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

September 12, 2018

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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

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Financing Summary

GENERAL OBLIGATION BONDS ELECTION OF 2012, SERIES D

NEW ISSUE – FULL BOOK-ENTRY

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

In the opinion of Jones Hall, 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 alternative minimum tax, although, 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-Malibu 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."

Redemption. 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 & 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 disbursement 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 legality 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 Fulbright 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

General 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

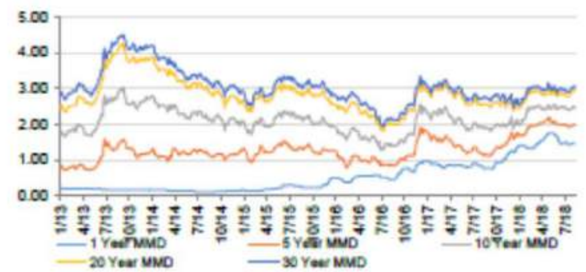
Pricing Day Summary

- 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%.

KEY INTEREST RATES

	Today 8/20/2018	Last Week 8/13/2018	Last Month 7/23/2018	Last Year 8/21/2017
Federal Funds Rate	2.00	2.00	2.00	1.25
Prime Rate	5.00	5.00	5.00	4.25
LIBOR (1 month)	2.07	2.06	2.06	1.24
LIBOR (3 month)	2.31	2.31	2.34	1.31
SIFMA	1.57	1.45	0.94	0.77
SIFMA/1 M LIBOR %	76.0	70.3	45.6	62.3
B.B. 20 Bond Index	3.95	3.98	3.83	3.57
B.B. Rev. Index	4.45	4.48	4.33	3.78
30-Day Visible Supply	9.3 B	16.3 B	8.9 B	7.7 B

AAA-RATED GENERAL OBLIGATION TAX-EXEMPT RATES



GENERAL OBLIGATION TAX-EXEMPT BOND MARKETS

Year	AAA Tax-Exempt	Current Tax-Exempt Credit Spreads			1 Month Ago Tax-Exempt Credit Spreads			1 Year Ago Tax-Exempt Credit Spreads		
		AA	A	BBB	AA	A	BBB	AA	A	BBB
1	1.50	0.01	0.19	0.46	0.01	0.19	0.46	0.02	0.20	0.47
5	1.98	0.07	0.38	0.70	0.07	0.38	0.70	0.08	0.38	0.69
10	2.43	0.17	0.47	0.82	0.17	0.47	0.82	0.19	0.52	0.87
20	2.90	0.20	0.49	0.83	0.20	0.49	0.83	0.22	0.53	0.86
30	3.01	0.20	0.49	0.81	0.20	0.49	0.81	0.22	0.53	0.85

GENERAL OBLIGATION TAXABLE MARKET

Year	Treasury	AAA Taxable	65% Taxable	Spread to AAA Tax-Exempt	LIBOR	SWAP MARKET 70% LIBOR	SIFMA
1	2.43	2.51	1.63	0.13	2.64	1.85	1.71
5	2.74	2.98	1.94	-0.04	2.88	2.02	2.03
10	2.86	3.45	2.24	-0.19	2.93	2.05	2.19
20	2.94	3.83	2.49	-0.41	2.98	2.09	2.37
30	3.02	3.87	2.52	-0.49	2.96	2.07	2.44

PRICING DAY SUMMARY

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

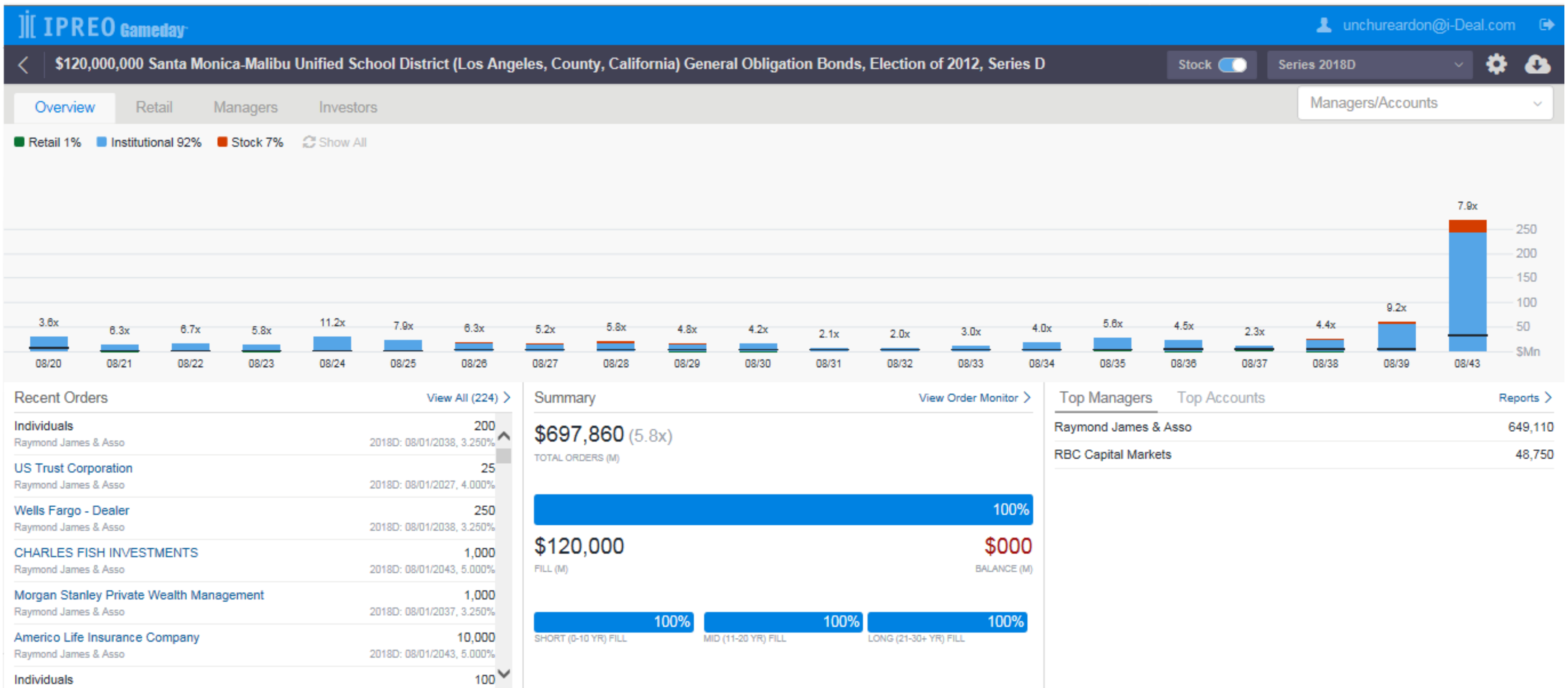
Structure

- 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

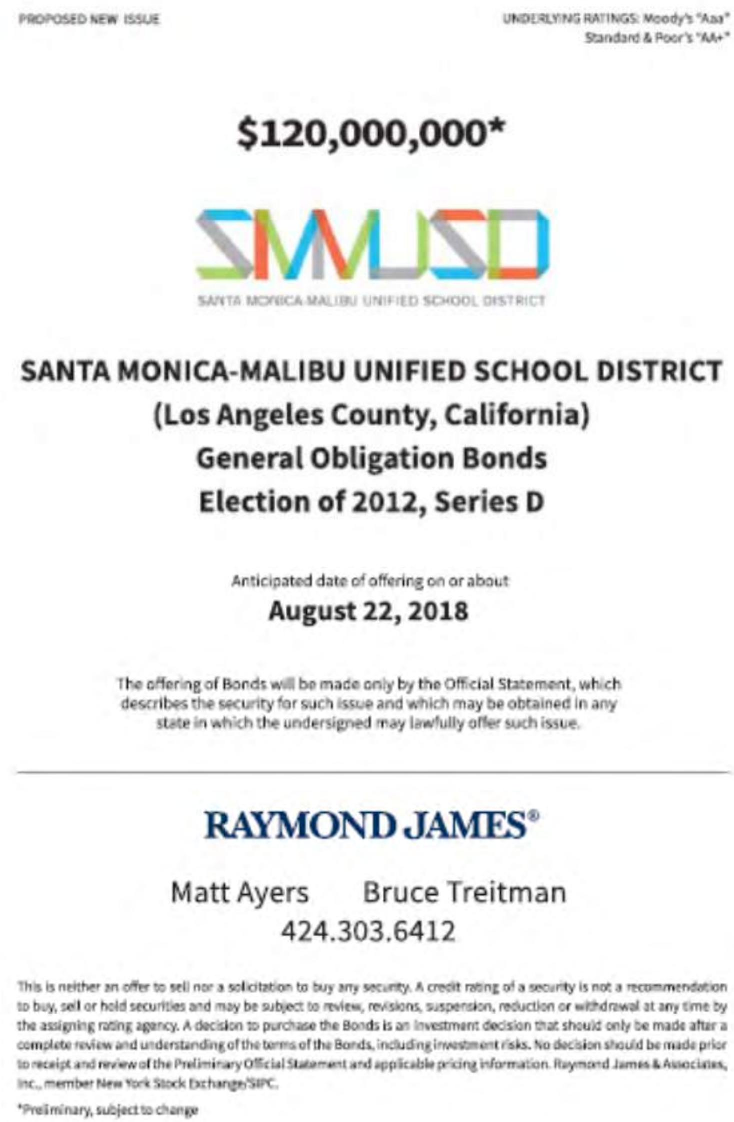
- Given the large total par amount of the financing, the District's extremely strong Moody's Aaa and S&P AA+ ratings and highly regarded name, the Series D bonds garnered the attention of a very large pool of potential buyers (over 58 separate accounts)
  - 92% Institutional Buyers
  - 7% Stock Orders
  - 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

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



LOCAL RETAIL ADVERTISEMENT

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



SECTION 3

Bond Sale Comparables

BOND SALE COMPARABLES

Final Pricing Scale, 8/22/2018

Par	**$120,000,000**		
Issuer	**Santa Monica-Malibu USD**		
Sale Date	**8/22/18**		
Bond Type	General Obligation Bonds		
Tax Status	Tax-Exempt		
Ratings	Aaa/AA+/--		
Insurance	None		
Call	8/1/25	**Call Price** 100%	<-- 2020 to 2035
Call	8/1/23	**Call Price** 100%	<-- 2036 to 2043
Closing	9/6/18		

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM	Yield/YTM Spread to MMD Difference from Release
2019						
2020	8,405	4.000%	1.360%		-0.28%	-0.02%
2021	2,205	4.000%	1.450%		-0.32%	-0.04%
2022	2,420	4.000%	1.530%		-0.35%	-0.04%
2023	2,650	3.000%	1.620%		-0.37%	-0.04%
2024	2,870	4.000%	1.700%		-0.40%	-0.07%
2025	3,130	4.000%	1.840%		-0.37%	-0.06%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%	-0.04% / -0.04%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%	-0.03% / -0.03%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%	-0.03% / -0.02%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%	-0.02% / -0.01%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%	-0.03% / -0.02%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%	-0.01% / -0.01%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%	-0.01% / -0.01%
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%	-0.02% / -0.01%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%	-0.04% / -0.02%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%	-0.05% / -0.02%
2036	5,380	3.250%	3.370%		0.53%	-0.03%
2037	5,655	3.250%	3.410%		0.54%	-0.02%
2038	6,310	3.250%	3.430%		0.54%	-0.02%
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%	-0.10% / -0.03%
2040						
2041						
2042						
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%	-0.10% / -0.03%
2044						
2045						
2046						
2047						
2048						

Release Scale, 8/22/2018

Par	**$120,000,000**		
Issuer	**Santa Monica-Malibu USD**		
Sale Date	**8/22/18**		
Bond Type	General Obligation Bonds		
Tax Status	Tax-Exempt		
Ratings	Aaa/AA+/--		
Insurance	None		
Call	8/1/25	**Call Price** 100%	<-- 2020 to 2035
Call	8/1/23	**Call Price** 100%	<-- 2036 to 2043
Closing	9/6/18		

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	8,405	4.000%	1.380%		-0.26%
2021	2,205	4.000%	1.490%		-0.28%
2022	2,420	4.000%	1.570%		-0.31%
2023	2,650	3.000%	1.660%		-0.33%
2024	2,870	4.000%	1.770%		-0.33%
2025	3,130	4.000%	1.900%		-0.31%
2026	3,165	4.000%	2.060%	2.27%	-0.26% / -0.05%
2027	3,410	4.000%	2.170%	2.53%	-0.21% / 0.15%
2028	3,415	4.000%	2.280%	2.73%	-0.16% / 0.29%
2029	3,660	4.000%	2.390%	2.90%	-0.11% / 0.40%
2030	3,905	4.000%	2.500%	3.05%	-0.06% / 0.49%
2031	4,165	4.000%	2.600%	3.17%	-0.02% / 0.55%
2032	4,240	4.000%	2.700%	3.27%	0.04% / 0.61%
2033	4,505	4.000%	2.800%	3.36%	0.09% / 0.65%
2034	4,785	4.000%	2.900%	3.44%	0.14% / 0.68%
2035	5,075	4.000%	3.000%	3.51%	0.20% / 0.71%
2036	5,380	3.250%	3.400%		0.56%
2037	5,655	3.250%	3.430%		0.56%
2038	6,310	3.250%	3.450%		0.56%
2039	6,630	5.000%	2.620%	4.21%	-0.29% / 1.30%
2040					
2041					
2042					
2043	34,020	5.000%	2.670%	4.30%	-0.28% / 1.35%
2044					
2045					
2046					
2047					
2048					

Pre-Pricing Scale, 8/21/2018

Par	**$120,000,000**		
Issuer	**Santa Monica-Malibu USD**		
Sale Date	**8/22/18**		
Bond Type	General Obligation Bonds		
Tax Status	Tax-Exempt		
Ratings	Aaa/AA+/--		
Insurance	None		
Call	8/1/25	**Call Price** 100%	<-- 2020 to 2035
Call	8/1/23	**Call Price** 100%	<-- 2036 to 2043
Closing	9/6/18		

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	8,395	4.000%	1.390%		-0.25%
2021	2,180	4.000%	1.520%		-0.25%
2022	2,395	4.000%	1.600%		-0.28%
2023	2,625	4.000%	1.690%		-0.30%
2024	2,870	4.000%	1.800%		-0.30%
2025	3,130	4.000%	1.930%		-0.28%
2026	3,165	4.000%	2.090%	2.30%	-0.23% / -0.02%
2027	3,410	4.000%	2.200%	2.55%	-0.18% / 0.17%
2028	3,415	4.000%	2.310%	2.76%	-0.13% / 0.32%
2029	3,660	4.000%	2.470%	2.96%	-0.03% / 0.46%
2030	3,910	4.000%	2.630%	3.13%	0.07% / 0.57%
2031	4,165	4.000%	2.770%	3.27%	0.15% / 0.65%
2032	4,245	4.000%	2.860%	3.36%	0.20% / 0.70%
2033	4,505	4.000%	2.960%	3.44%	0.25% / 0.73%
2034	4,785	4.000%	3.060%	3.52%	0.30% / 0.76%
2035	5,075	4.000%	3.150%	3.58%	0.35% / 0.78%
2036	5,380	3.250%	3.460%		0.62%
2037	5,655	3.250%	3.490%		0.62%
2038	6,310	3.375%	3.510%		0.62%
2039					
2040					
2041					
2042					
2043	40,725	5.000%	2.750%	4.32%	-0.20% / 1.37%
2044					
2045					
2046					
2047					
2048					

BOND SALE COMPARABLES

Final Pricing Scale, 8/22/2018

Par	**$120,000,000**			
Issuer	**Santa Monica-Malibu USD**			
Sale Date	**8/22/18**			
Bond Type	General Obligation Bonds			
Tax Status	Tax-Exempt			
Ratings	Aaa/AA+/--			
Insurance	None			
Call	8/1/25	**Call Price**	100%	<-- 2020 to 2035
Call	8/1/23	**Call Price**	100%	<-- 2036 to 2043
Closing	9/6/18			

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	8,405	4.000%	1.360%		-0.28%
2021	2,205	4.000%	1.450%		-0.32%
2022	2,420	4.000%	1.530%		-0.35%
2023	2,650	3.000%	1.620%		-0.37%
2024	2,870	4.000%	1.700%		-0.40%
2025	3,130	4.000%	1.840%		-0.37%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%
2036	5,380	3.250%	3.370%		0.53%
2037	5,655	3.250%	3.410%		0.54%
2038	6,310	3.250%	3.430%		0.54%
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%
2040					
2041					
2042					
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%
2044					
2045					
2046					
2047					
2048					

Final Scale

Par	**$197,000,000**		
Issuer	**Campbell Union HSD**		
Sale Date	**8/15/18**		
Bond Type	General Obligation Bonds		
Tax Status	Tax-Exempt		
Ratings	Aa1/AAA/--		
Insurance	None		
Call	8/1/26	**Call Price**	100%
Closing	8/29/18		

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019	1,200	3.000%	1.230%		-0.25%
2020	8,800	4.000%	1.380%		-0.25%
2021	7,350	4.000%	1.480%		-0.28%
2022	1,200	4.000%	1.560%		-0.31%
2023	1,600	4.000%	1.670%		-0.31%
2024	2,070	4.000%	1.790%		-0.30%
2025	2,640	5.000%	1.930%		-0.27%
2026	3,280	5.000%	2.050%		-0.26%
2027	4,570	5.000%	2.130%	2.39%	-0.24% / 0.02%
2028	5,650	5.000%	2.220%	2.68%	-0.21% / 0.25%
2029	6,510	5.000%	2.320%	2.92%	-0.17% / 0.43%
2030	7,435	5.000%	2.440%	3.14%	-0.12% / 0.58%
2031	8,425	5.000%	2.530%	3.31%	-0.09% / 0.69%
2032	9,500	5.000%	2.610%	3.45%	-0.06% / 0.78%
2033	16,485	5.000%	2.660%	3.56%	-0.06% / 0.84%
2034	18,190	5.000%	2.710%	3.65%	-0.06% / 0.88%
2035	20,015	5.000%	2.780%	3.74%	-0.03% / 0.93%
2036	21,970	5.000%	2.820%	3.81%	-0.03% / 0.96%
2037	24,060	4.000%	3.260%	3.62%	0.38% / 0.74%
2038	26,050	4.000%	3.280%	3.65%	0.38% / 0.75%
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					

Final Scale

Par	**$43,500,000**		
Issuer	**El Camino CCD**		
Sale Date	**8/14/18**		
Bond Type	General Obligation Bonds		
Tax Status	Tax-Exempt		
Ratings	Aa1/AA+/--		
Insurance	None		
Call	8/1/28	**Call Price**	100%
Closing	8/29/18		

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019	1,390	3.000%	1.250%		-0.23%
2020	3,000	4.000%	1.380%		-0.25%
2021	1,200	4.000%	1.440%		-0.32%
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043	9,850	3.500%	3.660%		0.67%
2044					
2045					
2046					
2047					
2048	28,060	5.000%	3.140%	4.08%	0.10% / 1.04%

BOND SALE COMPARABLES

Final Pricing Scale, 8/22/2018

Par	**$120,000,000**
Issuer	**Santa Monica-Malibu USD**
Sale Date	**8/22/18**
Bond Type	General Obligation Bonds
Tax Status	Tax-Exempt
Ratings	Aaa/AA+/--
Insurance	None
Call	8/1/25 **Call Price** 100% <-- 2020 to 2035
Call	8/1/23 **Call Price** 100% <-- 2036 to 2043
Closing	9/6/18

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	8,405	4.000%	1.360%		-0.28%
2021	2,205	4.000%	1.450%		-0.32%
2022	2,420	4.000%	1.530%		-0.35%
2023	2,650	3.000%	1.620%		-0.37%
2024	2,870	4.000%	1.700%		-0.40%
2025	3,130	4.000%	1.840%		-0.37%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%
2036	5,380	3.250%	3.370%		0.53%
2037	5,655	3.250%	3.410%		0.54%
2038	6,310	3.250%	3.430%		0.54%
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%
2040					
2041					
2042					
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%
2044					
2045					
2046					
2047					
2048					

Final Scale

Par	**$15,135,000**
Issuer	**Central Contra Costa Sanitation District**
Sale Date	**8/14/18**
Bond Type	Wastewater Revenue Bonds
Tax Status	Tax-Exempt
Ratings	--/AAA/--
Insurance	None
Call	9/1/28 **Call Price** 100%
Closing	9/13/18

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	1,225	4.000%	1.390%		-0.25%
2021	1,270	5.000%	1.450%		-0.32%
2022	1,335	5.000%	1.560%		-0.32%
2023	1,395	5.000%	1.670%		-0.32%
2024	1,465	5.000%	1.790%		-0.32%
2025	1,535	5.000%	1.890%		-0.33%
2026	1,610	5.000%	2.040%		-0.30%
2027	1,685	5.000%	2.130%		-0.27%
2028	1,765	5.000%	2.220%		-0.24%
2029	1,850	5.000%	2.340%	2.53%	-0.18% / 0.01%
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					

Final Scale

Par	**$10,435,000**
Issuer	**Las Virgenes USD**
Sale Date	**8/8/18**
Bond Type	General Obligation Bonds
Tax Status	Tax-Exempt
Ratings	Aa1/--/--
Insurance	None
Call	8/1/28 **Call Price** 100%
Closing	8/29/18

Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	70	5.000%	1.460%		-0.18%
2021	110	5.000%	1.600%		-0.18%
2022	110	5.000%	1.720%		-0.17%
2023	120	5.000%	1.830%		-0.17%
2024	125	5.000%	1.960%		-0.16%
2025	130	5.000%	2.070%		-0.16%
2026	120	5.000%	2.200%		-0.15%
2027	115	5.000%	2.280%		-0.14%
2028	115	5.000%	2.360%		-0.13%
2029	115	4.000%	2.540%	2.65%	-0.01% / 0.10%
2030	110	4.000%	2.700%	2.88%	0.09% / 0.27%
2031	110	3.000%	2.900%	2.92%	0.23% / 0.25%
2032					
2033					
2034	1,820	3.250%	3.340%		0.51%
2035	7,265	4.000%	3.280%	3.52%	0.41% / 0.65%
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					

BOND SALE COMPARABLES

Final Pricing Scale, 8/22/2018					
Par	$120,000,000				
Issuer	Santa Monica-Malibu USD				
Sale Date	8/22/18				
Bond Type	General Obligation Bonds				
Tax Status	Tax-Exempt				
Ratings	Aaa/AA+/--				
Insurance	None				
Call	8/1/25	Call Price	100%	<-- 2020 to 2035	
Call	8/1/23	Call Price	100%	<-- 2036 to 2043	
Closing	9/6/18				
Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019					
2020	8,405	4.000%	1.360%		-0.28%
2021	2,205	4.000%	1.450%		-0.32%
2022	2,420	4.000%	1.530%		-0.35%
2023	2,650	3.000%	1.620%		-0.37%
2024	2,870	4.000%	1.700%		-0.40%
2025	3,130	4.000%	1.840%		-0.37%
2026	3,165	4.000%	2.020%	2.24%	-0.30% / -0.08%
2027	3,410	4.000%	2.140%	2.50%	-0.24% / 0.12%
2028	3,415	4.000%	2.250%	2.71%	-0.19% / 0.27%
2029	3,660	4.000%	2.370%	2.89%	-0.13% / 0.39%
2030	3,905	4.000%	2.470%	3.03%	-0.09% / 0.47%
2031	4,165	4.000%	2.590%	3.16%	-0.03% / 0.54%
2032	4,240	4.000%	2.690%	3.26%	0.03% / 0.60%
2033	4,505	4.000%	2.780%	3.35%	0.07% / 0.64%
2034	4,785	4.000%	2.860%	3.42%	0.10% / 0.66%
2035	5,075	4.000%	2.950%	3.49%	0.15% / 0.69%
2036	5,380	3.250%	3.370%		0.53%
2037	5,655	3.250%	3.410%		0.54%
2038	6,310	3.250%	3.430%		0.54%
2039	6,630	5.000%	2.520%	4.18%	-0.39% / 1.27%
2040					
2041					
2042					
2043	34,020	5.000%	2.570%	4.27%	-0.38% / 1.32%
2044					
2045					
2046					
2047					
2048					

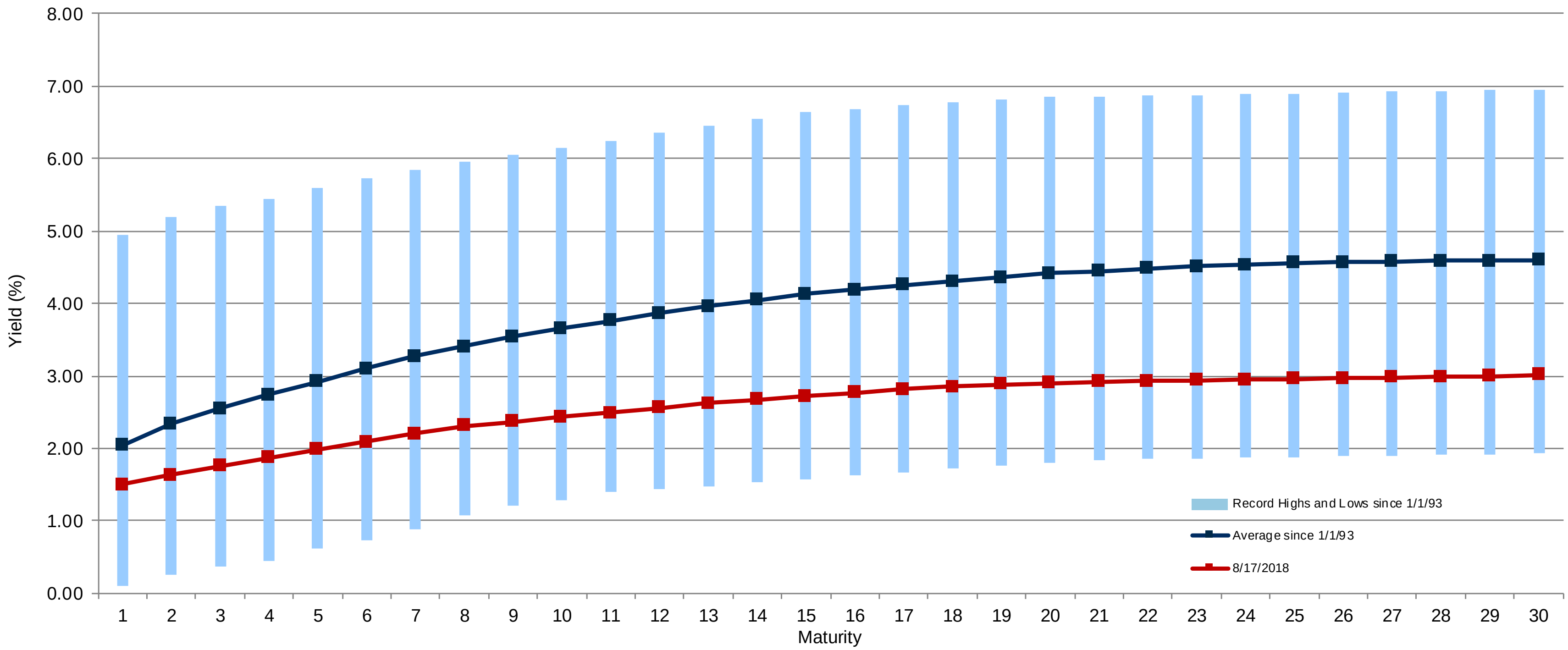
Final Scale					
Par	$38,000,000				
Issuer	Desert CCD				
Sale Date	6/7/18				
Bond Type	General Obligation Bonds				
Tax Status	Tax-Exempt				
Ratings	--/AA/--				
Insurance	None				
Call	8/1/23	Call Price	100%		
Closing	6/27/18				
Maturity	Par (1,000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2019	8,000	4.000%	1.390%		-0.16%
2020	1,500	4.000%	1.500%		-0.20%
2021					
2022					
2023					
2024					
2025	175	5.000%	2.050%	2.78%	-0.20% / 0.53%
2026	260	5.000%	2.150%	3.08%	-0.20% / 0.73%
2027	360	5.000%	2.210%	3.29%	-0.20% / 0.88%
2028	460	5.000%	2.270%	3.46%	-0.20% / 0.99%
2029	585	5.000%	2.320%	3.59%	-0.20% / 1.07%
2030	710	5.000%	2.370%	3.70%	-0.20% / 1.13%
2031	840	5.000%	2.400%	3.79%	-0.20% / 1.19%
2032	1,000	5.000%	2.440%	3.87%	-0.20% / 1.23%
2033	1,000	5.000%	2.510%	3.95%	-0.45% / 0.99%
2034	1,285	5.000%	2.570%	4.02%	-0.17% / 1.28%
2035	1,440	5.000%	2.620%	4.08%	-0.16% / 1.30%
2036	1,605	5.000%	2.660%	4.13%	-0.16% / 1.31%
2037	1,780	5.000%	2.680%	4.16%	-0.16% / 1.32%
2038	2,000	5.000%	2.700%	4.19%	-0.16% / 1.33%
2039					
2040					
2041					
2042					
2043	15,000	5.000%	2.780%	4.31%	-0.15% / 1.38%
2044					
2045					
2046					
2047					
2048					

SECTION 4

Market Update as of August 21, 2018

HISTORICAL AAA MMD RATES

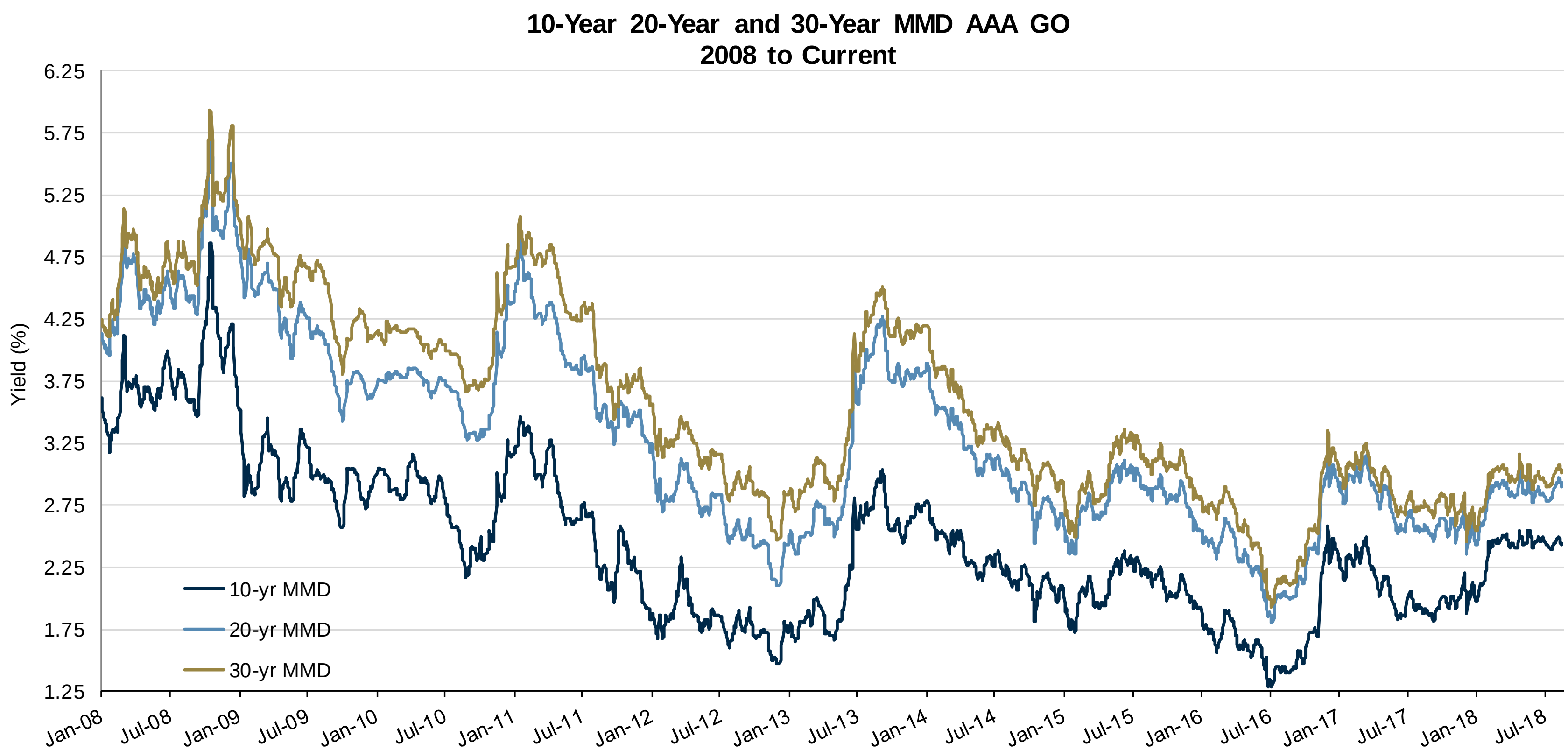
- The graph below shows the range between the record highs and lows of AAA MMD at each maturity since 1993, along with average rates over this time frame and the current rates.
- AAA MMD rates set multiple record lows in June and July 2016, and current rates remain well below the historical average.



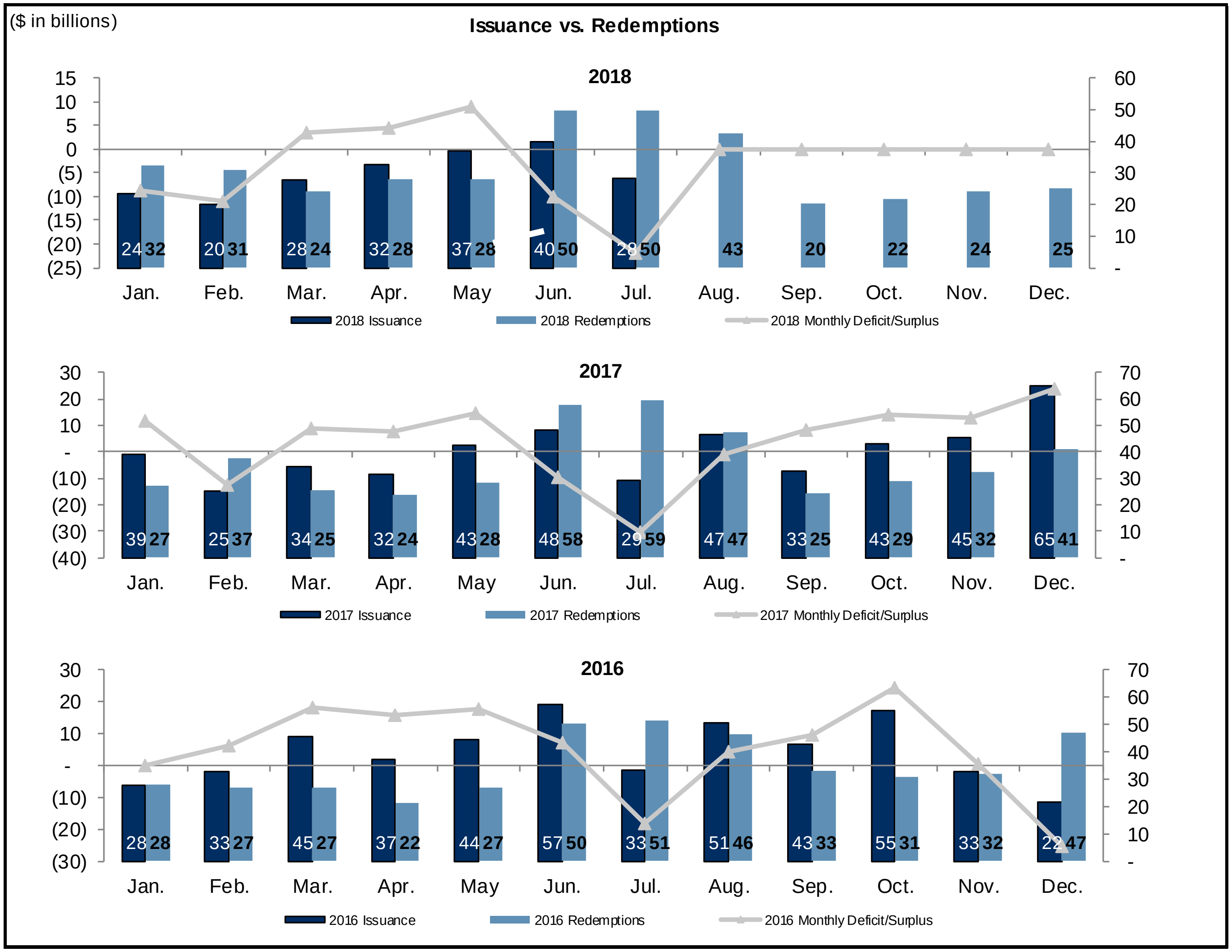
Current (08/16/17)	1	5	10	15	20	25	30
Record Low since 1/1/93	0.11	0.62	1.29	1.57	1.80	1.88	1.93
Record High since 1/1/93	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average since 1/1/93	1.98	2.84	3.56	4.03	4.31	4.45	4.49
Current (08/17/18)	1.50	1.98	2.43	2.72	2.90	2.96	3.01

RECENT HISTORICAL AAA-RATED GENERAL OBLIGATION TAX-EXEMPT RATES

- 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.



MUNICIPAL REDEMPTION HISTORY



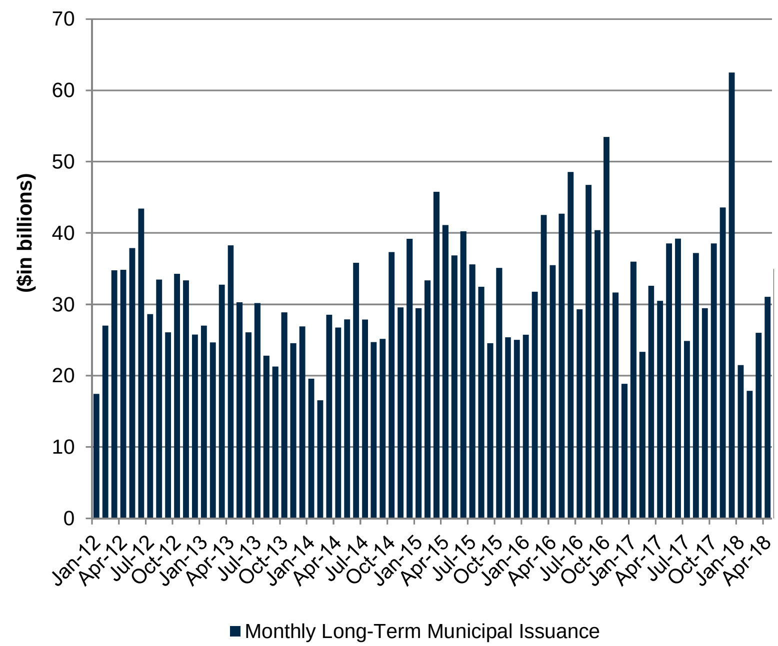
Source: MuniView & The Bond Buyer
As of August 2018

MUNICIPAL LONG-TERM ISSUANCE

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

Municipal Long-Term Issuance				
$ 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%

Source: The Bond Buyer



August 2018				
MONDAY	**TUESDAY**	**WEDNESDAY**	**THURSDAY**	**FRIDAY**
30	**31**	**1** August	**2**	**3** Dodgeball World Cup (8/3-4)
10:00 Pending Home Sales (Jun)	8:30 Empl. Cost Index (2Q18) 8:30 Personal Income Personal Spending (Jun) 9:45 Chicago Bus. Barometer (Jul) 10:00 CB Cons. Confidence (Jul) BOJ Monetary Policy Decision	8:15 ADP Payroll Est. (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) TBD Motor Vehicle Sales (Jul)	8:30 Jobless Claims (7/28) 10:00 Factory Orders (Jun) BOE Monetary Policy Decision	8:30 **Employment Report** (Jul) 8:30 Trade Balance (Jun) 10:00 **ISM Non-Manf Survey** (Jul)
Auction: 13- & 26-wk bill	*Auction: 4-week bill*			
6	**7**	**8**	**9**	**10**
	10:00 JOLTS (Jun)		8:30 Jobless Claims (8/04) 8:30 **Producer Price Index** (Jul)	8:30 **Consumer Price Index** (Jul) 8:30 Real Earnings (Jul)
Auction: 13- & 26-wk bill	*Auction: 4-wk bill & 3-yr note*	*Auction: 10-year note*	*Auction: 30-year bond*	
13	**14**	**15**	**16**	**17**
	6:00 Small Business Opt. (Jul) 8:30 Import Prices (Jul)	8:30 Productivity (2Q18, prelim.) 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 Jobless Claims (8/11) 8:30 **Building Permits** Housing Starts (Jul) 8:30 Philly Fed Index (Aug)	10:00 Adv. Services Report (2Q18) 10:00 Leading Indicators (Jul) 10:00 UM Cons. Sent. (mid-Aug)
Auction: 13- & 26-wk bill	*Auction: 4- & 52-wk bill*			
20	**21**	**22**	**23**	**24**
		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.)	8:30 **Durable Goods Orders** (Jul)
Auction: 13- & 26-wk bill	*Auction: 4-week bill*		*Auction: 5-year TIPS (r)*	
27	**28**	**29**	**30**	**31** NCAA Football begins (9/1)
Auction: 13- & 26-wk bill	8:30 Adv. Econ Indicators (Jul) 10:00 CB Cons. Confidence (Aug)	8:30 **Real GDP** (2Q18, 2nd est.) 10:00 Pending Home Sales (Jul)	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: 2-year notes	*Auction: 4-wk bill and 5-year notes*	*Auction: 2-year FRN & 7-year note*		

Scott J. Brown, Ph.D., (727) 567-2603, Scott.J.Brown@RaymondJames.com

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
****
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
Last Maturity	08/01/2043
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	62,005,000.00	108.787	3.978%	9.687
Serial Current Interest Bonds	23,975,000.00	101.580	3.769%	19.495
Current Interest Term Bond 2043	34,020,000.00	111.124	5.000%	23.485
	120,000,000.00			15.558

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

BOND PRICING

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

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Current Interest Bonds:									
	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 Bonds:									
	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
		23,975,000							378,760.75
Current Interest Term Bond 2043:									
	08/01/2040	7,090,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	788,691.60
	08/01/2041	8,785,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	977,243.40
	08/01/2042	9,390,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	1,044,543.60
	08/01/2043	8,755,000	5.000%	2.570%	111.124 C	4.270%	08/01/2023	100.000	973,906.20
		34,020,000							3,784,384.80
		120,000,000							9,611,327.00

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

NET DEBT SERVICE

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

Period Ending	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Net 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
****
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

Period Ending	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service	Annual Net D/S
02/01/2019			2,033,992.53	2,033,992.53	2,033,992.53		
08/01/2019			2,524,956.25	2,524,956.25	2,524,956.25		
02/01/2020			2,524,956.25	2,524,956.25	2,524,956.25		
08/01/2020	8,405,000	4.000%	2,524,956.25	10,929,956.25	2,113,421.97	8,816,534.28	8,816,534.28
02/01/2021			2,356,856.25	2,356,856.25		2,356,856.25	
08/01/2021	2,205,000	4.000%	2,356,856.25	4,561,856.25		4,561,856.25	6,918,712.50
02/01/2022			2,312,756.25	2,312,756.25		2,312,756.25	
08/01/2022	2,420,000	4.000%	2,312,756.25	4,732,756.25		4,732,756.25	7,045,512.50
02/01/2023			2,264,356.25	2,264,356.25		2,264,356.25	
08/01/2023	2,650,000	3.000%	2,264,356.25	4,914,356.25		4,914,356.25	7,178,712.50
02/01/2024			2,224,606.25	2,224,606.25		2,224,606.25	
08/01/2024	2,870,000	4.000%	2,224,606.25	5,094,606.25		5,094,606.25	7,319,212.50
02/01/2025			2,167,206.25	2,167,206.25		2,167,206.25	
08/01/2025	3,130,000	4.000%	2,167,206.25	5,297,206.25		5,297,206.25	7,464,412.50
02/01/2026			2,104,606.25	2,104,606.25		2,104,606.25	
08/01/2026	3,165,000	4.000%	2,104,606.25	5,269,606.25		5,269,606.25	7,374,212.50
02/01/2027			2,041,306.25	2,041,306.25		2,041,306.25	
08/01/2027	3,410,000	4.000%	2,041,306.25	5,451,306.25		5,451,306.25	7,492,612.50
02/01/2028			1,973,106.25	1,973,106.25		1,973,106.25	
08/01/2028	3,415,000	4.000%	1,973,106.25	5,388,106.25		5,388,106.25	7,361,212.50
02/01/2029			1,904,806.25	1,904,806.25		1,904,806.25	
08/01/2029	3,660,000	4.000%	1,904,806.25	5,564,806.25		5,564,806.25	7,469,612.50
02/01/2030			1,831,606.25	1,831,606.25		1,831,606.25	
08/01/2030	3,905,000	4.000%	1,831,606.25	5,736,606.25		5,736,606.25	7,568,212.50
02/01/2031			1,753,506.25	1,753,506.25		1,753,506.25	
08/01/2031	4,165,000	4.000%	1,753,506.25	5,918,506.25		5,918,506.25	7,672,012.50
02/01/2032			1,670,206.25	1,670,206.25		1,670,206.25	
08/01/2032	4,240,000	4.000%	1,670,206.25	5,910,206.25		5,910,206.25	7,580,412.50
02/01/2033			1,585,406.25	1,585,406.25		1,585,406.25	
08/01/2033	4,505,000	4.000%	1,585,406.25	6,090,406.25		6,090,406.25	7,675,812.50
02/01/2034			1,495,306.25	1,495,306.25		1,495,306.25	
08/01/2034	4,785,000	4.000%	1,495,306.25	6,280,306.25		6,280,306.25	7,775,612.50
02/01/2035			1,399,606.25	1,399,606.25		1,399,606.25	
08/01/2035	5,075,000	4.000%	1,399,606.25	6,474,606.25		6,474,606.25	7,874,212.50
02/01/2036			1,298,106.25	1,298,106.25		1,298,106.25	
08/01/2036	5,380,000	3.250%	1,298,106.25	6,678,106.25		6,678,106.25	7,976,212.50
02/01/2037			1,210,681.25	1,210,681.25		1,210,681.25	
08/01/2037	5,655,000	3.250%	1,210,681.25	6,865,681.25		6,865,681.25	8,076,362.50
02/01/2038			1,118,787.50	1,118,787.50		1,118,787.50	
08/01/2038	6,310,000	3.250%	1,118,787.50	7,428,787.50		7,428,787.50	8,547,575.00
02/01/2039			1,016,250.00	1,016,250.00		1,016,250.00	
08/01/2039	6,630,000	5.000%	1,016,250.00	7,646,250.00		7,646,250.00	8,662,500.00
02/01/2040			850,500.00	850,500.00		850,500.00	
08/01/2040	7,090,000	5.000%	850,500.00	7,940,500.00		7,940,500.00	8,791,000.00
02/01/2041			673,250.00	673,250.00		673,250.00	
08/01/2041	8,785,000	5.000%	673,250.00	9,458,250.00		9,458,250.00	10,131,500.00
02/01/2042			453,625.00	453,625.00		453,625.00	
08/01/2042	9,390,000	5.000%	453,625.00	9,843,625.00		9,843,625.00	10,297,250.00
02/01/2043			218,875.00	218,875.00		218,875.00	
08/01/2043	8,755,000	5.000%	218,875.00	8,973,875.00		8,973,875.00	9,192,750.00
	120,000,000		81,459,498.78	201,459,498.78	9,197,327.00	192,262,171.78	192,262,171.78

APPENDIX B

Financing Calendar & Distribution List

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

Preliminary Financing Schedule

June 2018						
S	M	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

July 2018						
S	M	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				

August 2018						
S	M	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	

September 2018						
S	M	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

Legend

SD – Santa Monica – Malibu USD

FA – Isom Advisors

BC / DC – Jones Hall

UW – RBC and Raymond James

Date	Action	Responsible Party
June 6	Distribute timeline, distribution list and term sheet	FA
June 12	Distribute first drafts of resolution, preliminary official statement (POS), and other legal documents	BC/DC
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
September 6	Close Bond Issuance	ALL

Isom Advisors A Division of URBAN FUTURES | Incorporated

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: bdrati@smmusd.org
Phone: (310) 450-8338

Melody Canady, Assistant Superintendent,
Business and Fiscal Services
E-Mail: mcanady@smmusd.org
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: john.baracy@raymondjames.com
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: John.Nguyen@RaymondJames.com
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: frank.vega@rbccm.com
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 juan.redin@nortonrosefulbright.com
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: ldeungria@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 jwong@ttc.lacounty.gov
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

MOODY'S INVESTORS SERVICE

CREDIT OPINION
7 August 2018

Rate this Research

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

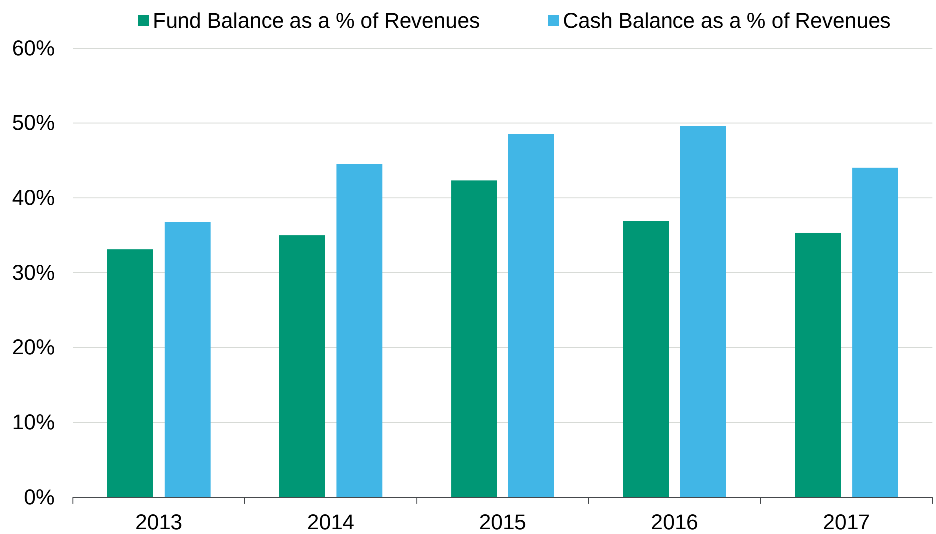
Santa Monica-Malibu USD, CA

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

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 Santa Monica (Aaa stable) and Malibu, as well as a portion of unincorporated Los Angeles County (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 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 Aaa-rated 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.

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MOODY'S INVESTORS SERVICE

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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

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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.

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