the life of the bond program

District Bonding Capacity

Bonding capacity is a statutory limit that sets the maximum amount of bonds the District can have outstanding at any given time

Estimated Current Bonding Capacity ⁽¹⁾	
2007/08 Assessed Value	\$ 31,926,254,125
Applicable Bond Debt Limit	x 2.50%
Maximum Bonding Capacity	\$ 798,156,353
Less: Outstanding Bonds	\$ (79,295,034)
Available Bonding Capacity	\$ 718,861,319

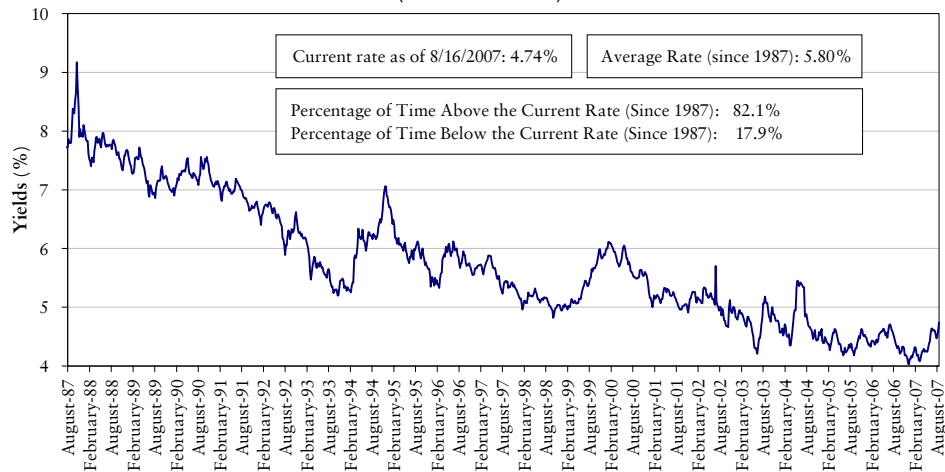
The District currently has over \$718 million in available bonding capacity

As assessed value grows and outstanding bonds are paid off, bonding capacity increases

⁽¹⁾ Subject to verification by the Los Angeles County Auditor-Controller's Office.

Interest Rate and Assessed Value Growth Variables

Bond Buyer General Obligation Bond Interest Rate Index
(1987 to Present)



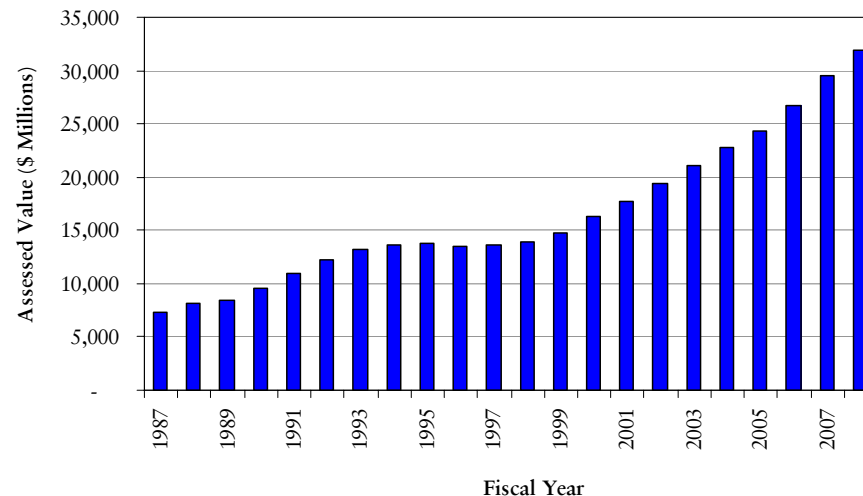
Source: The Bond Buyer

Current rate (as of August 16, 2007) of 4.74%

- 82% of time above current rate (since 1987)
- 18% of time below current rate (since 1987)

Average general obligation bond interest rate of 5.80% since 1987

District Total Assessed Value



Source: California Municipal Statistics

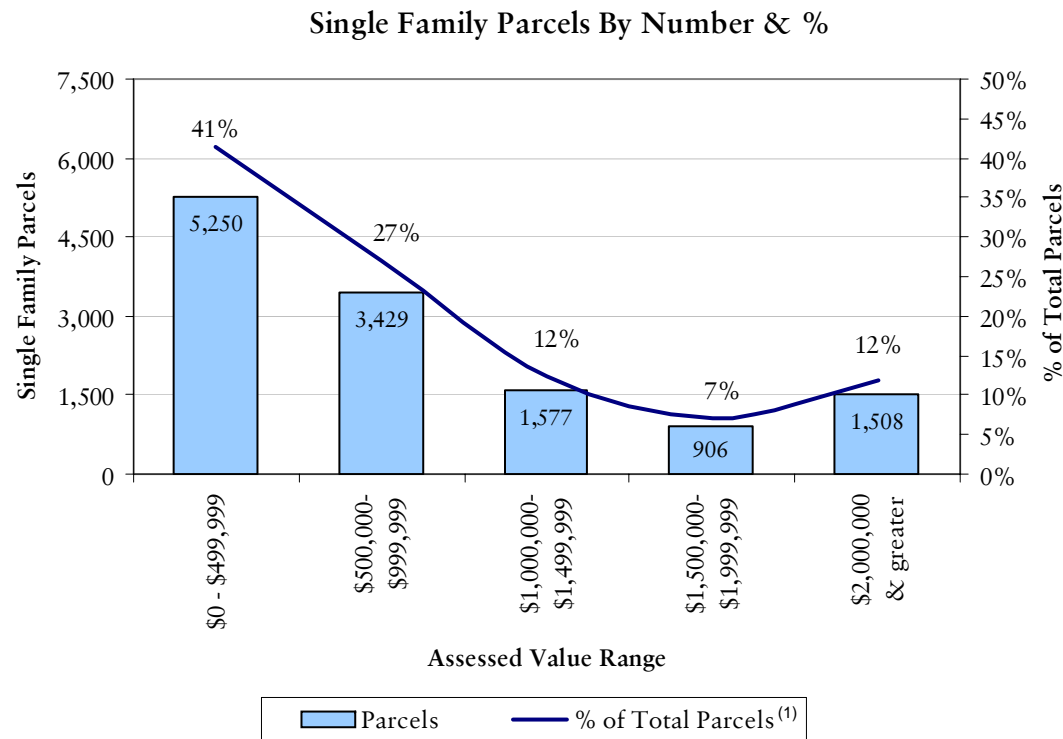
Current assessed value over \$31.9 billion

Average Annual Assessed Value Growth Rates

- 1-year: 8.0%
- 5-year: 8.7%
- 10-year: 8.7%
- 20-year: 7.1%

Single Family Residence Parcel Breakdown

Significant growth potential from “untapped” assessed value



12,670 single family residential parcels

68% of single family parcels have assessed values below \$1,000,000

- 41% below \$500,000

Average assessed value of a single family residence is \$1,027,118

- \$437,717 for condominiums

Source: California Municipal Statistics

(1) Total does not add to 100% due to rounding.

Overlapping Debt Statement

2006-07 Assessed Valuation: \$29,570,115,254
 Redevelopment Incremental Valuation: 5,376,501,657
 Adjusted Assessed Valuation: \$24,193,613,597

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/07</u>
Los Angeles County Flood Control District	3.061%	\$ 3,477,207
Metropolitan Water District	1.490	5,350,814
Los Angeles Community College District	0.009	86,969
Santa Monica Community College District	100.	185,152,931
Santa Monica-Malibu Unified School District	100.	79,295,034 (1)
City of Santa Monica	99.994	20,138,792
Los Angeles County Regional Park and Open Space Assessment District	2.982	<u>8,111,935</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$301,613,682

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	2.982%	\$ 32,350,285
Los Angeles County Pension Obligations	2.982	16,307,042
Los Angeles County Superintendent of Schools Certificates of Participation	2.982	557,368
Santa Monica Community College District Certificates of Participation	100.	28,905,000
Santa Monica-Malibu Unified School District Certificates of Participation	100.	17,816,501
City of Malibu Certificates of Participation	100.	17,580,000
City of Santa Monica General Fund Obligations	99.994	71,895,686
City of Westlake Village Certificates of Participation	0.001	75
Los Angeles County Sanitation District No. 27 Authority	100.	<u>742,881</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$186,154,838

COMBINED TOTAL DEBT \$487,768,520 (2)

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

Ratios to 2006-07 Assessed Valuation:
Direct Debt (\$79,295,034)..... 0.27%
 Total Direct and Overlapping Tax and Assessment Debt..... 1.02%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$97,111,535)..... 0.40%
 Combined Total Debt 2.02%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Piper Jaffray

Proposed Series A Structure

Assumptions

All-Inclusive Series A Rate as of 8/20/07	5.03%
All-Inclusive Rate Thereafter	6.00%
Annual Assessed Value Growth Rate	4.00%
Annual Debt Service Growth for 1st 4 Years	2.00%
Annual Debt Service Growth Thereafter	4.00%

Date	Principal	Interest	Debt Service
8/1/2008	5,955,000	2,334,724	8,289,724
8/1/2009	6,535,000	2,710,925	9,245,925
8/1/2010	290,000	2,449,525	2,739,525
8/1/2011	150,000	2,437,925	2,587,925
8/1/2012	205,000	2,431,925	2,636,925
8/1/2013	320,000	2,423,725	2,743,725
8/1/2014	445,000	2,410,925	2,855,925
8/1/2015	575,000	2,393,125	2,968,125
8/1/2016	720,000	2,370,125	3,090,125
8/1/2017	875,000	2,341,325	3,216,325
8/1/2018	1,035,000	2,306,325	3,341,325
8/1/2019	1,225,000	2,251,988	3,476,988
8/1/2020	1,430,000	2,187,675	3,617,675
8/1/2021	1,650,000	2,112,600	3,762,600
8/1/2022	1,890,000	2,025,975	3,915,975
8/1/2023	2,145,000	1,926,750	4,071,750
8/1/2024	2,420,000	1,814,138	4,234,138
8/1/2025	2,720,000	1,687,088	4,407,088
8/1/2026	3,035,000	1,544,288	4,579,288
8/1/2027	3,380,000	1,384,950	4,764,950
8/1/2028	3,750,000	1,207,500	4,957,500
8/1/2029	4,145,000	1,010,625	5,155,625
8/1/2030	4,570,000	793,013	5,363,013
8/1/2031	5,025,000	553,088	5,578,088
8/1/2032	5,510,000	289,275	5,799,275
Total	60,000,000	47,399,524	107,399,524

Scenario 1 (Bond Proceeds by 2010)

Issuance Schedule

<u>Series</u>	<u>Issue Date</u>	<u>Proceeds</u>	<u>Financing Term</u>	<u>Year</u>	<u>Series A Debt Service</u>	<u>Remaining Debt Service</u>	<u>Total Debt Service</u>	<u>Tax Rate</u>
Series A	September 2007	\$ 60,000,000	25 Years	2008	8,289,724	0	8,289,724	28.22
Series B	August 2009	100,000,000	25 Years	2009	9,245,925	0	9,245,925	29.35
Series C	November 2010	108,000,000	40 Years	2010	2,739,525	6,726,480	9,466,005	28.84
				2011	2,587,925	7,067,975	9,655,900	28.29
				2012	2,636,925	7,212,089	9,849,014	27.74
				2013	2,743,725	7,499,241	10,242,966	27.76
				2014	2,855,925	7,796,751	10,652,676	27.76
				2015	2,968,125	8,110,649	11,078,774	27.76
				2016	3,090,125	8,431,792	11,521,917	27.76
				2017	3,216,325	8,766,460	11,982,785	27.76
				2018	3,341,325	9,120,763	12,462,088	27.76
				2019	3,476,988	9,483,575	12,960,563	27.76
				2020	3,617,675	9,861,302	13,478,977	27.76
				2021	3,762,600	10,255,527	14,018,127	27.76
				2022	3,915,975	10,662,869	14,578,844	27.76
				2023	4,071,750	11,090,239	15,161,989	27.76
				2024	4,234,138	11,534,322	15,768,460	27.76
				2025	4,407,088	11,992,102	16,399,190	27.76
				2026	4,579,288	12,475,861	17,055,149	27.76
				2027	4,764,950	12,972,396	17,737,346	27.76
				2028	4,957,500	13,489,332	18,446,832	27.76
				2029	5,155,625	14,029,071	19,184,696	27.76
				2030	5,363,013	14,589,063	19,952,076	27.76
				2031	5,578,088	15,172,063	20,750,150	27.76
				2032	5,799,275	15,780,873	21,580,148	27.76
				2033		22,443,345	22,443,345	27.76
				2034		23,341,070	23,341,070	27.76
				2035		24,274,705	24,274,705	27.76
				2036		25,245,684	25,245,684	27.76
				2037		26,255,503	26,255,503	27.76
				2038		27,305,715	27,305,715	27.76
				2039		28,397,935	28,397,935	27.76
				2040		29,533,844	29,533,844	27.76
				2041		30,715,189	30,715,189	27.76
				2042		31,943,788	31,943,788	27.76
				2043		33,221,531	33,221,531	27.76
				2044		34,550,383	34,550,383	27.76
				2045		35,932,390	35,932,390	27.76
				2046		37,369,677	37,369,677	27.76
				2047		38,864,456	38,864,456	27.76
				2048		40,419,026	40,419,026	27.76
				2049		42,035,778	42,035,778	27.76
				2050		43,717,201	43,717,201	27.76
				Total	107,399,524	819,688,012	927,087,536	

(1) Assumes discount rate of 5.0%.

Scenario 2 (Bond Proceeds by 2015)

Issuance Schedule

<u>Series</u>	<u>Issue Date</u>	<u>Proceeds</u>	<u>Financing Term</u>	<u>Year</u>	<u>Series A Debt Service</u>	<u>Remaining Debt Service</u>	<u>Total Debt Service</u>	<u>Tax Rate</u>
Series A	September 2007	\$ 60,000,000	25 Years	2008	8,289,724	0	8,289,724	28.22
Series B	August 2009	80,000,000	25 Years	2009	9,245,925	0	9,245,925	29.35
Series C	August 2011	45,000,000	25 Years	2010	2,739,525	6,726,480	9,466,005	28.84
Series D	August 2013	40,000,000	27 Years	2011	2,587,925	7,067,975	9,655,900	28.29
Series E	August 2015	43,000,000	31 Years	2012	2,636,925	7,212,089	9,849,014	27.74
				2013	2,743,725	7,499,241	10,242,966	27.76
				2014	2,855,925	7,796,751	10,652,676	27.76
				2015	2,968,125	8,110,649	11,078,774	27.76
				2016	3,090,125	8,431,792	11,521,917	27.76
Total Authorization		\$ 268,000,000		2017	3,216,325	8,766,460	11,982,785	27.76
				2018	3,341,325	9,120,763	12,462,088	27.76
Present Value of Authorization ⁽¹⁾		\$ 228,536,678		2019	3,476,988	9,483,575	12,960,563	27.76
				2020	3,617,675	9,861,302	13,478,977	27.76
Final Maturity	August 1, 2046			2021	3,762,600	10,255,527	14,018,127	27.76
				2022	3,915,975	10,662,869	14,578,844	27.76
				2023	4,071,750	11,090,239	15,161,989	27.76
				2024	4,234,138	11,534,322	15,768,460	27.76
				2025	4,407,088	11,992,102	16,399,190	27.76
				2026	4,579,288	12,475,861	17,055,149	27.76
				2027	4,764,950	12,972,396	17,737,346	27.76
				2028	4,957,500	13,489,332	18,446,832	27.76
				2029	5,155,625	14,029,071	19,184,696	27.76
				2030	5,363,013	14,589,063	19,952,076	27.76
				2031	5,578,088	15,172,063	20,750,150	27.76
				2032	5,799,275	15,780,873	21,580,148	27.76
				2033		22,443,345	22,443,345	27.76
				2034		23,341,070	23,341,070	27.76
				2035		24,274,705	24,274,705	27.76
				2036		25,245,684	25,245,684	27.76
				2037		26,255,503	26,255,503	27.76
				2038		27,305,715	27,305,715	27.76
				2039		28,397,935	28,397,935	27.76
				2040		29,533,844	29,533,844	27.76
				2041		30,715,189	30,715,189	27.76
				2042		31,943,788	31,943,788	27.76
				2043		33,221,531	33,221,531	27.76
				2044		34,550,383	34,550,383	27.76
				2045		35,932,390	35,932,390	27.76
				2046		14,657,435	14,657,435	10.37
				Total	107,399,524	631,939,309	739,338,833	

(1) Assumes discount rate of 5.0%.

Scenario 3 (Education Code Financings Only)

Issuance Schedule					Series A	Remaining	Total	
<u>Series</u>	<u>Issue Date</u>	<u>Proceeds</u>	<u>Financing Term</u>	<u>Year</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Tax Rate</u>
Series A	September 2007	\$ 60,000,000	25 Years	2008	8,289,724	0	8,289,724	28.22
Series B	August 2009	42,000,000	25 Years	2009	9,245,925	0	9,245,925	29.35
Series C	August 2011	42,000,000	25 Years	2010	2,739,525	6,726,480	9,466,005	28.84
Series D	August 2013	42,000,000	25 Years	2011	2,587,925	7,067,975	9,655,900	28.29
Series E	August 2015	42,000,000	25 Years	2012	2,636,925	7,212,089	9,849,014	27.74
Series F	August 2017	40,000,000	25 Years	2013	2,743,725	7,499,241	10,242,966	27.76
				2014	2,855,925	7,796,751	10,652,676	27.76
				2015	2,968,125	8,110,649	11,078,774	27.76
				2016	3,090,125	8,431,792	11,521,917	27.76
				2017	3,216,325	8,766,460	11,982,785	27.76
Total Authorization		\$ 268,000,000		2018	3,341,325	9,120,763	12,462,088	27.76
				2019	3,476,988	9,483,575	12,960,563	27.76
Present Value of Authorization ⁽¹⁾		\$ 216,973,572		2020	3,617,675	9,861,302	13,478,977	27.76
				2021	3,762,600	10,255,527	14,018,127	27.76
				2022	3,915,975	10,662,869	14,578,844	27.76
Final Maturity	August 1, 2042			2023	4,071,750	11,090,239	15,161,989	27.76
				2024	4,234,138	11,534,322	15,768,460	27.76
				2025	4,407,088	11,992,102	16,399,190	27.76
				2026	4,579,288	12,475,861	17,055,149	27.76
				2027	4,764,950	12,972,396	17,737,346	27.76
				2028	4,957,500	13,489,332	18,446,832	27.76
				2029	5,155,625	14,029,071	19,184,696	27.76
				2030	5,363,013	14,589,063	19,952,076	27.76
				2031	5,578,088	15,172,063	20,750,150	27.76
				2032	5,799,275	15,780,873	21,580,148	27.76
				2033		22,443,345	22,443,345	27.76
				2034		23,341,070	23,341,070	27.76
				2035		24,274,705	24,274,705	27.76
				2036		25,245,684	25,245,684	27.76
				2037		26,255,503	26,255,503	27.76
				2038		27,305,715	27,305,715	27.76
				2039		28,397,935	28,397,935	27.76
				2040		29,533,844	29,533,844	27.76
				2041		30,715,189	30,715,189	27.76
				2042		31,943,788	31,943,788	27.76
				Total	107,399,524	513,577,570	620,977,094	

(1) Assumes discount rate of 5.0%.

Present Value of Issuance Scenarios

The issuance schedule impacts the present value of the bond funds

<u>Issuance Date</u>	<u>Scenario 1</u>		<u>Scenario 2</u>		<u>Scenario 3</u>	
	<u>Issuance</u>	<u>Present Value</u> ⁽¹⁾	<u>Issuance</u>	<u>Present Value</u> ⁽¹⁾	<u>Issuance</u>	<u>Present Value</u> ⁽¹⁾
10/17/2007	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
8/1/2008						
8/1/2009	100,000,000	90,702,948	80,000,000	72,562,358	42,000,000	38,095,238
8/1/2010	108,000,000	93,294,461				
8/1/2011			45,000,000	37,021,611	42,000,000	34,553,504
8/1/2012						
8/1/2013			40,000,000	29,848,616	42,000,000	31,341,047
8/1/2014						
8/1/2015			43,000,000	29,104,093	42,000,000	28,427,253
8/1/2016						
8/1/2017					40,000,000	24,556,530
8/1/2018						
Total	268,000,000	243,997,408	268,000,000	228,536,678	268,000,000	216,973,572

⁽¹⁾ Based upon discount rate of 5.0%.

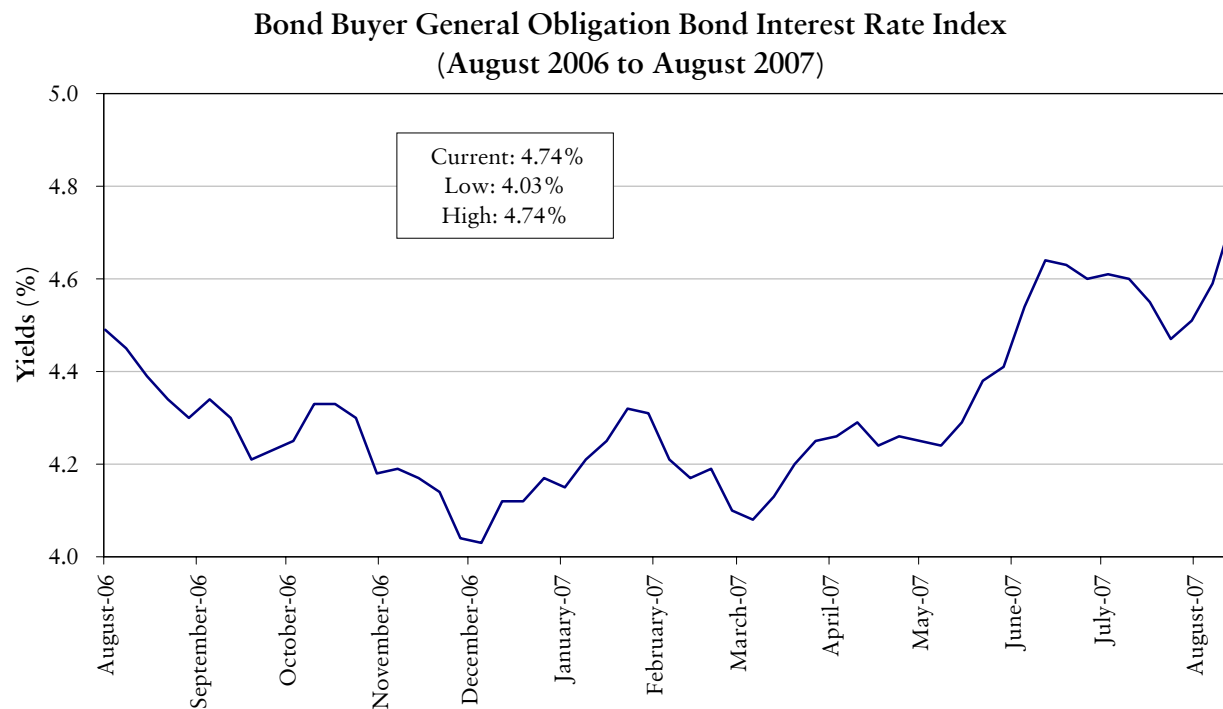
Comparison of Issuance Scenarios

Year	Projected Debt Service			Projected Tax Rates		
	Scenario 1 (Proceeds by 2010)	Scenario 2 (Proceeds by 2015)	Scenario 3 (Ed Code Only)	Scenario 1 (Proceeds by 2010)	Scenario 2 (Proceeds by 2015)	Scenario 3 (Ed Code Only)
2008	8,289,724	8,289,724	8,289,724	28.22	28.22	28.22
2009	9,245,925	9,245,925	9,245,925	29.35	29.35	29.35
2010	9,466,005	9,466,005	9,466,005	28.84	28.84	28.84
2011	9,655,900	9,655,900	9,655,900	28.29	28.29	28.29
2012	9,849,014	9,849,014	9,849,014	27.74	27.74	27.74
2013	10,242,966	10,242,966	10,242,966	27.76	27.76	27.76
2014	10,652,676	10,652,676	10,652,676	27.76	27.76	27.76
2015	11,078,774	11,078,774	11,078,774	27.76	27.76	27.76
2016	11,521,917	11,521,917	11,521,917	27.76	27.76	27.76
2017	11,982,785	11,982,785	11,982,785	27.76	27.76	27.76
2018	12,462,088	12,462,088	12,462,088	27.76	27.76	27.76
2019	12,960,563	12,960,563	12,960,563	27.76	27.76	27.76
2020	13,478,977	13,478,977	13,478,977	27.76	27.76	27.76
2021	14,018,127	14,018,127	14,018,127	27.76	27.76	27.76
2022	14,578,844	14,578,844	14,578,844	27.76	27.76	27.76
2023	15,161,989	15,161,989	15,161,989	27.76	27.76	27.76
2024	15,768,460	15,768,460	15,768,460	27.76	27.76	27.76
2025	16,399,190	16,399,190	16,399,190	27.76	27.76	27.76
2026	17,055,149	17,055,149	17,055,149	27.76	27.76	27.76
2027	17,737,346	17,737,346	17,737,346	27.76	27.76	27.76
2028	18,446,832	18,446,832	18,446,832	27.76	27.76	27.76
2029	19,184,696	19,184,696	19,184,696	27.76	27.76	27.76
2030	19,952,076	19,952,076	19,952,076	27.76	27.76	27.76
2031	20,750,150	20,750,150	20,750,150	27.76	27.76	27.76
2032	21,580,148	21,580,148	21,580,148	27.76	27.76	27.76
2033	22,443,345	22,443,345	22,443,345	27.76	27.76	27.76
2034	23,341,070	23,341,070	23,341,070	27.76	27.76	27.76
2035	24,274,705	24,274,705	24,274,705	27.76	27.76	27.76
2036	25,245,684	25,245,684	25,245,684	27.76	27.76	27.76
2037	26,255,503	26,255,503	26,255,503	27.76	27.76	27.76
2038	27,305,715	27,305,715	27,305,715	27.76	27.76	27.76
2039	28,397,935	28,397,935	28,397,935	27.76	27.76	27.76
2040	29,533,844	29,533,844	29,533,844	27.76	27.76	27.76
2041	30,715,189	30,715,189	30,715,189	27.76	27.76	27.76
2042	31,943,788	31,943,788	31,943,788	27.76	27.76	27.76
2043	33,221,531	33,221,531	-	27.76	27.76	-
2044	34,550,383	34,550,383	-	27.76	27.76	-
2045	35,932,390	35,932,390	-	27.76	27.76	-
2046	37,369,677	14,657,435	-	27.76	10.37	-
2047	38,864,456	-	-	27.76	-	-
2048	40,419,026	-	-	27.76	-	-
2049	42,035,778	-	-	27.76	-	-
2050	43,717,201	-	-	27.76	-	-
Total	927,087,536	739,338,833	620,977,094			

Current Issues in the Bond Market

Concerns surrounding the collapse of subprime debt have contributed to the recent volatility of the markets

Investors are currently seeking safety primarily in U.S. Treasuries, while equities, corporate bonds, and municipal bonds continue to trade at lower levels (higher rates)



Timetable of Events

Rating agency and bond insurer presentations	September 13-14
Receive ratings & insurance bids	September 17
Print and mail Preliminary Official Statement	September 18
Pre-pricing conference call	September 24
Pricing – Sale of bonds	September 25
Print and mail Official Statement	October 2
Closing – District receives bond proceeds	October 16