$200,000,000
GENERAL OBLIGATION BONDS OF
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 OF
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Santa Monica Schools)
(Los Angeles County, California)
Election of 2018, Series B

CERTIFICATE AS TO ARBITRAGE

I, the undersigned Assistant Superintendent, Business and Fiscal Services of the Santa Monica-Malibu Unified School District (the "District"), being one of the officers of the District duly charged (by resolution of the Board of Trustees of the District), with others, with the responsibility of issuing the District's $179,550,000 principal amount of tax-exempt maturities of the General Obligation Bonds of School Facilities Improvement District No. 1 of Santa Monica-Malibu Unified School District (Santa Monica Schools) (Los Angeles, California) Election of 2018, Series B (the "Tax-Exempt Bonds") the interest on which is intended to be exempt from federal income taxation, dated July 1, 2021, and being issued this date, hereby certify and covenant as follows:

(1) Purpose of Bonds. On the date hereof the District is also issuing $20,450,000 principal amount taxable maturities of the General Obligation Bonds of School Facilities Improvement District No. 1 of Santa Monica-Malibu Unified School District (Santa Monica Schools) (Los Angeles, California) Election of 2018, Series B (the "Taxable Bonds" together with the Tax-Exempt Bonds, the “Bonds”). The Tax-Exempt Bonds and the Taxable Bonds are being issued pursuant to a single resolution authorizing issuance of the Bonds adopted by the Board of Trustees of the District on May 20, 2021 (the "Resolution"). The Tax-Exempt Bonds are being issued for the purpose of providing funds for the following purposes:

(a) The refunding on a current basis of the Taxable Bonds, in the original principal amount of $20,450,000 (all of which is outstanding and all of which will be refunded as described herein). The Taxable Bonds were issued for the purpose of financing certain public educational facilities (the “Project”), which Project is more particularly described in the Certificate Regarding Use of Proceeds, dated the date hereof and included elsewhere in the transcript for the Tax-Exempt Bonds (the "Proceeds Certificate").

(b) The acquisition and construction of the Project.

(2) Statement of Expectations. On the basis of the facts and estimates in existence on the date hereof, I reasonably expect the following with respect to the amount and use of gross proceeds of the Tax-Exempt Bonds:

(a) Amount Received from Sale of Bonds; No Aggregated Issues. The Tax-Exempt Bonds were sold to Raymond James & Associates, Inc., and RBC Capital Markets, LLC (the "Underwriters"), at their face amount ($179,550,000), plus net original issue premium of $21,145,645.70, less Underwriters' discount of $690,000.00, for a total amount of $200,005,645.70. Of said amount, $20,454,090.00 will be deposited in the Santa Monica-Malibu Unified School District General Obligation Bonds (SFID No. 1), Election of 2018, Series B Debt Service Fund (the "Debt Service Fund") to pay principal and interest on the Taxable Bonds, $1,555.70 will be deposited in the Debt Service Fund to pay interest on the Bonds, $345,000.00 will be deposited in a costs of issuance account held by U.S. Bank National Association, as custodian (the "Costs of Issuance Account"), and the remaining $179,205,000.00 will be deposited in the Santa Monica-Malibu Unified School District (SFID No. 1), Election of 2018, Series B Building Fund (the "Building Fund"). As more fully described below, the proceeds of the Taxable Bonds will be deposited in the Building Fund for a total deposit in the Building Fund of $199,655,000.00. The Debt Service Fund and the Building Fund are held by the Treasurer-Tax Collector of Los Angeles County. No tax-exempt debt has been sold within fifteen (15) days before or after the date the Tax-Exempt Bonds were sold that will be paid from substantially the same source of funds as the Tax-Exempt Bonds (excluding guarantees from unrelated parties).

The Taxable Bonds were sold to Underwriters, at their face amount ($20,450,000). All of said amount will be deposited in the Building Fund. The Tax-Exempt Bonds were sold with original issue premium and, pursuant to State law, such premium may not be used to pay project costs. Therefore, a portion of the Bonds were sold as taxable bonds in the amount of the excess original issue premium and the proceeds of the Taxable Bonds will be used to pay costs of the Project.

(b) Costs of Issuance Account. The proceeds of the Tax-Exempt Bonds deposited in the Costs of Issuance Account are all expected to be used for payment of legal fees, printing costs and other costs of issuance of the Tax-Exempt Bonds and will be fully expended promptly upon receipt of invoices. Such amounts, if invested, will be invested without yield restrictions. Interest earnings and gains resulting from that investment will be retained in the Costs of Issuance Account and used for the purposes thereof. On October 1, 2021, any amount remaining on deposit in the Costs of Issuance Account will be transferred to the Building Fund and used for the payment of costs of the Project.

(c) Refunding of Taxable Bonds. From the total amount deposited in the Debt Service Fund, $4,090.00 will be used to pay interest on the Taxable Bonds through September 1, 2021, and on said date will be used to pay the then outstanding principal amount of the Taxable Bonds of $20,450,000.

(d) Use of Building Fund; Reimbursement. The proceeds of the Tax-Exempt Bonds deposited in the Building Fund will be used for the payment of costs of acquisition and construction of the Project. Proceeds of the Taxable Bonds deposited into the Building Fund will become transferred proceeds of the Tax-Exempt Bonds on September 1, 2021; however, all of the $20,450,000 of proceeds of the Taxable Bonds deposited in Building Fund will be treated as proceeds of the Tax-Exempt Bonds beginning on the date hereof. No portion of the proceeds of the Bonds will be used for reimbursement of expenditures paid by the District prior to the date hereof except for (i) expenditures paid for costs of issuance of the Tax-Exempt Bonds, (ii) preliminary capital expenditures incurred before commencement of acquisition or construction of the Project that do not exceed 20% of the issue price of the Tax-Exempt Bonds (see below), and (iii) capital expenditures that (A) were paid no earlier than sixty (60) days before the date of the adoption by the District of a declaration of intent to reimburse such expenditures from the proceeds of obligations, and (B) are reimbursed no later than three (3) years after the later of the date the expenditure was paid or the date the Project is placed in service. Proceeds (if any) used for reimbursement of expenditures will be deposited in the general funds of the District and will not be used to replace funds of the District to be used to refund debt of the District, to create a sinking or pledged fund for such debt or the Bonds or otherwise to create replacement proceeds for such debt or for the Bonds.

(e) Completion of Project; Investment of Building Fund; Capital Expenditures. The District has or will enter into a contract for construction or acquisition with respect to the Project, which contract constitutes or will constitute a substantial binding obligation of the District to a third party and will be in excess of 5% of the "Net Sale Proceeds" of the Tax-Exempt Bonds (namely, an amount of proceeds of the Tax-Exempt Bonds equal to the issue price of the Tax-Exempt Bonds, below). The District will proceed with due diligence to complete the Project and to spend the proceeds of the Tax-Exempt Bonds. Completion is expected by December 2023. All expenditures from the Building Fund will be capital expenditures. Not less than 85% of the Net Sale Proceeds plus the par amount of the Taxable Bonds will be spent within eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid). Amounts deposited in the Building Fund will be invested without yield restrictions for the period from the date hereof to the date that is three (3) years after the date hereof unless earlier expended (the "3-year Temporary Period"). Interest earnings and gains resulting from investment of the Building Fund will be retained in that Fund and used for the payment of costs of the Project. Proceeds of the Bonds and interest earnings and gains thereon, if any, remaining in the Building Fund following the 3-year Temporary Period will be invested at a yield not in excess of the yield of the Tax-Exempt Bonds (see below) or yield reduction payments under Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), will be made to the federal government with respect to such investment after the end of the 3-year Temporary Period. Amounts, if any, remaining in the Building Fund upon completion of the Project will be retained in the Building Fund and used for capital expenditures in furtherance of the governmental purposes of the District.

(f) Debt Service Fund. The Debt Service Fund has been established primarily to achieve a proper matching of revenues (consisting primarily of Tax Revenues, as referenced below, and certain interest earnings) and debt service due on the Bonds during each year that the Bonds are outstanding. Amounts deposited in the Debt Service Fund will be spent within thirteen (13) months of the date of deposit, and said Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of earnings on said Fund during the preceding bond year for the Tax-Exempt Bonds (see below) or one-twelfth (1/12th) of debt service on the Tax-Exempt Bonds during the preceding bond year for the Tax-Exempt Bonds. Amounts in the Debt Service Fund will be invested without yield restrictions. Interest earnings and gains resulting from investment of the Debt Service Fund will be retained in that Fund and used for the payment of debt service on the Tax-Exempt Bonds.

(g) Pledge of Tax Revenues; Excess Tax Revenues. The District has pledged the receipts from certain levies of ad valorem property taxes on taxable property within the boundaries of the District (the "Tax Revenues") to the payment of debt service on the Tax-Exempt Bonds. In the event of an excess collection of Tax Revenues due to the inability to predict accurately the exact amount of Tax Revenues to be collected in any year, the excess amount will be segregated into a separate account within the Debt Service Fund and held as a reasonably required reserve for debt service on the Tax-Exempt Bonds during the next following year, and the amount established to be collected from Tax Revenues for such year will be reduced by the amount held in such reserve. Amounts in such segregated account will not exceed the lesser of maximum annual debt service on the Tax-Exempt Bonds, 10% of the issue price of the Tax-Exempt Bonds, as referenced below, as referenced below, and 125% of average annual debt service on the Tax-Exempt Bonds. Amounts in the segregated account, if invested, will be invested without yield restrictions. Interest earnings and gains will be deposited in the Debt Service Fund and applied to the payment of debt service on the Tax-Exempt Bonds.

(h) No Other Pledged Amounts or Investment-Type Property. Except as described herein, no amounts have been pledged to, or are reasonably expected to be used directly or indirectly to pay, principal or interest on the Tax-Exempt Bonds, nor are there any amounts that have been reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay principal or interest on the Tax-Exempt Bonds. In addition, the District has not entered into, and does not reasonably expect to enter into, a hedge contract primarily for the purpose of reducing the District's risk of interest rate changes with respect to the Tax-Exempt Bonds.

(i) No Negative Pledges. There are no amounts held under any agreement requiring the maintenance of amounts at a particular level for the direct or indirect benefit of the owners of the Tax-Exempt Bonds or any guarantor of the Tax-Exempt Bonds, excluding for this purpose amounts in which the District may grant rights that are superior to the rights of the owners of the Tax-Exempt Bonds or any guarantor of the Tax-Exempt Bonds and amounts that do not exceed reasonable needs for which they are maintained and as to which the required level is tested no more frequently than every six (6) months and that may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.

(j) No Replacement Proceeds. There are no amounts that have a sufficiently direct nexus to the Bonds or to the Project to conclude that the amounts would have been used for the Project or for debt service on the Bonds if the proceeds of the Bonds were not being used for those purposes; and the term of the Tax-Exempt Bonds is not longer than reasonably necessary for the Project in that the weighted average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

(k) No Improper Financial Advantage. The transaction contemplated herein does not represent an exploitation of the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and does not overburden the tax-exempt bond market in that the District is not issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Tax-Exempt Bonds.

(l) Bond Year for the Tax-Exempt Bonds. The District hereby selects each period from August 2 through August 1 of the following calendar year as the bond years for the Tax-Exempt Bonds, except that the first bond year will commence on the date hereof and the last bond year will end on the date of payment of the Tax-Exempt Bonds in full.

(m) Rebate Requirement. The District has covenanted in the Resolution to comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable and acknowledges that the first payment of excess investment earnings, if any, is required to be rebated to the federal government no later than sixty (60) days after the end of the fifth (5th) bond year for the Bonds. No portion of the Bonds will constitute a private activity bond within the meaning of section 141(a) of the Code, the average maturity of the Bonds is greater than five (5) years and none of the interest rates on the Bonds vary during the term of the Bonds. As a consequence of the foregoing, investment earnings on the Debt Service Fund will be excluded for the purposes of computation of the amount required to be rebated to the federal government as referenced in this subparagraph without regard to the total amount of said earnings. The use of actual facts is elected for purposes of determining eligibility for and compliance with any expenditure exceptions to arbitrage rebate.

(n) Yield of the Tax-Exempt Bonds. The Underwriters has represented that the yield of the Tax-Exempt Bonds is 1.829763%, determined on the basis of regularly scheduled principal and interest payments on the Tax-Exempt Bonds, adjusted by assuming present value in lieu of certain principal payments in the case of Bonds constituting certain discounted term Bonds, if any, and by assuming certain early redemption of principal in the case of certain yield-to-call Bonds, if any, all in accordance with the procedures for computing the yield on a fixed yield issue contained in Treasury Regulation §1.148-4(b). Said amounts are all discounted to $200,695,645.70, representing the issue price of the Tax-Exempt Bonds (being the face amount of the Tax-Exempt Bonds of $179,550,000, plus original issue premium of $21,145,645.70). As more fully set forth in the Issue Price Certificate included elsewhere in the transcript for the Tax-Exempt Bonds, the Underwriters, on behalf of itself and other members of the Underwriting Group, if any, has represented that, as of the Sale Date, the first price at which at least 10% of each Maturity of the Tax-Exempt Bonds was sold to the Public is the respective price listed in Exhibit A attached hereto. Terms used in the prior sentence are defined in the Issue Price Certificate.

(o) No Hedge Bonds. The Tax-Exempt Bonds do not constitute "hedge bonds" in that at least 85% of the Net Sale Proceeds will be used to carry out the governmental purposes of the Tax-Exempt Bonds within three (3) years of the date hereof, and not more than 50% of the proceeds of the Tax-Exempt Bonds, if any, are invested in investments having a substantially guaranteed yield for four (4) or more years.

(3) Investments at Fair Market Value. All investments of amounts deposited in any fund or account created by or pursuant to the Resolution, or otherwise containing gross proceeds of the Tax-Exempt Bonds (within the meaning of section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by the Resolution or the Code) at Fair Market Value. For this purpose, fair market value means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction

(determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term fair market value means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(4) Allocation and Accounting Procedures. The District will use a consistently applied accounting method to account for investments and expenditures of proceeds of the Tax-Exempt Bonds. Allocations of Bond proceeds to expenditures will be made only with respect to a current outlay of cash for the expenditures. The District will not invest proceeds of the Tax-Exempt Bonds in a commingled fund in which the District owns more than 10% of the beneficial interest thereof. The District will maintain books and records until three years after the date of retirement or redemption of the Tax-Exempt Bonds sufficient to (i) establish the accounting method used, (ii) account for all investments of proceeds of the Tax-Exempt Bonds, and (iii) substantiate the allocation of proceeds of the Tax-Exempt Bonds to expenditures. The District will allocate proceeds of the Tax-Exempt Bonds to expenditures with respect to the Project no later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service. In the event such allocations of Bond proceeds to expenditures are not made within 60 days after the date five years after the date hereof, the District will use a specific tracing accounting method to account for investment and expenditures of proceeds of the Tax-Exempt Bonds.

On the basis of the foregoing, it is not expected that the proceeds of the Tax-Exempt Bonds will be used in a manner that would cause the Tax-Exempt Bonds to be arbitrage bonds within the meaning of section 148 of the Code and applicable regulations. To the best of my knowledge, information and belief, the expectations herein expressed are reasonable and there are no facts or estimates, other than those expressed herein, that would materially affect the expectations herein expressed.

Dated: July 1, 2021

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

By: Melody Canady

Melody Canady
Assistant Superintendent,
Business and Fiscal Services

EXHIBIT A

SALE PRICES OF THE GENERAL RULE MATURITIES
SFID No. 1 (Santa Monica Schools)

Maturity Date	Principal Amount	Interest Rate	Yield	Price		Applicable Issue Price Rule
Federally Taxable						
9/1/21	$20,450,000	0.120%	0.120%	100.000%		N/A
Tax-Exempt						
8/1/22	$7,010,000	4.000%	0.060%	104.266		10% Met
8/1/23	8,255,000	4.000	0.090	108.136		10% Met
8/1/24	560,000	4.000	0.180	111.740		10% Met
8/1/25	790,000	4.000	0.300	115.004		10% Met
8/1/26	1,040,000	4.000	0.390	118.152		10% Met
8/1/27	1,305,000	4.000	0.490	121.011		10% Met
8/1/28	1,590,000	4.000	0.620	123.387		10% Met
8/1/29	1,895,000	4.000	0.730	125.621		10% Met
8/1/30	2,220,000	4.000	0.810	124.910	C	10% Met
8/1/31	2,565,000	4.000	0.880	124.291	C	10% Met
8/1/32	2,935,000	4.000	0.920	123.939	C	10% Met
8/1/33	3,325,000	4.000	0.990	123.326	C	10% Met
8/1/34	3,745,000	4.000	1.030	122.977	C	10% Met
8/1/35	4,190,000	4.000	1.080	122.543	C	10% Met
8/1/36	4,665,000	4.000	1.130	122.110	C	10% Met
8/1/37	5,170,000	4.000	1.200	121.508	C	10% Met
8/1/38	5,705,000	4.000	1.230	121.250	C	10% Met
8/1/39	6,270,000	4.000	1.260	120.994	C	10% Met
8/1/40	6,870,000	4.000	1.300	120.652	C	10% Met
8/1/41	7,510,000	4.000	1.340	120.312	C	10% Met
8/1/42	8,185,000	3.000	1.810	108.910	C	10% Met
8/1/44-T*	5,000,000	4.000	1.470	119.215	C	10% Met
8/1/44-T*	13,330,000	3.000	1.870	108.439	C	10% Met
8/1/47-T	32,735,000	2.250	2.270	99.607		10% Met
8/1/50-T*	17,685,000	4.000	1.600	118.128	C	10% Met
8/1/50-T*	10,000,000	3.000	1.970	107.660	C	10% Met
8/1/50-T*	15,000,000	2.300	2.320	99.577		10% Met

T: Term Bonds.
**Bifurcated/Trifurcated maturities.*
C: Priced to first par call on August 1, 2029.