

# SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA)

\$175,000,000

General Obligation Bonds of SFID No. 1  
(Santa Monica Schools)  
Election of 2018, Series C

Post-Pricing Book  
Delivered to the District on  
November 2, 2023



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Prepared by: Raymond James & Associates, Inc. on behalf of itself and RBC Capital Markets, LLC

**RAYMOND JAMES**



Capital  
Markets

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# SECTION 1

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## Financing Summary

**NEW ISSUE – FULL BOOK-ENTRY**

**RATINGS:** Standard & Poor's: “AA+”  
Moody's: “Aa1”  
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 Bonds maturing on and after August 1, 2024 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 and interest on such Bonds may be subject to the corporate alternative minimum tax. Bond Counsel observes that interest on the Bonds maturing on December 1, 2023 (the “Federally Taxable Bonds”) is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See “TAX MATTERS” herein.*

**\$175,000,000**  
**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 C**

**Dated:** Date of Delivery.

**Due:** As shown on inside cover.

**Authority and Purpose.** The captioned bonds (the “Bonds”) are being issued by the Santa Monica-Malibu Unified School District (the “District”) with respect to its School Facilities Improvement District No. 1 (Santa Monica Schools) (the “Improvement District”) pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on September 21, 2023 (the “Bond Resolution”). The Bonds were authorized at an election of the registered voters of the Improvement District held on November 6, 2018 (the “2018 Authorization”) which authorized the issuance of \$485,000,000 principal amount of general obligation bonds to finance the renovation, construction and improvement of school facilities within the Improvement District. The Bonds are the third and final series of bonds to be issued under the 2018 Authorization. See “THE FINANCING PLAN” and “THE BONDS – Authority for Issuance.”

**Security.** The Bonds are general obligation bonds of the District with respect to the Improvement District, payable solely from *ad valorem* property taxes levied and collected within the Improvement District. The Board of Supervisors of Los Angeles County has the power and is obligated to annually levy *ad valorem* property 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) within the Improvement District for the payment of principal of and interest on the Bonds. See “SECURITY FOR THE BONDS.”

**Redemption.** The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Optional Redemption.”

**Book-Entry Only.** The 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 Bonds. See “THE BONDS” and “APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

**Payments.** The Bonds are dated the date of delivery and are being issued as current interest bonds. The 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, 2024; except, however, principal of and interest on the Federally Taxable Bonds are payable on December 1, 2023. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, 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 Bonds. See “THE 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 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*The 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. Orrick, Herrington & Sutcliffe, LLP, Los Angeles, California is serving as Underwriters' Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 26, 2023.*

**RAYMOND JAMES**



Capital  
Markets

The date of this Official Statement is October 12, 2023.



Capital  
Markets

General Obligation Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C

Par Amount	\$175,000,000
Tax Status	Tax-Exempt (Excluding the Federally Taxable Note due December 1, 2023)
Pricing Date	10/12/2023
Closing Date	10/26/2023
Payment Dates	Federally Taxable Principal and Interest: December 1, 2023 Tax-Exempt Principal: 8/1, Commencing 8/1/2024 Through 8/1/2042 Tax-Exempt Interest: 2/1 and 8/1, Commencing 2/1/2024
Redemption Provisions	8/1/2031 at 100% of Par
Credit Ratings	Aa1 / AA+ / --

## SECTION 2

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### Pricing Day Summary

**Weekly Municipal Market Commentary – Tuesday, October 10, 2023:**

- Interest rates continued to rise last week as the market continues to realize the higher-for-longer scenario for rates is a reality. Last Friday's employment report came in almost 2x higher than what the market was anticipating, adding to the market's woes. Over the weekend, the attack on Israel and an escalation to war in the middle east has led to volatile markets. Multiple Federal Reserve officials have pointed out the back up in rates is acting as policy tightening thus lowering the need to tighten again by year end. Higher bond yields have created tighter financing conditions and, this week, we expect volatility for the bond market as inflation data is released and geopolitical unrest unfolds.
- Last week, U.S. Treasury ("UST") yields rose by; 3 basis points ("bps") in 2 years, 15 bps in 5 years, 23 bps in 10 years, and 27 bps in 30 years.
- Additionally, last week, municipal "AAA" benchmark yields rose by; 5 bps in 2 years, 8 bps in 5 years, 11 bps in 10 years, and 11 bps in 30 years.

**End of Day Municipal Market Commentary – Wednesday, October 11, 2023:**

- UST yields fell by 10 bps this morning as reports that rockets were fired at Israel from their northern boarder with Lebanon. UST 10-year yields dropped to a 4.544% from 4.65% overnight but pared some gains after a hotter-than-expected producer price index ("PPI") headline print and later for the \$35 billion in 10-year UST auction.
- Stocks were seeing red despite lower yields as investors focused on inflation data - PPI data today and consumer price index ("CPI") data tomorrow. The municipal market was strong across the yield curve as buyers purchased what was offered almost without question.

**Bond Rout Reignites, Unleashing Worst Day Since 2020 Turmoil<sup>1</sup> – Thursday, October 12, 2023:**

- The UST bond market experienced its worst day since March 2020 as a result of hotter-than-expected September inflation data and weak demand for a 30-year UST auction.
- The CPI ticked up in the month of September, rising 0.4% Month over month and 3.7% Year over year – both slightly higher than expectations.
- 30-year UST yields rose as much as 19 bps and ultimately were 16 bps higher on the day in late trading, its biggest increase since the market turmoil unleashed by the onset of the COVID-19 pandemic. While at 4.86%, the 30-year UST, is still nearly 20 bps below multi-year highs reached last week.
- This surge in yields stoked fears of new interest rate milestones, including a yield of 5% for the 10-year UST.

(1) Source: Bloomberg News

Final Pricing Summary <sup>1</sup>	
Par Amount	\$175,000,000
Amortization	Tax-Exempt Bonds: 8/1/2024 – 8/1/2042 Federally Taxable Note: 12/1/2023
True Interest Cost (TIC)	4.09%
Average Life (Years)	11.694
Final Maturity	8/1/2042
Repayment Ratio (Total Net Debt Service)	1.50x
Total Net Debt Service	\$262,706,789.64
Total Debt Service	\$277,329,777.34

(1) Actual financing results from October 12, 2023 pricing

Actual Results vs. Measure SMS Estimates	
Series	Debt Service
Series A (2019)	\$171,536,647.78
Series B (2021)	313,080,478.96
Series C (2023)	277,329,777.34
<b>Total<sup>2</sup></b>	<b>\$761,946,904.08</b>
<b>Tax Rate Statement Estimate<sup>3</sup></b>	<b>\$987,900,000.00</b>
<b>Improvement (Total Taxpayer Savings Compared to Estimates)</b>	<b>(\$225,953,095.92)</b>

(2) Actual debt service figures resulting from the sale of each respective bond series

(3) Estimated principal and interest of Measure SMS general obligation bonds at the time of election



- Following a bond program presentation that was discussed at the Santa Monica-Malibu Unified School District's (the "District's") Financial Oversight Committee meeting on September 19, 2023, and, subsequently, the District's board meeting on September 21, 2023 where the initial financing structure was approved, municipal market interest rates rose in excess of original expectations<sup>1</sup>. A comparison of baseline interest rates is presented below.
- As a result, if the District's Assessed Valuation ("AV") growth assumption was held constant, the final maturity on the District's financing needed to be extended to stay within an annual tax rate parameter that was estimated to the District's taxpayers when Measure SMS was voted upon.
  - This dynamic resulted in a longer financing and greater debt service than what was estimated in the aforementioned presentation.
- As an alternative, the District's Municipal Advisor, Isom Advisors, and Los Angeles County (the "County") discussed a potential increase of the AV growth assumption for the structuring of the Bonds to 4.00% from a previously assumed 3.50%. Historically, the District's SFID No. 1 AV has grown annually by 5.2%, on average, since 2010.
  - This adjustment would allow the District to accelerate its financing and shorten the final maturity from prior estimates, ultimately providing additional interest cost savings to the District.
- Upon discussing these changes with the District and its Financial Oversight Committee Bond Subcommittee, the financing team moved forward with the alternative strategy and adjusted the structure for the Bonds which shortened the final maturity to 2042 and saved the District's taxpayers over \$13 million, when compared to the original structure with an extended final maturity (2044).
- **Appendix A** presents the District's projected tax rates under the revised AV growth assumption for all of its outstanding bond authorizations.

	Key Interest Rates		
	9/12/2023 <sup>1</sup>	10/12/2023	Change
10-Year AAA MMD	2.98	3.36	0.38
20-Year AAA MMD	3.71	4.05	0.34

(1) The structure that was presented to the District's Financial Oversight Committee assumed interest rates as of 9/12/2023

## Order Period Result

- The Bonds were well received by investors and attracted an oversubscription of approximately 2.9x from 35 unique investors as well as direct retail participants.
- Comparing the District's sale to other California K-12 financings of similar ratings/structure, the financing achieved comparable and, in most tenors, stronger pricing relative to the "AAA" municipal index, leading to a favorable true interest cost of 4.09%.

Largest Investors by \$ of Orders Submitted* (Top 10)			
Investors	Orders (\$000s)	Orders (% of Orders)	Allotments (\$000s)
Breckinridge Capital Advisors, Inc.	\$60,945	11.92%	\$20,580
Eaton Vance TABS	59,565	11.65%	31,580
Nuveen Asset Management, LLC	43,420	8.49%	18,240
Blackrock Financial Management SMA	41,090	8.04%	10,220
First Republic Bank	33,845	6.62%	6,605
PIMCO Advisors L.P.	30,440	5.95%	10,730
FHI - CW Henderson	29,200	5.71%	8,070
US Trust Corporation	25,440	4.98%	4,100
Opus Investment Management	14,540	2.84%	4,040
Southern California Public Power Authority	14,540	2.84%	5,000
<b>Total (Top 10):</b>	<b>\$353,025</b>	<b>69.05%</b>	<b>\$119,165</b>

\*Excludes stock orders

- At the end of the order period on the day of pricing, the District had \$511.23 million of orders, or 2.9x the amount of bonds offered for sale.
- Raymond James committed to underwrite a minor balance of \$8.480 million associated with the Bonds' 2040 maturity.
- As a response to the oversubscription, spreads on the Bonds were lowered by 2 to 6 bps across most maturities.



## SECTION 3

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### Bond Sale Comparables

Santa Monica-Malibu Unified School District  
Pricing Progression and Comparable Transactions  
GO Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C

GO Bonds of SFID No. 1 (SMS) Election of 2018, Series C - Final Scale								GO Bonds of SFID No. 1 (SMS) Election of 2018, Series C - Pre-Pricing Scale						
Par	\$175,000,000							Par	\$175,000,000					
Issuer	Santa Monica-Malibu Unified School District							Issuer	Santa Monica-Malibu Unified School District					
Sale Date	10/12/23							Sale Date	10/12/23					
Ratings	Aa1/AA+							Ratings	Aa1/AA+					
Insurance	None							Insurance	None					
Call	8/1/31	Call Price 100%						Call	8/1/31	Call Price 100%				
Closing	10/26/23							Closing	10/26/23					
							Yield/YTM Spread to MMD							
							Difference from Pre-Pricing							
Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM			Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM	
2023(T)	14,540	5.56%	5.56%				-0.04%	2023(T)	13,375	5.60%	5.60%			
2024	1,945	5.00%	3.37%		-0.24%		-0.04%	2024	1,895	5.00%	3.41%		-0.20%	
2025	1,960	5.00%	3.30%		-0.24%		-0.04%	2025	875	5.00%	3.34%		-0.20%	
2026	2,575	5.00%	3.16%		-0.25%		-0.05%	2026	2,175	5.00%	3.21%		-0.20%	
2027	3,175	5.00%	3.09%		-0.25%		-0.05%	2027	2,740	5.00%	3.14%		-0.20%	
2028	3,820	5.00%	3.04%		-0.25%		-0.05%	2028	3,245	5.00%	3.09%		-0.20%	
2029	4,515	5.00%	3.05%		-0.26%		-0.06%	2029	3,790	5.00%	3.11%		-0.20%	
2030	5,270	5.00%	3.09%		-0.22%		-0.04%	2030	4,375	5.00%	3.13%		-0.18%	
2031	6,085	5.00%	3.11%		-0.22%		-0.04%	2031	5,005	5.00%	3.15%		-0.18%	
2032	6,965	5.00%	3.17%	3.34%	-0.18% / -0.01%		unchanged	2032	5,680	5.00%	3.17%	3.34%	-0.18% / -0.01%	
2033	7,915	5.00%	3.18%	3.49%	-0.18% / 0.13%		unchanged	2033	6,405	5.00%	3.18%	3.49%	-0.18% / 0.13%	
2034	8,935	5.00%	3.24%	3.64%	-0.18% / 0.22%		unchanged	2034	7,180	5.00%	3.24%	3.64%	-0.18% / 0.22%	
2035	10,040	5.00%	3.33%	3.80%	-0.18% / 0.29%		unchanged	2035	8,015	5.00%	3.33%	3.80%	-0.18% / 0.29%	
2036	11,220	5.00%	3.44%	3.94%	-0.18% / 0.32%		unchanged	2036	8,895	5.00%	3.44%	3.94%	-0.18% / 0.32%	
2037	12,495	5.00%	3.57%	4.08%	-0.17% / 0.34%		-0.02% / -0.01%	2037	9,845	5.00%	3.59%	4.09%	-0.15% / 0.35%	
2038	13,865	5.00%	3.69%	4.20%	-0.15% / 0.36%		unchanged	2038	10,860	5.00%	3.69%	4.20%	-0.15% / 0.36%	
2039	15,335	5.00%	3.78%	4.28%	-0.10% / 0.40%		-0.03% / -0.02%	2039	11,945	5.00%	3.81%	4.30%	-0.07% / 0.42%	
2040	16,910	5.00%	3.87%	4.36%	-0.05% / 0.44%		-0.03% / -0.02%	2040	13,105	5.00%	3.90%	4.38%	-0.02% / 0.46%	
2041	18,600	5.00%	3.97%	4.44%	0.00% / 0.47%		-0.03% / -0.02%	2041	14,335	5.00%	4.00%	4.46%	0.03% / 0.49%	
2042	8,835	5.00%	4.03%	4.49%	0.01% / 0.47%		-0.04% / -0.02%	2042	15,650	5.00%	4.07%	4.51%	0.05% / 0.49%	
								2043	17,055	5.00%	4.13%	4.56%	0.08% / 0.51%	
								2044	8,555	5.00%	4.18%	4.59%	0.10% / 0.51%	

Santa Monica-Malibu Unified School District  
Pricing Progression and Comparable Transactions  
GO Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C

GO Bonds of SFID No. 1 (SMS) Election of 2018, Series C - Final Scale						
Par	\$175,000,000					
Issuer	Santa Monica-Malibu Unified School District					
Sale Date	10/12/23					
Ratings	Aa1/AA+					
Insurance	None					
Call	8/1/31	Call Price	100%			
Closing	10/26/23					
Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM	
2023(T)	14,540	5.56%	5.56%			
2024	1,945	5.00%	3.37%		-0.24%	
2025	1,960	5.00%	3.30%		-0.24%	
2026	2,575	5.00%	3.16%		-0.25%	
2027	3,175	5.00%	3.09%		-0.25%	
2028	3,820	5.00%	3.04%		-0.25%	
2029	4,515	5.00%	3.05%		-0.26%	
2030	5,270	5.00%	3.09%		-0.22%	
2031	6,085	5.00%	3.11%		-0.22%	
2032	6,965	5.00%	3.17%	3.34%	-0.18% / -0.01%	
2033	7,915	5.00%	3.18%	3.49%	-0.18% / 0.13%	
2034	8,935	5.00%	3.24%	3.64%	-0.18% / 0.22%	
2035	10,040	5.00%	3.33%	3.80%	-0.18% / 0.29%	
2036	11,220	5.00%	3.44%	3.94%	-0.18% / 0.32%	
2037	12,495	5.00%	3.57%	4.08%	-0.17% / 0.34%	
2038	13,865	5.00%	3.69%	4.20%	-0.15% / 0.36%	
2039	15,335	5.00%	3.78%	4.28%	-0.10% / 0.40%	
2040	16,910	5.00%	3.87%	4.36%	-0.05% / 0.44%	
2041	18,600	5.00%	3.97%	4.44%	0.00% / 0.47%	
2042	8,835	5.00%	4.03%	4.49%	0.01% / 0.47%	

**Santa Monica-Malibu Unified School District**  
**Pricing Progression and Comparable Transactions**  
**GO Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C**

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Santa Monica-Malibu Unified School District  
Pricing Progression and Comparable Transactions  
GO Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C

GO Bonds of SFID No. 1 (SMS) Election of 2018, Series C - Final Scale						Final Scale						Final Scale					
Par	\$175,000,000					Par	\$670,000,000					Par	\$145,000,000				
Issuer	Santa Monica-Malibu Unified School District					Issuer	SAN DIEGO CA UNIF SCH DIST					Issuer	DUBLIN CA UNIF SCH DIST				
Sale Date	10/12/23					Sale Date	9/20/23					Sale Date	9/13/23				
Ratings	Aa1/AA+					Ratings	Aa2/NR/AAA					Ratings	Aa1/AA+/NR				
Insurance	None					Insurance	None					Insurance					
Call	8/1/31	Call Price 100%				Call	7/1/33	Call Price 100%				Call	8/1/33	Call Price 100%			
Closing	10/26/23					Closing	10/4/23					Closing	9/27/23				
Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM	Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM	Maturity	Par (\$000s)	Coupon	Stated Yield	Yield to Maturity (YTM)	Spread to MMD Stated/YTM
2023(T)	14,540	5.56%	5.56%			2024	675	5.00%	3.18%		-0.12%	2024	1,000	5.00%	3.10%		-0.15%
2024	1,945	5.00%	3.37%		-0.24%	2025	55,850	5.00%	3.08%		-0.14%	2025	1,500	5.00%	2.99%		-0.15%
2025	1,960	5.00%	3.30%		-0.24%	2026	23,340	5.00%	2.98%		-0.12%						
2026	2,575	5.00%	3.16%		-0.25%	2027	26,555	5.00%	2.91%		-0.11%						
2027	3,175	5.00%	3.09%		-0.25%	2028	79,580	5.00%	2.88%		-0.10%						
2028	3,820	5.00%	3.04%		-0.25%												
2029	4,515	5.00%	3.05%		-0.26%							2031	635	5.00%	2.76%		-0.17%
2030	5,270	5.00%	3.09%		-0.22%							2032	905	5.00%	2.80%		-0.17%
2031	6,085	5.00%	3.11%		-0.22%							2033	1,195	5.00%	2.83%		-0.17%
2032	6,965	5.00%	3.17%	3.34%	-0.18% / -0.01%							2034	1,505	5.00%	2.90%	3.05%	-0.16% / -0.01%
2033	7,915	5.00%	3.18%	3.49%	-0.18% / 0.13%							2035	1,845	5.00%	3.01%	3.27%	-0.16% / 0.10%
2034	8,935	5.00%	3.24%	3.64%	-0.18% / 0.22%							2036	2,210	5.00%	3.13%	3.47%	-0.16% / 0.18%
2035	10,040	5.00%	3.33%	3.80%	-0.18% / 0.29%							2037	2,605	5.00%	3.27%	3.66%	-0.14% / 0.25%
2036	11,220	5.00%	3.44%	3.94%	-0.18% / 0.32%							2038	3,025	5.00%	3.39%	3.81%	-0.12% / 0.30%
2037	12,495	5.00%	3.57%	4.08%	-0.17% / 0.34%							2039	3,475	5.00%	3.45%	3.91%	-0.10% / 0.36%
2038	13,865	5.00%	3.69%	4.20%	-0.15% / 0.36%							2040	3,965	5.00%	3.52%	4.00%	-0.07% / 0.41%
2039	15,335	5.00%	3.78%	4.28%	-0.10% / 0.40%	2041	3,635	5.00%	3.78%	4.21%	0.10% / 0.53%	2041	4,485	5.00%	3.59%	4.08%	-0.05% / 0.44%
2040	16,910	5.00%	3.87%	4.36%	-0.05% / 0.44%	2042	4,275	5.00%	3.85%	4.28%	0.12% / 0.55%	2042	5,045	4.00%	4.00%		0.31%
2041	18,600	5.00%	3.97%	4.44%	0.00% / 0.47%	2043	25,405	5.00%	3.90%	4.33%	0.14% / 0.57%	2043	5,590	4.00%	4.06%		0.33%
2042	8,835	5.00%	4.03%	4.49%	0.01% / 0.47%							2044	6,175	4.00%	4.09%		0.33%
												2045	6,790	4.00%	4.13%		0.33%
												2046	7,445	4.00%	4.17%		0.33%
						2048	150,000	5.00%	4.18%	4.56%	0.25% / 0.63%						
												2049	26,705	4.13%	4.240%		0.34%
						2053	300,685	4.00%	4.42%		0.45%	2053	58,900	4.25%	4.34%		0.40%



# APPENDIX A

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## Projected Tax Rates

# PROJECTED TAX RATES

Santa Monica-Malibu Unified School District Projected Tax Rates Per \$100,000 of Assessed Valuation <sup>1</sup>											
Year Ending	AV	Subtotal Measures				Total All Measures		Total Santa Monica Area		Total Malibu Area	
Aug. 1	Total AV <sup>2</sup>	% Change	Measure X	Measure BB	Measure ES	X, BB and ES	Measure SMS	Measure M			
2024	\$71,745,030,845	6.09%	\$0.27	\$21.61	\$24.08	\$45.97	\$33.99	\$22.54	\$102.50	\$79.96	\$68.51
2025	\$74,614,832,079	4.00%	\$0.14	\$19.07	\$25.73	\$44.94	\$39.58	\$13.48	\$98.00	\$84.52	\$58.42
2026	\$77,599,425,362	4.00%		\$22.54	\$25.38	\$47.92	\$39.59	\$13.41	\$100.92	\$87.51	\$61.34
2027	\$80,703,402,377	4.00%		\$26.50	\$25.17	\$51.67	\$39.59	\$13.35	\$104.61	\$91.27	\$65.02
2028	\$83,931,538,472	4.00%		\$22.52	\$25.08	\$47.60	\$39.59	\$13.28	\$100.47	\$87.20	\$60.88
2029	\$87,288,800,011	4.00%		\$18.10	\$24.97	\$43.06	\$39.59	\$13.23	\$95.88	\$82.65	\$56.29
2030	\$90,780,352,011	4.00%		\$22.42	\$24.80	\$47.21	\$39.59	\$13.16	\$99.96	\$86.81	\$60.37
2031	\$94,411,566,091	4.00%		\$22.33	\$24.69	\$47.01	\$39.59	\$13.09	\$99.69	\$86.60	\$60.10
2032	\$98,188,028,735	4.00%		\$19.74	\$24.50	\$44.24	\$39.59	\$13.03	\$96.87	\$83.84	\$57.28
2033	\$102,115,549,884	4.00%		\$23.99	\$24.39	\$48.38	\$39.59	\$12.98	\$100.94	\$87.97	\$61.36
2034	\$106,200,171,880	4.00%		\$16.48	\$24.27	\$40.75	\$39.59	\$12.91	\$93.25	\$80.34	\$53.66
2035	\$110,448,178,755	4.00%		\$16.22	\$24.16	\$40.38	\$39.59	\$12.85	\$92.82	\$79.97	\$53.23
2036	\$114,866,105,905	4.00%		\$20.27	\$22.96	\$43.23	\$39.59	\$12.79	\$95.61	\$82.82	\$56.02
2037	\$119,460,750,141	4.00%		\$11.17	\$13.21	\$24.38	\$39.59	\$12.73	\$76.70	\$63.97	\$37.11
2038	\$124,239,180,147	4.00%			\$12.37	\$12.37	\$39.59	\$12.67	\$64.63	\$51.96	\$25.04
2039	\$129,208,747,353	4.00%			\$11.93	\$11.93	\$39.59	\$12.61	\$64.13	\$51.52	\$24.53
2040	\$134,377,097,247	4.00%			\$11.71	\$11.71	\$39.59	\$12.54	\$63.85	\$51.30	\$24.25
2041	\$139,752,181,137	4.00%			\$9.49	\$9.49	\$39.59	\$12.49	\$61.57	\$49.08	\$21.98
2042	\$145,342,268,382	4.00%			\$9.33	\$9.33	\$27.11	\$12.42	\$48.87	\$36.44	\$21.75
2043	\$151,155,959,118	4.00%			\$5.25	\$5.25	\$17.63	\$12.36	\$35.24	\$22.88	\$17.61
2044	\$157,202,197,482	4.00%					\$17.54	\$12.30	\$29.84	\$17.54	\$12.30
2045	\$163,490,285,382	4.00%					\$17.46	\$12.24	\$29.70	\$17.46	\$12.24
2046	\$170,029,896,797	4.00%					\$17.37	\$12.18	\$29.56	\$17.37	\$12.18
2047	\$176,831,092,669	4.00%					\$17.29	\$12.13	\$29.42	\$17.29	\$12.13
2048	\$183,904,336,376	4.00%					\$17.21	\$12.07	\$29.28	\$17.21	\$12.07
2049	\$191,260,509,831	4.00%					\$17.12	\$11.62	\$28.75	\$17.12	\$11.62
2050	\$198,910,930,224	4.00%					\$13.65	\$10.26	\$23.91	\$13.65	\$10.26

(1) Assessed valuation and tax rates in 2023/24 are actual

(2) Total AV includes 4% delinquency on secured AV

## APPENDIX B

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### Final Numbers

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**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

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## SOURCES AND USES OF FUNDS

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

*Sources:*

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Bond Proceeds:	
Par Amount	175,000,000.00
Premium	14,622,987.70
	<hr/>
	189,622,987.70
	<hr/>

*Uses:*

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Project Fund Deposits:	
Project Fund	174,011,250.00
Other Fund Deposits:	
Debt Service Fund	14,622,987.70
Delivery Date Expenses:	
Cost of Issuance	385,000.00
Underwriter's Discount	<hr/>
	603,750.00
	988,750.00
	<hr/>
	189,622,987.70
	<hr/>

## BOND SUMMARY STATISTICS

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

Dated Date	10/26/2023
Delivery Date	10/26/2023
Last Maturity	08/01/2042
Arbitrage Yield	3.563549%
True Interest Cost (TIC)	4.091342%
Net Interest Cost (NIC)	4.315331%
All-In TIC	4.114982%
Average Coupon	5.000387%
Average Life (years)	11.694
Weighted Average Maturity (years)	12.717
Duration of Issue (years)	8.805
Par Amount	175,000,000.00
Bond Proceeds	189,622,987.70
Total Interest	102,329,777.34
Net Interest	88,310,539.64
Total Debt Service	277,329,777.34
Maximum Annual Debt Service	22,692,277.34
Average Annual Debt Service	14,779,973.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	3.450000
Total Underwriter's Discount	3.450000
Bid Price	108.010993

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Taxable Note	14,540,000.00	100.000	5.560%	0.097
Bond Component	160,460,000.00	109.113	5.000%	12.745
	175,000,000.00			11.694

	<i>TIC</i>	<i>All-In TIC</i>	<i>Arbitrage Yield</i>
Par Value	175,000,000.00	175,000,000.00	160,460,000.00
+ Accrued Interest			
+ Premium (Discount)	14,622,987.70	14,622,987.70	14,622,987.70
- Underwriter's Discount	-603,750.00	-603,750.00	
- Cost of Issuance Expense		-385,000.00	
- Other Amounts			
Target Value	189,019,237.70	188,634,237.70	175,082,987.70
Target Date	10/26/2023	10/26/2023	10/26/2023
Yield	4.091342%	4.114982%	3.563549%

**BOND PRICING**

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Yield to Maturity</i>	<i>Call Date</i>	<i>Call Price</i>	<i>Premium (-Discount)</i>
Taxable Note:	12/01/2023	14,540,000	5.560%	5.560%	100.000				
Bond Component:									
	08/01/2024	1,945,000	5.000%	3.370%	101.213				23,592.85
	08/01/2025	1,960,000	5.000%	3.300%	102.884				56,526.40
	08/01/2026	2,575,000	5.000%	3.160%	104.828				124,321.00
	08/01/2027	3,175,000	5.000%	3.090%	106.732				213,741.00
	08/01/2028	3,820,000	5.000%	3.040%	108.627				329,551.40
	08/01/2029	4,515,000	5.000%	3.050%	110.231				461,929.65
	08/01/2030	5,270,000	5.000%	3.090%	111.573				609,897.10
	08/01/2031	6,085,000	5.000%	3.110%	112.943				787,581.55
	08/01/2032	6,965,000	5.000%	3.170%	112.502 C	3.342%	08/01/2031	100.000	870,764.30
	08/01/2033	7,915,000	5.000%	3.180%	112.429 C	3.486%	08/01/2031	100.000	983,755.35
	08/01/2034	8,935,000	5.000%	3.240%	111.991 C	3.643%	08/01/2031	100.000	1,071,395.85
	08/01/2035	10,040,000	5.000%	3.330%	111.337 C	3.796%	08/01/2031	100.000	1,138,234.80
	08/01/2036	11,220,000	5.000%	3.440%	110.544 C	3.940%	08/01/2031	100.000	1,183,036.80
	08/01/2037	12,495,000	5.000%	3.570%	109.616 C	4.079%	08/01/2031	100.000	1,201,519.20
	08/01/2038	13,865,000	5.000%	3.690%	108.768 C	4.197%	08/01/2031	100.000	1,215,683.20
	08/01/2039	15,335,000	5.000%	3.780%	108.136 C	4.284%	08/01/2031	100.000	1,247,655.60
	08/01/2040	16,910,000	5.000%	3.870%	107.509 C	4.363%	08/01/2031	100.000	1,269,771.90
	08/01/2041	18,600,000	5.000%	3.970%	106.818 C	4.441%	08/01/2031	100.000	1,268,148.00
	08/01/2042	8,835,000	5.000%	4.030%	106.405 C	4.491%	08/01/2031	100.000	565,881.75
		160,460,000							14,622,987.70
		175,000,000							14,622,987.70

Dated Date 10/26/2023  
Delivery Date 10/26/2023  
First Coupon 02/01/2024

Par Amount 175,000,000.00  
Premium 14,622,987.70

Production 189,622,987.70 108.355993%  
Underwriter's Discount -603,750.00 -0.345000%

Purchase Price 189,019,237.70 108.010993%  
Accrued Interest

Net Proceeds 189,019,237.70

## BOND DEBT SERVICE

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
08/01/2024	16,485,000	** %	6,207,277.34	22,692,277.34
08/01/2025	1,960,000	5.000%	7,925,750.00	9,885,750.00
08/01/2026	2,575,000	5.000%	7,827,750.00	10,402,750.00
08/01/2027	3,175,000	5.000%	7,699,000.00	10,874,000.00
08/01/2028	3,820,000	5.000%	7,540,250.00	11,360,250.00
08/01/2029	4,515,000	5.000%	7,349,250.00	11,864,250.00
08/01/2030	5,270,000	5.000%	7,123,500.00	12,393,500.00
08/01/2031	6,085,000	5.000%	6,860,000.00	12,945,000.00
08/01/2032	6,965,000	5.000%	6,555,750.00	13,520,750.00
08/01/2033	7,915,000	5.000%	6,207,500.00	14,122,500.00
08/01/2034	8,935,000	5.000%	5,811,750.00	14,746,750.00
08/01/2035	10,040,000	5.000%	5,365,000.00	15,405,000.00
08/01/2036	11,220,000	5.000%	4,863,000.00	16,083,000.00
08/01/2037	12,495,000	5.000%	4,302,000.00	16,797,000.00
08/01/2038	13,865,000	5.000%	3,677,250.00	17,542,250.00
08/01/2039	15,335,000	5.000%	2,984,000.00	18,319,000.00
08/01/2040	16,910,000	5.000%	2,217,250.00	19,127,250.00
08/01/2041	18,600,000	5.000%	1,371,750.00	19,971,750.00
08/01/2042	8,835,000	5.000%	441,750.00	9,276,750.00
	175,000,000		102,329,777.34	277,329,777.34



**BOND DEBT SERVICE**

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
12/01/2023	14,540,000	5.560%	78,596.78	14,618,596.78	
02/01/2024			2,117,180.56	2,117,180.56	
08/01/2024	1,945,000	5.000%	4,011,500.00	5,956,500.00	22,692,277.34
02/01/2025			3,962,875.00	3,962,875.00	
08/01/2025	1,960,000	5.000%	3,962,875.00	5,922,875.00	9,885,750.00
02/01/2026			3,913,875.00	3,913,875.00	
08/01/2026	2,575,000	5.000%	3,913,875.00	6,488,875.00	10,402,750.00
02/01/2027			3,849,500.00	3,849,500.00	
08/01/2027	3,175,000	5.000%	3,849,500.00	7,024,500.00	10,874,000.00
02/01/2028			3,770,125.00	3,770,125.00	
08/01/2028	3,820,000	5.000%	3,770,125.00	7,590,125.00	11,360,250.00
02/01/2029			3,674,625.00	3,674,625.00	
08/01/2029	4,515,000	5.000%	3,674,625.00	8,189,625.00	11,864,250.00
02/01/2030			3,561,750.00	3,561,750.00	
08/01/2030	5,270,000	5.000%	3,561,750.00	8,831,750.00	12,393,500.00
02/01/2031			3,430,000.00	3,430,000.00	
08/01/2031	6,085,000	5.000%	3,430,000.00	9,515,000.00	12,945,000.00
02/01/2032			3,277,875.00	3,277,875.00	
08/01/2032	6,965,000	5.000%	3,277,875.00	10,242,875.00	13,520,750.00
02/01/2033			3,103,750.00	3,103,750.00	
08/01/2033	7,915,000	5.000%	3,103,750.00	11,018,750.00	14,122,500.00
02/01/2034			2,905,875.00	2,905,875.00	
08/01/2034	8,935,000	5.000%	2,905,875.00	11,840,875.00	14,746,750.00
02/01/2035			2,682,500.00	2,682,500.00	
08/01/2035	10,040,000	5.000%	2,682,500.00	12,722,500.00	15,405,000.00
02/01/2036			2,431,500.00	2,431,500.00	
08/01/2036	11,220,000	5.000%	2,431,500.00	13,651,500.00	16,083,000.00
02/01/2037			2,151,000.00	2,151,000.00	
08/01/2037	12,495,000	5.000%	2,151,000.00	14,646,000.00	16,797,000.00
02/01/2038			1,838,625.00	1,838,625.00	
08/01/2038	13,865,000	5.000%	1,838,625.00	15,703,625.00	17,542,250.00
02/01/2039			1,492,000.00	1,492,000.00	
08/01/2039	15,335,000	5.000%	1,492,000.00	16,827,000.00	18,319,000.00
02/01/2040			1,108,625.00	1,108,625.00	
08/01/2040	16,910,000	5.000%	1,108,625.00	18,018,625.00	19,127,250.00
02/01/2041			685,875.00	685,875.00	
08/01/2041	18,600,000	5.000%	685,875.00	19,285,875.00	19,971,750.00
02/01/2042			220,875.00	220,875.00	
08/01/2042	8,835,000	5.000%	220,875.00	9,055,875.00	9,276,750.00
	175,000,000		102,329,777.34	277,329,777.34	277,329,777.34

**NET DEBT SERVICE****General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)****Election of 2018, Series C****Aa1/AA+ Underlying Rating****Subject to Optional Redemption on 8/1/2031 @ 100%****\*Final\***

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Debt Service Fund</i>	<i>Net Debt Service</i>
08/01/2024	16,485,000	** %	6,207,277.34	22,692,277.34	14,622,987.70	8,069,289.64
08/01/2025	1,960,000	5.000%	7,925,750.00	9,885,750.00		9,885,750.00
08/01/2026	2,575,000	5.000%	7,827,750.00	10,402,750.00		10,402,750.00
08/01/2027	3,175,000	5.000%	7,699,000.00	10,874,000.00		10,874,000.00
08/01/2028	3,820,000	5.000%	7,540,250.00	11,360,250.00		11,360,250.00
08/01/2029	4,515,000	5.000%	7,349,250.00	11,864,250.00		11,864,250.00
08/01/2030	5,270,000	5.000%	7,123,500.00	12,393,500.00		12,393,500.00
08/01/2031	6,085,000	5.000%	6,860,000.00	12,945,000.00		12,945,000.00
08/01/2032	6,965,000	5.000%	6,555,750.00	13,520,750.00		13,520,750.00
08/01/2033	7,915,000	5.000%	6,207,500.00	14,122,500.00		14,122,500.00
08/01/2034	8,935,000	5.000%	5,811,750.00	14,746,750.00		14,746,750.00
08/01/2035	10,040,000	5.000%	5,365,000.00	15,405,000.00		15,405,000.00
08/01/2036	11,220,000	5.000%	4,863,000.00	16,083,000.00		16,083,000.00
08/01/2037	12,495,000	5.000%	4,302,000.00	16,797,000.00		16,797,000.00
08/01/2038	13,865,000	5.000%	3,677,250.00	17,542,250.00		17,542,250.00
08/01/2039	15,335,000	5.000%	2,984,000.00	18,319,000.00		18,319,000.00
08/01/2040	16,910,000	5.000%	2,217,250.00	19,127,250.00		19,127,250.00
08/01/2041	18,600,000	5.000%	1,371,750.00	19,971,750.00		19,971,750.00
08/01/2042	8,835,000	5.000%	441,750.00	9,276,750.00		9,276,750.00
	175,000,000		102,329,777.34	277,329,777.34	14,622,987.70	262,706,789.64

**NET DEBT SERVICE**

**General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)  
Election of 2018, Series C  
Aa1/AA+ Underlying Rating  
Subject to Optional Redemption on 8/1/2031 @ 100%  
\*Final\***

<i>Date</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Debt Service Fund</i>	<i>Net Debt Service</i>
12/01/2023	14,540,000	5.560%	78,596.78	14,618,596.78	14,618,596.78	
02/01/2024			2,117,180.56	2,117,180.56	4,390.92	2,112,789.64
08/01/2024	1,945,000	5.000%	4,011,500.00	5,956,500.00		5,956,500.00
02/01/2025			3,962,875.00	3,962,875.00		3,962,875.00
08/01/2025	1,960,000	5.000%	3,962,875.00	5,922,875.00		5,922,875.00
02/01/2026			3,913,875.00	3,913,875.00		3,913,875.00
08/01/2026	2,575,000	5.000%	3,913,875.00	6,488,875.00		6,488,875.00
02/01/2027			3,849,500.00	3,849,500.00		3,849,500.00
08/01/2027	3,175,000	5.000%	3,849,500.00	7,024,500.00		7,024,500.00
02/01/2028			3,770,125.00	3,770,125.00		3,770,125.00
08/01/2028	3,820,000	5.000%	3,770,125.00	7,590,125.00		7,590,125.00
02/01/2029			3,674,625.00	3,674,625.00		3,674,625.00
08/01/2029	4,515,000	5.000%	3,674,625.00	8,189,625.00		8,189,625.00
02/01/2030			3,561,750.00	3,561,750.00		3,561,750.00
08/01/2030	5,270,000	5.000%	3,561,750.00	8,831,750.00		8,831,750.00
02/01/2031			3,430,000.00	3,430,000.00		3,430,000.00
08/01/2031	6,085,000	5.000%	3,430,000.00	9,515,000.00		9,515,000.00
02/01/2032			3,277,875.00	3,277,875.00		3,277,875.00
08/01/2032	6,965,000	5.000%	3,277,875.00	10,242,875.00		10,242,875.00
02/01/2033			3,103,750.00	3,103,750.00		3,103,750.00
08/01/2033	7,915,000	5.000%	3,103,750.00	11,018,750.00		11,018,750.00
02/01/2034			2,905,875.00	2,905,875.00		2,905,875.00
08/01/2034	8,935,000	5.000%	2,905,875.00	11,840,875.00		11,840,875.00
02/01/2035			2,682,500.00	2,682,500.00		2,682,500.00
08/01/2035	10,040,000	5.000%	2,682,500.00	12,722,500.00		12,722,500.00
02/01/2036			2,431,500.00	2,431,500.00		2,431,500.00
08/01/2036	11,220,000	5.000%	2,431,500.00	13,651,500.00		13,651,500.00
02/01/2037			2,151,000.00	2,151,000.00		2,151,000.00
08/01/2037	12,495,000	5.000%	2,151,000.00	14,646,000.00		14,646,000.00
02/01/2038			1,838,625.00	1,838,625.00		1,838,625.00
08/01/2038	13,865,000	5.000%	1,838,625.00	15,703,625.00		15,703,625.00
02/01/2039			1,492,000.00	1,492,000.00		1,492,000.00
08/01/2039	15,335,000	5.000%	1,492,000.00	16,827,000.00		16,827,000.00
02/01/2040			1,108,625.00	1,108,625.00		1,108,625.00
08/01/2040	16,910,000	5.000%	1,108,625.00	18,018,625.00		18,018,625.00
02/01/2041			685,875.00	685,875.00		685,875.00
08/01/2041	18,600,000	5.000%	685,875.00	19,285,875.00		19,285,875.00
02/01/2042			220,875.00	220,875.00		220,875.00
08/01/2042	8,835,000	5.000%	220,875.00	9,055,875.00		9,055,875.00
	175,000,000		102,329,777.34	277,329,777.34	14,622,987.70	262,706,789.64

**FORM 8038 STATISTICS****General Obligation Bonds of SFID No. 1 of Santa Monica-Malibu Unified School District  
(Santa Monica Schools)****Election of 2018, Series C****Aa1/AA+ Underlying Rating****Subject to Optional Redemption on 8/1/2031 @ 100%****\*Final\***

Dated Date 10/26/2023  
Delivery Date 10/26/2023

<i>Bond Component</i>	<i>Date</i>	<i>Principal</i>	<i>Coupon</i>	<i>Price</i>	<i>Issue Price</i>	<i>Redemption at Maturity</i>
Bond Component:						
	08/01/2024	1,945,000.00	5.000%	101.213	1,968,592.85	1,945,000.00
	08/01/2025	1,960,000.00	5.000%	102.884	2,016,526.40	1,960,000.00
	08/01/2026	2,575,000.00	5.000%	104.828	2,699,321.00	2,575,000.00
	08/01/2027	3,175,000.00	5.000%	106.732	3,388,741.00	3,175,000.00
	08/01/2028	3,820,000.00	5.000%	108.627	4,149,551.40	3,820,000.00
	08/01/2029	4,515,000.00	5.000%	110.231	4,976,929.65	4,515,000.00
	08/01/2030	5,270,000.00	5.000%	111.573	5,879,897.10	5,270,000.00
	08/01/2031	6,085,000.00	5.000%	112.943	6,872,581.55	6,085,000.00
	08/01/2032	6,965,000.00	5.000%	112.502	7,835,764.30	6,965,000.00
	08/01/2033	7,915,000.00	5.000%	112.429	8,898,755.35	7,915,000.00
	08/01/2034	8,935,000.00	5.000%	111.991	10,006,395.85	8,935,000.00
	08/01/2035	10,040,000.00	5.000%	111.337	11,178,234.80	10,040,000.00
	08/01/2036	11,220,000.00	5.000%	110.544	12,403,036.80	11,220,000.00
	08/01/2037	12,495,000.00	5.000%	109.616	13,696,519.20	12,495,000.00
	08/01/2038	13,865,000.00	5.000%	108.768	15,080,683.20	13,865,000.00
	08/01/2039	15,335,000.00	5.000%	108.136	16,582,655.60	15,335,000.00
	08/01/2040	16,910,000.00	5.000%	107.509	18,179,771.90	16,910,000.00
	08/01/2041	18,600,000.00	5.000%	106.818	19,868,148.00	18,600,000.00
	08/01/2042	8,835,000.00	5.000%	106.405	9,400,881.75	8,835,000.00
		160,460,000.00			175,082,987.70	160,460,000.00

	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Issue Price</i>	<i>Stated Redemption at Maturity</i>	<i>Weighted Average Maturity</i>	<i>Yield</i>
Final Maturity	08/01/2042	5.000%	9,400,881.75	8,835,000.00		
Entire Issue			175,082,987.70	160,460,000.00	12.7174	3.5635%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	988,750.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

## APPENDIX C

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### Financing Calendar & Distribution List

# SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

## SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES C

### Financing Schedule

August 2023						
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 2023						
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
October 2023						
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				
November 2023						
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** – Raymond James  
**County** – LA County

Date	Action	Responsible Party
August 8	Distribute Schedule, Term Sheet, and Distribution List	FA
August 14	Distribute first drafts of Resolution, preliminary official statement (POS), and supporting legal documents	BC
August 21	Comments due on 1 <sup>st</sup> draft of legal documents	ALL
August 22	Submit credit packages to rating agencies	
August 24	District Board agenda deadline	SD/BC
August 29	Rating prep conference call	SD/FA
September 7/8	Rating agency calls (S&P/Moody's)	SD/FA
September 19	FOC meeting to discuss Bond structure	SD
September 20	County Board of Supervisors (BOS) agenda deadline	SD/BC
September 21	District Board approves Bond Resolution and forms of POS and legal documents	SD
September 22	District files adopted resolution with County	SD/BC
September 25	Receive ratings	FA
Week of Oct. 2	Due Diligence conference call with Underwriter	SD/BC/FA/UW
October 3	County BOS approves Bonds	County
October 4	Distribute POS	BC/UW
October 9	Indigenous Peoples' Day Holiday	All
Week of October 9	Pre-Price Bonds	FA/UW
	Price Bonds, sign purchase contract	FA/UW
October 13-20	Finalize legal and closing documents	All
October 19	Distribute Final Official Statement	BC
October 25	Pre-close Bond transactions	All
October 26	Close Bond transaction	All

*Preliminary; subject to change;*

## **SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT**

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1  
GENERAL OBLIGATION BONDS, ELECTION OF 2018, SERIES C

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## APPENDIX D

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### Rating Reports

## CREDIT OPINION

25 September 2023



Send Your Feedback

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# Santa Monica-Malibu Unified School District, CA

Update to credit analysis

## Summary

[Santa Monica-Malibu Unified School District, CA's](#) (SMMUSD; Aa2 stable issuer rating) leverage and fixed cost burdens are high and its long-term liabilities will remain elevated given the district's plans for additional bond issuances in the coming years. Surplus operations improved the district's healthy reserves in fiscal 2022, but SMMUSD anticipates deficit operations and a narrowing of fund balance in fiscal years 2023 and 2024. Despite the credit weaknesses the district is anchored by an enormous and growing tax base along coastal Los Angeles County (Aa1 stable), an affluent local resident population. The district also benefits from Community Funded/Basic Aid status and a uniquely diverse revenue structure that is distinguishable from most California school districts, which mitigates its declining Average Daily Attendance (ADA).

This credit opinion follows a press release on September 20, 2023 announcing the assignment of a Aa1 rating to SMMUSD School Facilities Improvement District (SFID #1) 1's 2023 GO bonds.

## Credit strengths

- » Community funded or Basic Aid district bolstered by diverse revenue composition
- » Extraordinarily large and growing tax base in coastal Los Angeles County
- » Affluent local resident profile
- » Healthy reserve position

## Credit challenges

- » High leverage and fixed cost burdens that will persist given future borrowing plans
- » Expected narrowing of reserves through fiscal 2024

## Rating outlook

The stable outlook reflects our expectation that the district's financial position will remain adequate for the rating level despite projected deficits in 2023 and 2024. In addition, SMMUSD's leverage profile will stay high as it continues to issue debt against its outstanding authorizations in the coming years, although we expect continued growth and stability in AV of SMMUSD and its SFIDs will keep the new debt affordable.

## Factors that could lead to an upgrade

- » Material reduction of leverage
- » Sustained and significant improvement to financial position

## Factors that could lead to a downgrade

- » Deterioration of financial position
- » Material addition to leverage and/or fixed cost burdens

## Key indicators

Exhibit 1

### Santa Monica-Malibu USD, CA

	2019	2020	2021	2022	Aa Medians
<b>Economy</b>					
Resident income	146.0%	138.9%	135.8%	N/A	119.0%
Full value (\$000)	\$56,518,243	\$59,388,257	\$63,036,221	\$65,703,187	\$4,006,926
Population	110,931	110,690	110,680	N/A	32,280
Full value per capita	\$509,490	\$536,528	\$569,536	N/A	\$117,713
Enrollment	10,625	10,349	9,929	9,129	4,165
Enrollment trend	-1.9%	-2.0%	-2.8%	-4.9%	-1.1%
<b>Financial performance</b>					
Operating revenue (\$000)	\$211,528	\$227,961	\$243,488	\$257,919	\$73,934
Available fund balance (\$000)	\$67,380	\$49,387	\$94,177	\$69,001	\$19,809
Net cash (\$000)	\$84,949	\$63,333	\$107,705	\$105,724	\$23,502
Available fund balance ratio	31.9%	21.7%	38.7%	26.8%	28.9%
Net cash ratio	40.2%	27.8%	44.2%	41.0%	33.9%
<b>Leverage</b>					
Debt (\$000)	\$489,029	\$839,825	\$774,517	\$1,017,244	\$52,862
ANPL (\$000)	\$454,639	\$531,278	\$691,003	\$562,769	\$130,338
OPEB (\$000)	\$49,731	\$57,546	\$57,210	\$45,137	\$11,158
Long-term liabilities ratio	469.6%	626.7%	625.4%	630.1%	342.1%
Implied debt service (\$000)	\$29,106	\$35,655	\$60,142	\$54,324	\$3,664
Pension tread water (\$000)	\$19,521	\$19,633	\$20,511	\$14,209	\$3,270
OPEB contributions (\$000)	\$1,484	\$1,906	\$1,880	\$1,769	\$367
Fixed-costs ratio	23.7%	25.1%	33.9%	27.3%	12.2%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Santa Monica-malibu USD, Ca's financial statements and Moody's Investors Service

## Profile

SMMUSD serves residents of the Cities of [Santa Monica](#) (Aaa stable) and Malibu, as well as a portion of unincorporated Los Angeles County. Located on the scenic Pacific Coast, the district encompasses about 29 square miles, with an estimated 2022 population of 111,822. 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.

SFIDs are taxing districts that represent only a portion of a school district's boundaries. SFIDs issue general obligation debt for planned capital projects that will only benefit only a certain area of the district.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

SFID#1 covers the Santa Monica portion of the unified district, accounting for roughly two thirds of the overall district's AV. SFID #2 covers the Malibu portion of the district, accounting for the remaining third of the total AV. Together the two SFIDs cover the entire district.

## Detailed credit considerations

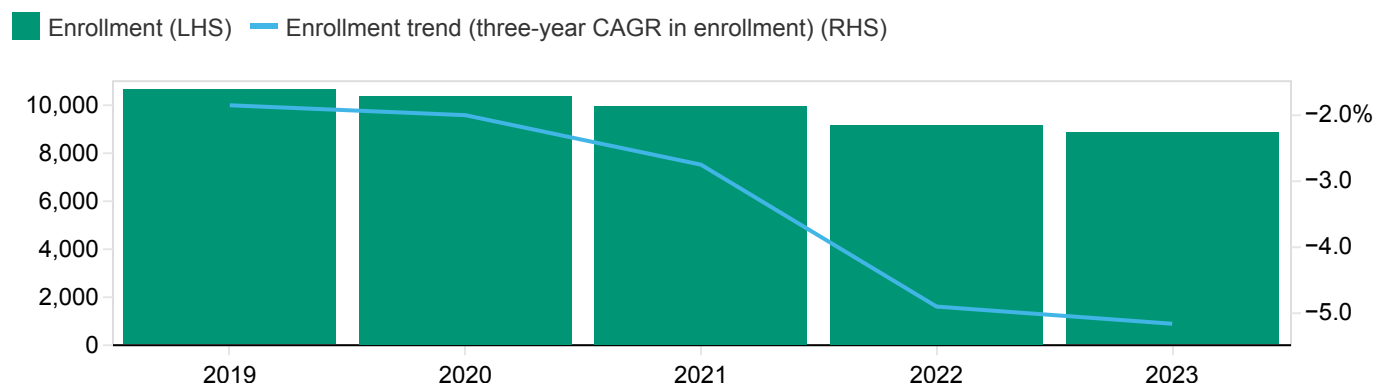
### Economy: wealthy coastal LA local economy

SMMUSD's local economy is strong, anchored by its integration into the vibrant Los Angeles metropolitan area and its desirable coastal location. The district has very high resident wealth levels that compare favorably to state and national medians and represent a key credit strength. The median household income for district residents, when adjusted for regional price parity, is 135.8% of the US median. 2023 AV per capita is an extremely strong \$636,011. Wealth and income levels of the district's SFID #2 are slightly stronger than those of SFID#1. The district's 2024 AV is a very strong \$74.7 billion with approximately two-thirds of the tax base located in SFID#1.

District average daily attendance (ADA) has declined sharply through the pandemic, which is a modest credit negative, but is largely mitigated by SMMUSD's Community Funded/Basic Aid status. Moving forward management expects ADA to decline through at least 2024 with head count stabilizing in future years in part because of increasing the amount of accepted interdistrict transfers. Historically interdistrict transfers have accounted for roughly 20% of enrolled students, but this amount has fallen through the pandemic because of a variety of factors. Management will look to boost interdistrict students as one of a multipronged approach to stabilizing ADA. Despite the sharp, recent, drop in ADA the loss in head count is less financially significant for the district than others across the state given SMMUD's Community Funded/Basic Aid.

Exhibit 2

### Enrollment



Source: Moody's Investors Service

### Financial operations: healthy financial position projected to narrow in coming years

Reserves will likely remain adequate for the rating level despite projected near term drawdowns. In fiscal 2022 the district outperformed relative to expectations, but still projects deficits in 2023 and 2024. The district's 2023 estimated actuals show a deficit because of expending certain one-time moneys recognized in 2022 and retroactive salary payout for bargaining units. The district's budget shows fund balance being drawn down again in fiscal 2024 to levels below 2019 levels. Positively, the district has a history of outperformance relative to budget and interim projections.

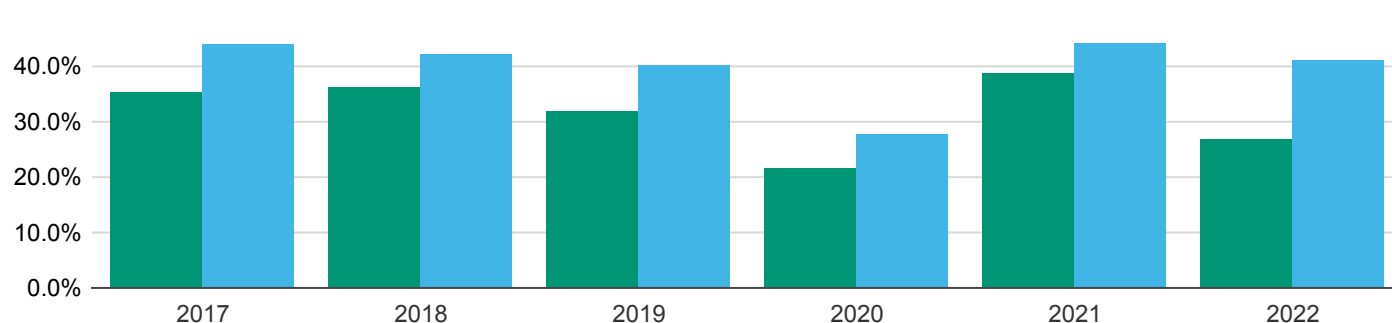
Fiscal 2022 operations were strongly positive and represented the second year of the district substantially increasing its fund balance position largely because of the receipts of one-time pandemic money. In fiscal 2022 the district ended the year with available general fund balance (unassigned, assigned and committed) position of \$46.8 million, or 23.2% of revenue. On an operating funds basis (general fund and debt service fund) the district ended the year with \$69.0 million or 26.8% of revenue.

The district's overall financial profile is strengthened by large supplemental revenue streams that significantly increase financial flexibility. The district's revenue include \$14.3 million from a parcel tax, which has no sunset date and is annually adjusted for inflation; \$10.6 million from a facilities use agreement with the city of Santa Monica; \$18.6 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; \$3.1 million from property leases; \$21.8 million in redevelopment tax increment money; and \$2.3 million generated annually by a school foundation. Collectively, these supplemental revenue account for about 35% of 2022 general fund revenue.

Exhibit 3

### Financial Trends

■ Fund Balance as a % of Revenues ■ Cash Balance as a % of Revenues



Source: Moody's Investors Service

### Liquidity

The district's 2022 general fund net cash is \$53.1 million, or 26.4% of general fund revenue. On an operating funds basis, the district's net cash is a stronger \$105.7 million or 41.0% of revenue. The district also has about \$15 million outside the general fund which is available for temporary borrowing.

### Leverage: elevated leverage will remain a credit weakness for the foreseeable future

The district's leverage is elevated and will remain high given future debt issuance plans. Following the sale of the 2023 SFID #1 bonds the district's total leverage is high at 666.8% of operating revenue and its adjusted fixed costs ratio is an elevated 27.3% of revenue.

SFID 1 (Santa Monica) has no outstanding authorization remaining while SFID 2 (Malibu) has \$80 million in outstanding authorization remaining. The district and its SFIDs typically issue bonds on a 2-3 year cycle as needed.

### Legal security

The district's general obligation bonds are secured by the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the district. The portion of the levy restricted for debt service is collected, held and transferred directly to the paying agent by Los Angeles County on behalf of the district.

The general obligation bonds issued by the district on behalf of SFID#1 are paid from an unlimited ad valorem tax pledges on all taxable property within SFID#1. The general obligation bonds issued by the district on behalf of SFID#2 are paid from an unlimited ad valorem tax pledges on all taxable property within SFID#2.

### Debt structure

All of the outstanding obligations associated with both the SMMUSD as a whole and both of the SFIDs are fixed rate and amortize over the long term with final maturity in 2050.

### Debt-related derivatives

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

### Pensions and OPEB

The district's combined pension contribution to CalPERS and CalSTRS in fiscal 2022 equaled close to \$18.6 million or 7.2% of operating fund revenue. While manageable, this figure continues to escalate. This contribution was slightly below Moody's "Tread Water" indicator, or the amount required, under reported assumptions, to maintain pension liabilities at their current level. Contributions below this level make future increases in pension contributions likely.

The district has established an irrevocable trust to help fund its other post employment benefits (OPEB) which as of July 2022, stood at \$6.7 million compared to a total OPEB liability of \$57.2 million. The district's Moody's-adjusted net OPEB liability for fiscal 2022 was \$45.1 million or 18% of 2022 operating revenue.

The bulk of California school districts' pension exposure is associated with the California State Teachers' Retirement System (CalSTRS), and districts typically report their share of system liabilities with a one-year lag. The district's fiscal 2022 reporting reflects its share of CalSTRS liabilities as of June 2021. Based on the CalSTRS system in aggregate, we project that the district's ANPL will fall by around 29% in fiscal 2023 because of rising interest rates.

## ESG considerations

### Environmental

The district's coastal Los Angeles location puts it at elevated risk for long-term sea level rise and flooding, but these factors do not present an immediate credit risk to the district and are not a primary credit driver. The district, and SFID 2 in particular will continue to be exposed to wildfire risk given its proximity to the heavily wooded Santa Monica Mountains and its location within a very high fire hazard severity zone. The credit impact of this fire risk is mitigated by the district's desirable location and its high resident wealth levels. These factors will encourage a rapid rebuilding process in the aftermath of any fire, as is occurring already post Woolsey Fire that occurred in 2018.

### Social

Social considerations including the district's tax base, socioeconomic measures and enrollment are discussed in the sections below. The district's tax base benefits from very high home values and desirable coastal Los Angeles location. However, the high median home value will present an ongoing challenge to recruit and retain teachers and staff compared to more affordable areas of the state.

### Governance

In October 2022 The City of Malibu and SMMUSD jointly agreed on an initial framework calling for the separation of SMMUSD into two separate unified school districts: Santa Monica Unified and Malibu Unified. At this time the potential creation of two separate districts requires several governmental and voter approvals and the details of the financial and governance implications are not yet fully determined.

California school districts designated as community funded have an Institutional Framework score<sup>1</sup> of Aa. Operating revenue primarily consists of districts' share of the 1% local property taxes authorized by the state constitution, and districts are not subject to per-pupil limits under the state-controlled Local Control Funding Formula (LCFF). As a result, these districts are largely insulated from funding cuts resulting from state budget pressures or enrollment declines, with revenue increasing or declining with changes in property taxes. Districts' ability to raise additional revenue is limited to voter-approved parcel taxes.

## Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 4

### Santa Monica-Malibu USD, CA

	Measure	Weight	Score
<b>Economy</b>			
Resident Income (MHI Adjusted for RPP / US MHI)	135.8%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	636,011	10.0%	Aaa
Enrollment trend (three-year CAGR in enrollment)	-5.2%	10.0%	Ba
<b>Financial performance</b>			
Available fund balance ratio (available fund balance / operating revenue)	26.8%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	41.0%	10.0%	Aaa
<b>Institutional framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	666.8%	20.0%	Ba
Fixed-costs ratio (adjusted fixed costs / operating revenue)	27.3%	10.0%	Baa
<b>Notching factors</b>			
Additional strength in local resources	0.5		
Scorecard-Indicated Outcome			A1
<b>Assigned Rating</b>			Aa2

The complete list of outstanding ratings assigned to the Santa Monica-malibu USD, Ca is available on their [issuer page](#). Details on the current ESG scores assigned to the Santa Monica-malibu USD, Ca are available on their [ESGView page](#).

Sources: US Census Bureau, Santa Monica-malibu USD, Ca's financial statements and Moody's Investors Service



## Appendix

Exhibit 5

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau)  RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Investors Service
<b>Financial performance</b>		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
<b>Leverage</b>		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Investors Service
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Investors Service

## Endnotes

- The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See [US K-12 Public School Districts Methodology](#) for more details.

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REPORT NUMBER

1382107

## CLIENT SERVICES

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EMEA	44-20-7772-5454

**Summary:**

**Santa Monica-Malibu Unified School  
District School Facilities Improvement  
District No. 1, California;  
Appropriations; General Obligation**

**Primary Credit Analyst:**

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Credit Highlights

Outlook

Related Research

**Summary:**

**Santa Monica-Malibu Unified School District  
School Facilities Improvement District No. 1,  
California; Appropriations; General Obligation**

Credit Profile		
US\$175.0 mil GO bnds ser C due 08/01/2050		
Long Term Rating	AA+/Stable	New

**Credit Highlights**

- S&P Global Ratings assigned its 'AA+' rating to Santa Monica-Malibu Unified School District (USD or the district) School Facilities Improvement District (SFID) No. 1 (Santa Monica Schools), Calif.'s estimated \$175 million series C (election of 2018) general obligation (GO) bonds.
- In addition, S&P Global Ratings affirmed its 'AA+' long-term rating on SFID No. 1's previously issued GO debt.
- Finally, S&P Global Ratings affirmed its 'AA+' long-term rating on the USD's GO debt outstanding and 'AA' long-term and underlying (SPUR) ratings on the USD's certificates of participation (COPs) outstanding.
- The outlook is stable.

**Security**

The GO bonds for SFID No. 1 are secured by unlimited ad valorem taxes levied on all taxable property within the improvement district. Bond proceeds will be used to fund renovations and improvements to school facilities in the improvement district.

The GO bonds issued by Santa Monica-Malibu USD are similarly secured by unlimited ad valorem taxes levied on all taxable property within the district. The school district's COPs represent an interest in lease payments the school district makes, as lessee, for the use of certain district facilities. We rate the COPs one notch below our view of the district's general creditworthiness to account for annual appropriation risk.

We believe the SFID and USD are very similar in credit quality, differing only in certain economy and debt ratios. In addition, the management team and associated operations of the SFID and the USD are identical. Therefore, our rationale mostly focuses on the credit quality of Santa Monica-Malibu USD.

**Credit overview**

The 'AA+' rating reflects our view of the district's very strong credit fundamentals, including a robust underlying economy and a history of strong finances underscored by significant revenue flexibility in comparison with that of state peers. As a community-funded (basic aid) school district, Santa Monica-Malibu USD's primary source of revenue is property taxes, which is supplemented by other locally derived revenues including a parcel tax (no sunset), sales tax levied in the City of Santa Monica (no sunset), facilities use/lease agreements, and contributions from its education

foundation. In 2023, these additional revenues accounted for \$70.7 million (33%) of general fund revenue, providing significant additional flexibility beyond the state's education funding model. In addition, the district is positioned to see its revenue base further bolstered from proceeds of the recently approved Measure GS, which imposes an additional tax on high value home sales in the City of Santa Monica. The proceeds of Measure GS will be split between funding for schools and affordable housing projects in the city.

In the near term, we understand that the USD's general fund reserves will moderate from historical highs following a planned use of fund balance to pay out a retroactive salary increase in fiscal 2023. Although down from their peak, available reserves are estimated to be about 16.6% of expenditures, which we consider very strong. In addition, we understand that the district will continue to target holding very strong reserves in the long term, given plans to formalize a minimum reserve balance equal to two months of expenditures. The fiscal 2024 budget includes a 5% net deficit in the general fund; however, the USD has a track record of outperforming its adopted budget.

SFID No. 1 is coterminous with the City of Santa Monica, representing approximately 66% of the USD's total assessed value (AV) for 2023-2024. The local economy is underscored by an affluent resident population and a broad tax base with a track record of consistent AV growth for over a decade. Although there is no remaining debt authorization for the USD or SFID No. 1, we understand that SFID No. 2 (Malibu Schools) has approximately \$80 million in remaining GO debt authorization.

We understand the USD has had longstanding discussions regarding institutional separation of Santa Monica Schools and Malibu Schools. We do not expect a formal division to occur in the near term, given various institutional hurdles, but discussions are ongoing.

For more information, see our report, "U.S. Local Governments Credit Brief: California School Districts Means And Medians" published Aug. 30, 2023, on RatingsDirect.

The rating reflects our view of the district's:

- Very strong economic base, reflecting its position in one of the state's largest economic centers, with above-average household incomes and a large and diversified tax base;
- Basic aid status, which limits potential budgetary impact of falling enrollment;
- 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 determined under California's funding formula;
- History of very strong reserves that is supported by formalization of longstanding practices;
- Good financial management practices, including a state-mandated framework of budget development and monitoring, multiyear budget forecasting, and formal policies for debt management and reserves; and
- Comparatively high per capita debt burden that remains low-to-moderate relative to the tax base, with limited credit risk tied to pension and other postemployment benefits. In our view, the district's very strong incomes support affordability of the existing debt burden, particularly given a track record of strong support for schools.

## Environmental, social, and governance

We analyzed the district's ESG factors relative to its economy, management, financial measures, and debt and liability profile. In our view, the district is exposed to certain acute physical risks, including flooding, seismic events, and wildfires; of note, wildfire hazards are more prevalent in the western portion of the district that includes the City of Malibu. We view social and governance risk as neutral in our credit analysis.

## Outlook

The stable outlook reflects our expectation that the district's underlying economy will continue to grow, supporting the USD's ability to manage and adjust its budget to sustain its very strong financial position.

### Downside scenario

We could lower the rating if fund balance decreased and was sustained at a level we no longer considered commensurate with that of similarly rated peers; if the district's local revenue flexibility was reduced or impaired; or if management pursued division, which we think would hamper the USD's ability to repay debt.

### Upside scenario

We raise the rating if the district sustained its available reserves at a materially higher level and there was no longer a risk of potential division of the school district.

Santa Monica-Malibu Unified School District, California -- key credit metrics					
	Characterization	Most recent	Historical information		
			2022	2021	2020
<b>Economic indicators</b>					
Population			112,379	112,973	114,218
Median household EBI % of U.S.	Very strong		154	153	150
Per capita EBI % of U.S.	Very strong		210	215	209
Market value (\$000)		74,675,254	65,703,187	63,036,221	59,388,257
Market value per capita (\$)	Extremely strong	663,832	584,657	557,976	519,955
Top 10 taxpayers % of taxable value	Very diverse		6.1	5.9	5.5
<b>Financial indicators</b>					
Total available reserves (\$000)		34,862	46,757	33,923	24,278
Available reserves % of operating expenditures	Very strong	16.6	25.6	19.1	14.4
Total government cash % of governmental fund expenditures			100.5	46.6	97.9
Operating fund result % of expenditures			8.8	6.0	0.1
Financial Management Assessment	Good				
Enrollment (ADA)		8,203	8,508	9,518	9,841
<b>Debt and long-term liabilities</b>					
Overall net debt % of market value	Low	2.7	3.0	2.7	3.0
Overall net debt per capita (\$)	High	18,208	17,346	15,176	15,639
Debt service % of governmental fund noncapital expenditures	High		33.7	40.5	35.9

### Santa Monica-Malibu Unified School District, California -- key credit metrics (cont.)

	Characterization	Most recent	Historical information		
			2022	2021	2020
Direct debt 10-year amortization (%)	Slow	33	35	39	32
Required pension contribution % of governmental fund expenditures			4.7	3.4	4.1
OPEB actual contribution % of governmental fund expenditures			0.5	0.4	0.9
Minimum funding progress, largest pension plan (%)			106.8	94.8	84.3

EBI--Effective buying income. OPEB--Other postemployment benefits.

### Santa Monica-Malibu Unified School District School Facilities Improvement District No. 1, California -- key credit metrics

	Characterization	Most recent	Historical information		
			2022	2021	2020
<b>Economic indicators</b>					
Population			92,240	92,837	93,826
Median household EBI % of U.S.	Very strong		148	146	144
Per capita EBI % of U.S.	Very strong		209	211	207
Market value (\$000)		48,957,135	43,832,540	42,217,044	39,520,310
Market value per capita (\$)	Extremely strong	530,758	475,201	454,744	421,209
Top 10 taxpayers % of taxable value	Very diverse	8.6	9.2	8.8	8.2
<b>Debt and long-term liabilities</b>					
Overall net debt % of market value	Moderate	3.2	3.2	2.8	3.0
Overall net debt per capita (\$)	High	16,788	15,069	12,752	12,770
Direct debt 10-year amortization (%)	Slow	9	14	23	32

EBI--Effective buying income.

## Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

### Ratings Detail (As Of September 21, 2023)

Santa Monica-Malibu Unif Sch Dist GO

Long Term Rating

AA+/Stable

Affirmed

Santa Monica-Malibu Unif Sch Dist rfdg GO bnds (federally taxable)

Long Term Rating

AA+/Stable

Affirmed



Ratings Detail (As Of September 21, 2023) (cont.)		
Santa Monica-Malibu Unif Sch Dist APPROP		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Santa Monica-Malibu Unif Sch Dist 2016 GO rfdg bnds (2020 Crossover Rfdg) ser C due 07/01/2035		
Long Term Rating	AA+/Stable	Affirmed
<b>Santa Monica-Malibu Unified School District, California</b>		
Santa Monica-Malibu Unified School District School Facilities District #1, California		
Santa Monica-Malibu Unif Sch Dist Sch Facs Dist No. 1 GO bnds		
Long Term Rating	AA+/Stable	Affirmed
Santa Monica-Malibu Unif Sch Dist (Santa Monica-Malibu Unified School District School Facilities District #1) GO bnds, election of 2018		
Long Term Rating	AA+/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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