

RESOLUTION NO. 18-01a

RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT ORDERING AN ELECTION IN SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 (SANTA MONICA SCHOOLS) TO AUTHORIZE THE ISSUANCE OF SCHOOL BONDS, ESTABLISHING SPECIFICATIONS OF THE ELECTION ORDER, AND REQUESTING CONSOLIDATION WITH OTHER ELECTIONS OCCURRING ON NOVEMBER 6, 2018

WHEREAS, the Santa Monica-Malibu Unified School District (the "District") in Los Angeles County (the "County"), State of California, is committed to providing quality education to all of its students; and

WHEREAS, the District's school facilities are in need of repairs, upgrades, modernization, renovation and safety improvements in order to provide the education District students deserve in a safe and modern environment; and

WHEREAS, a local funding source is needed to enable the District to provide said facilities for its present and future students; and

WHEREAS, following public notice, at a meeting of the Board of Education of the District (the "Board") on June 14, 2018, the District formed its School Facilities Improvement District No. 1 of the Santa Monica-Malibu Unified School District (Santa Monica Schools) ("SFID No. 1") pursuant to California Education Code 15300 and following (the "SFID Law") for the purpose of forming a sub-territory within the District composed of the property in the District in the portion of the District serving Santa Monica area students to enable the District to conduct a general obligation bond election within said SFID No. 1 and, if successful, issue general obligation bonds to finance voter-approved projects within SFID 1; and

WHEREAS, under the SFID Law, following formation of a school facilities improvement district, the governing board may provide for and call a bond election within the school facilities improvement district pursuant to Education Code Section 15264 and following; and

WHEREAS, the Board has determined that it is necessary to address the foregoing concerns, among others, to ensure that its facilities in SFID No. 1 are upgraded, repaired, improved and equipped; and

WHEREAS, on November 7, 2000, the voters of the State of California approved Proposition 39 ("Proposition 39"), which amended Articles XIII A of the California Constitution ("Article XIII A") to allow for the levy of *ad valorem* property taxes for the payment of bonded indebtedness of a school district, community college district or county office of education approved by at least 55 percent of the voters voting on such proposition; and

WHEREAS, upon the passage of Proposition 39, the Strict Accountability in Local School Construction Bond Act of 2000, being California Education Code Section 15264 and following (the “Act”), became operative; and

WHEREAS, in order to address the facilities needs of the District within SFID No. 1 as described herein, in the judgment of the Board, it is advisable to call an election pursuant to the SFID Law and the Act to submit to the electors of SFID No. 1 the question whether bonds of the District shall be issued and sold with respect to SFID No. 1 pursuant to the authority of Article XVI Section 18 of the California Constitution and Article XIII A (together with the SFID Law and the Act, the “Law”) for the purposes authorized by the Law and as described in Appendix A hereto (the “Full Text of Bond Measure”); and

WHEREAS, said local bond measure will include mandatory taxpayer protections, including an independent citizens’ oversight committee, mandatory annual audits to ensure funds are spent as promised, and require that proceeds only be spent on authorized projects and related costs and not on salaries or employee pensions; and

WHEREAS, under the Act, the election may be ordered at a primary or general election, a regularly scheduled local election at which all of the electors of the District are entitled to vote, or a statewide special election, upon a two-thirds vote of the Board; and

WHEREAS, the Board desires to call an election in SFID No. 1 pursuant to the Law on November 6, 2018, which is the date of the statewide general election, and pursuant to Education Code Section 15121 and Elections Code Section 10400 and following, to request consolidation with any and all other elections held in the District on such date, and to request the Los Angeles County Registrar of Voters (the “County Registrar”) to perform election services for the District; and

WHEREAS, in connection with the calling of a bond election and in accordance with Education Code Section 15100 subparagraph (c), the Board has obtained reasonable and informed projections of assessed property valuations that take into consideration projections of assessed property valuations made by the County assessor, if any; and

NOW, THEREFORE, THE BOARD OF EDUCATION OF THE SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Call for Election. The Board hereby orders an election and submits to the electors of within the boundaries of SFID No. 1 the question of whether general obligation bonds of the District shall be issued and sold with respect to SFID No. 1 in the maximum principal amount of \$485 million for the purposes described in the ballot measure approved under Section 4 and attached hereto as Appendix A (Full Text) and Appendix B (Abbreviated Text), and paying all costs incident thereto. This Resolution constitutes the order of the District to call such election and shall constitute the “specifications of the election order” pursuant to Education Code Section 5322.

Section 3. Election Date. The date of the election shall be November 6, 2018, and such bond election shall be held solely within the boundaries of SFID No. 1. The District Superintendent is authorized to provide the boundary map of SFID No. 1 and any

other required documentation or directions to the County Registrar to facilitate the conduct of the election within the boundaries of SFID No. 1.

Section 4. Purpose of Election; Ballot Measure. The purpose of the election shall be for the voters in SFID No. 1 to vote on a bond measure, a full copy of which is attached hereto as Appendix A and marked "Appendix A" (the "Full Text of the Measure"), containing the question of whether the District shall issue general obligation bonds with respect to SFID No. 1 for the purposes stated therein, together with the accountability requirements of Article XIII A and the requirements of Section 15272 of the Act. The Full Text of the Measure shall be printed in the voter information pamphlet provided to voters, commencing with the heading "FULL TEXT OF MEASURE ____" and including all of the text thereafter on Appendix A, with such measure designation as is assigned to the measure by the County elections official inserted by said official in the appropriate fields. As required by Education Code Section 5322 and Elections Code Section 13247, the abbreviated form of the measure to appear on the ballot label is attached hereto as Appendix B and is marked as "Appendix B – Abbreviated Form of Bond Measure."

The President of the Board and the Superintendent are hereby separately authorized and directed by the Board to make any changes to the text of the measure appearing on Appendix A and Appendix B hereto to conform to any requirements of the Law, applicable provisions of the Elections Code, the County Registrar or upon the advice of the District's legal counsel, by written direction provided to the County Registrar. This delegation expressly includes delegation to address changes in applicable law occurring after the date of adoption of this Resolution but prior to the election date.

Section 5. Authority for Election. The authority for ordering the election is contained in Section 15300 *et. seq.* of the Education Code, Section 15264 *et. seq.* of the Education Code, Article XVI Section 18(b) of the California Constitution and paragraph (b) subsection (3) of Article XIII A. The authority for the specification of this election order is contained in Section 5322 of the Education Code.

Section 6. Proceeds for School Facilities Projects. The Board certifies that the proceeds from the sale of the bonds will be used only for the purposes specified in Article XIII A, Section 1(b)(3) as further specified in Appendix A, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. Further, as required by Article XIII A, the Board hereby certifies that it has evaluated safety, class size and information technology needs in developing the list of school facilities projects set forth in Appendix A.

Section 7. Covenants of the Board upon Approval of the Bonds by the Electorate; Accountability Measures. As required by Article XIII A, Section 15278 of the Act, and Government Code Section 53410, in the event 55 percent of the voters voting in the District approve of the Bonds, the Board shall:

- (a) conduct an annual, independent performance audit to ensure that the funds have been expended only on the projects listed in Appendix A;
- (b) conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects listed in Appendix A;

- (c) establish and appoint members to an independent citizens' oversight committee in accordance with Sections 15278, 15280, and 15282 of the Act;
- (d) apply the Bond proceeds only to the specific purposes stated in the ballot proposition;
- (e) cause the creation of accounts into which bond proceeds shall be deposited; and
- (f) cause the preparation of an annual report pursuant to Government Code Sections 53410 and 53411.

Section 8. State Matching Funds. The Board hereby finds that some of the projects identified on the Full Text of Measure may require state matching funds for completion. As such, the statement required by Education Code Section 15122.5 has been included in the Full Text of Measure.

Section 9. Delivery of this Resolution. The Clerk of the Board is hereby directed to send a copy of this Resolution to (1) the County Registrar, and (2) the Los Angeles County Clerk of the Board of Supervisors (the "Clerk of the Board") for purposes of consolidation pursuant to Elections Code Section 10403. The Resolution shall be received by the County Registrar and the Clerk of the Board no later than 88 days prior to the election date, unless otherwise permitted by law.

The County Registrar is hereby requested to print the full text of the ballot measure in the ballot materials as it appears on Appendix A hereto and to provide all required notices of the election and other notices related thereto.

Section 10. Consolidation of Election; Request to Provide Services. The County Registrar and the Los Angeles County Board of Supervisors are hereby requested to consolidate the election ordered hereby with any and all other elections to be held on November 6, 2018 within the District.

Pursuant to Section 5303 of the Education Code and Section 10002 of the Elections Code, the Board of Supervisors of Los Angeles County is requested to permit the County Registrar to render all services specified by Section 10418 of the Elections Code relating to the election, for which services the District agrees to reimburse Los Angeles County in full upon presentation of a bill from the County, such services to include the publication of a formal Notice of School Bond Election and the mailing of the sample ballot and tax rate statement (described in Section 9401 of the Elections Code).

Section 11. Approval of Tax Rate Statement. Pursuant to Elections Code Section 9401, a tax rate statement has been prepared in the form attached hereto as Appendix C, which form of Tax Rate Statement is hereby approved for inclusion in the sample ballot. The President of the Board, the Superintendent, or any written designee of the foregoing, are hereby separately authorized and directed to execute the tax rate statement, and to file said Statement with the County Registrar, in accordance with Section 9 hereof.

Section 12. Ballot Arguments. As provided in Elections Code Section 9501, any and all members of this Board are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument.

Section 13. Maturity Limit of Bonds. The Bonds may be issued in one or more series by the District from time to time, and each series of Bonds shall mature not more than the legal limit at the time of such issuance thereof. The Bonds shall be issued under the Act, under the provisions of Section 53506 *et seq.* of the California Government Code, or under any other provision of law authorizing the issuance of general obligation bonds by school districts.

Section 14. Estimates Included in Ballot Materials. The measure authorized by this Resolution includes certain information to be presented to District voters regarding the estimated rate of the approved tax per \$100 of assessed valuation, and the period through which the proposed tax will be levied and collected, and other information. Estimates included on the appendices hereto have been provided by the District in good faith based upon information currently available to the District. The approximations and estimates depend on numerous variables which are subject to variation and change over the term of the District's overall facilities and bond financing plan. As such, such estimates and approximations are not intended by the Board to be additional restrictions on the District's bond program and bond issuances, and, other than the total principal amount of bonds authorized to be issued by the bond measure, do not represent legal maximums or additional limitations on bond issuance.

Section 15. Official Actions. The President of the Board and the Superintendent are hereby separately authorized and directed to execute and deliver to County officials any directions, requisitions or other writings, and to make any changes to the texts of the measure as described herein and in the tax rate statement, to conform to any legal requirements or the County Registrar, in order to cause the election to be held and conducted in the Improvement District.

Section 16. Appendices a Part of this Resolution. Appendix A, Appendix B and Appendix C hereto are deemed a part of and incorporated in full in the body of this Resolution.

Section 17. Effective Date. This resolution shall take effect on and after its adoption. If the District receives an opinion from its bond counsel that the requirements of Elections Code Section 13119 subdivision (b) (as amended by Assembly Bill 195 effective January 1, 2018) does not apply to the District's general obligation bond measure called herein and an alternate bond election resolution is filed with the County Registrar, the effectiveness of this resolution shall cease.

* * * * *

The foregoing Resolution was adopted by the Board of Education of the Santa Monica-Malibu Unified School District of Los Angeles County, being the Board authorized by law to make the designations therein contained by the following vote, on July 19, 2018.

Adopted by the following votes: *[5 'yes' Board member votes required for approval]*

AYES:

NOES:

ABSENT:

President of the Board of Education
Santa Monica-Malibu Unified School District,
Los Angeles County, California

ATTEST:

Secretary of the Board of Education
Santa Monica-Malibu Unified School District,
Los Angeles County, California

APPENDIX A

FULL TEXT OF MEASURE ____

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 (SANTA MONICA SCHOOLS)

This measure may be known as the “**Santa Monica Classroom Repair and Twenty-First Century Education Bond**” or “**Measure ____.**”

BOND AUTHORIZATION

By approval of this measure by at least 55 percent of the registered voters voting on the measure, the Santa Monica-Malibu Unified School District will be authorized to issue and sell bonds with respect to School Facilities Improvement District No. 1 (Santa Monica Schools) of up to \$485 million in aggregate principal amount at interest rates not to exceed legal limits and to provide financing for the specific types of school facilities projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this measure in order that the voters and taxpayers in the Improvement District may be assured that their money will be spent wisely. Expenditures to address specific facilities needs of the Improvement District will be in compliance with the requirements of Article XIII A, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

Evaluation of Needs. The School Board has identified detailed facilities needs of facilities in School Facilities Improvement District No. 1 (Santa Monica Schools) and the District has determined which projects to finance from a local bond. The School Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens’ Oversight Committee. Following approval of this measure, the School Board will establish an Independent Citizens’ Oversight Committee, under Education Code Sections 15278 and following, to ensure bond proceeds are expended only on the types of school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the School Board.

Performance Audits. The School Board will conduct annual, independent performance audits to ensure that the bond proceeds have been expended only on the school facilities projects listed below.

Financial Audits. The School Board will conduct annual, independent financial audits of the bond proceeds until all of those proceeds have been spent for the types of school facilities projects listed below.

Government Code Accountability Requirements. As required by Section 53410 of the Government Code, (1) the specific purpose of the bonds is set forth in this Full Text of the Measure, (2) the proceeds from the sale of the bonds will be used only for the purposes specified in this measure, and not for any other purpose, (3) the proceeds of the bonds, when and if issued, will be deposited into a building fund to be held by the Los Angeles County Treasurer, as required by the California Education Code, and (4) the Superintendent of the District shall cause an annual report to be filed with the Board of Education of the District not later than January 1 of each year, which report shall contain pertinent information regarding the amount of funds collected and expended, as well as the status of the projects listed in this measure, as required by Sections 53410 and 53411 of the Government Code.

NO TEACHER OR ADMINISTRATOR SALARIES

Proceeds from the sale of bonds authorized by this measure shall be used only for the purposes specified in Article XIII A, Section 1(b)(3), those being for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, and the acquisition or lease of school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

STATE MATCHING FUNDS

The following statement is included in this measure pursuant to Education Code Section 15122.5: Approval of this measure does not guarantee that the proposed project or projects that are the subject of bonds under this measure will be funded beyond the local revenues generated by this measure. The District's proposal for the project or projects described below may assume the receipt of matching state funds, which, if available, could be subject to appropriation by the Legislature or approval of a statewide bond measure.

USE OF ESTIMATES AND PROJECTIONS

Any estimates or projections in the bond measure or ballot materials, such as relating to estimated tax rates, the duration of issued bonds and related tax levies and collections are provided as informational only. Such amounts are estimates and are not maximum amounts or limitations on the terms of the bonds, the tax rate or duration of the tax supporting repayment of issued bonds. Such estimates depend on numerous variables which are subject to variation and change over the term of the District's overall facilities and bond financing plan, including but not limited to the amount of bonds issued and outstanding at any one time, the interest rates applicable to issued bonds, market conditions at the time of sale of the bonds, when bonds mature, timing of project needs and changes in assessed valuations in the District. As such, while such estimates and approximations are provided based on information currently available to the District and its current expectations, such estimates and approximations are not limitations and are not binding upon the District.

BOND PROJECT LIST

Scope of Projects. Bond proceeds will be expended on the modernization, renovation, expansion, acquisition, construction/reconstruction, rehabilitation, leasing and/or replacement of school facilities of the Santa Monica-Malibu Unified School District within School Facilities Improvement District No. 1 (Santa Monica Schools), including the furnishing and equipping of such school facilities. This measure authorizes bond projects to be undertaken at all current and future education and support sites within School Facilities Improvement District No. 1 (Santa Monica Schools).

School Facility Project List. The items presented on the following list are the types of projects authorized to be financed with voter-approved bond proceeds. Specific examples included on this list are not intended to limit the broad types of projects described and authorized by this measure. The types of projects authorized to be undertaken in School Facilities Improvement District No. 1 (Santa Monica Schools) are:

1. **School Safety and Security Upgrades.** Improvements, upgrades and/or repairs or replacements of District systems and facilities to achieve a safe, secure and accessible learning environment. Authorized projects include:
 - Security and access control systems including surveillance systems, fire alarms, sprinkler systems, alarm systems, communication systems and public address systems
 - Security/perimeter fencing and gates, security cameras, signage and site lighting
 - Replacement/repair of damaged or non-compliant playground equipment
 - Resurfacing playgrounds, walkways and parking areas
 - Replacement/removal of old building materials that are now known to be toxic, such as due to asbestos and lead paint
 - Ensure safe and barrier-free ADA compliant access at all facilities
2. **Repairing, upgrading, modernizing and replacing aging school facilities and buildings in the Santa Monica Area.** Upgrades, repairs, renovations and/or replacements to facilities, buildings and building systems to address deteriorating, aging, failed or failing facilities, buildings, systems and/or equipment, increase energy efficiency and/or air quality, bring all facilities and systems into current code compliance and provide modern school facilities. Authorized projects include:
 - Structural repairs and upgrades, roofing, replacement of windows, doors and building finish materials
 - Interior finishes: paint, ceiling and wall finishes, window coverings, flooring and casework
 - Heating, ventilation and air conditioning (HVAC) systems
 - Repairing inefficient and potentially faulty electrical systems
 - Repairing or replacing infrastructure including water, sewer, gas and related utility systems.
 - Electrical systems, including lighting, power distribution and control systems and other renewable energy systems such as wind turbines, solar panels and microgrids

- Plumbing including fixtures and repairs to sewer and water distribution systems
 - Upgrading, modernizing, renovating, replacing, equipping and furnishing District classrooms, academies, facilities for fine and performing arts, and other facilities including kitchens, cafeterias, multi-purpose rooms and bathrooms, including constructing additional bathrooms where needed
 - Replacement of temporary and aging portable classrooms with permanent or upgraded facilities
 - Renovating and/or constructing new educational and/or support facilities to replace and/or expand facilities at existing, adjacent or new sites, as the Board of Education may determine is necessary to improve the delivery of the District's educational programs and/or prevent overcrowding within the School Facilities Improvement District
 - Continue upgrading and reconstructing Santa Monica High School
3. **Technology and Science Modernization Projects.** Acquire, upgrade and install at school sites and District facilities up-to-date technology infrastructure and equipment to facilitate a modern learning environment including upgrading and equipping science, math and other project-based learning labs. Authorized projects include:
- Infrastructure such as wiring, switches, routers and wireless access infrastructure
 - Computers, devices and other modern instructional equipment
 - Hardware and software and back-up and recovery and security technologies
 - Science and laboratory modernization, including science equipment and instructional tools
 - Project-based and maker space facilities, learning materials and equipment, including specialized career technology educational tools and materials
4. **Renovations, upgrades and improvements to school sites/grounds and physical education/athletic facilities.** Repair, upgrade, renovate and improve school grounds, play fields and physical education facilities, including equipment. Authorized projects include:
- Restoration and upgrade of play fields and playgrounds, including play/fitness equipment and hardtop and asphalt surfaces
 - Repair, upgrade, replace and/or resurface, and equip physical education and athletic facilities, including outdoor tracks, gymnasiums, aquatics, locker rooms, bathrooms and all related facilities
 - Installation of shade structures, traffic control devices, lighting and/or bleachers and other seating
 - Mobility improvements, including drop off/pick up areas, circulation elements, safety/wayfinding/identity signage, and parking facility improvements, including resurfacing, expansion, signage and lighting
 - Installation of cost-effective, efficient landscaping and irrigation systems, including drought resistant landscaping
 - Repair, modernize, replace or add bathrooms where needed.

Each of the bond projects described in this Bond Project List include the costs of furnishing and equipping such facilities, and all costs which are incidental but directly related to the

types of projects described above. Examples of incidental costs include, but are not limited to: costs of design, engineering, architect and other professional services, facilities assessments, inspections, site preparation, utilities, landscaping, construction management and other planning and permitting, legal, accounting and similar costs; independent annual financial and performance audits; a customary construction contingency; demolition and disposal of existing structures; the costs of interim housing and storage during construction including relocation and construction costs incurred relating to interim facilities; rental or construction of storage facilities and other space on an interim basis for materials and other equipment and furnishings displaced during construction; costs of relocating facilities and equipment as needed in connection with the projects; interim classrooms and facilities for students, administrators, and school functions, including modular and parking facilities; federal and state-mandated safety upgrades; addressing unforeseen conditions revealed by construction/modernization and other necessary improvements required to comply with existing building codes, including the Field Act; access requirements of the Americans with Disabilities Act; costs of the election; bond issuance costs; and project administration during the duration of such projects, as permitted by law.

The scope and nature of any of the specific projects described above may be altered by the District as required by unforeseen conditions that may arise during the course of design and construction. In the event that a modernization or renovation project is more economical for or otherwise determined by the Board of Education to be in the best interests of the District to be undertaken as new construction, this bond measure authorizes land acquisition, relocation and construction at a new or alternative site, and/or reconstruction and/or repurposing on the original site, including an expanded site, and all costs relating thereto. In addition, this measure authorizes the acquisition of real property, including necessary rights of ways or other real property interests, required to expand District facilities, to provide access to school or other District facilities, or to provide additional school or related facilities. In addition, authorized projects include reimbursements for paid project costs and paying and/or prepaying interim or previously obtained financing for the types of projects included on the project list, such as bond anticipation notes, and including payment and prepayment of lease payments relating to projects and/or equipment previously financed.

Approval of the District's bond measure does not guarantee that all of the identified projects within this Bond Project List will be funded beyond what can be completed with local funds generated by the bond measure. The District may pursue funds from the State of California, if available, to complete certain of the identified facilities projects.

The order in which school facilities projects are listed in the foregoing Bond Project List does not suggest an order of priority. Project priorities will be determined by the Board of Education. The District is unable to anticipate all unforeseen circumstances which may prevent some of the projects listed above from being undertaken or completed.

APPENDIX B

ABBREVIATED FORM OF BOND MEASURE

SANTA MONICA CLASSROOM REPAIR AND 21st CENTURY EDUCATION BOND:

To improve, repair, and modernize outdated Santa Monica classrooms, science labs, libraries, instructional technology and other school facilities; improve school safety/security systems; shall Santa Monica-Malibu Unified School District's School Facilities Improvement District No. 1 (Santa Monica Schools) issue \$485 million of bonds at legal interest rates, averaging \$27.4 million raised annually to repay issued bonds through final maturity, from levies estimated at four cents per \$100 assessed value, with citizens' oversight, annual audits, and all funds benefitting Santa Monica schools?

Bonds—Yes

Bonds—No

APPENDIX C

TAX RATE STATEMENT

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 (SANTA MONICA SCHOOLS)

An election will be held in School Facilities Improvement District No. 1 (Santa Monica Schools) (the "Improvement District") of the Santa Monica-Malibu Unified School District (the "District") on November 6, 2018, to authorize the sale of up to \$485 million in bonds to finance school facilities in the Improvement District as described in the measure. If such bonds are authorized and sold, principal and interest on the bonds will be payable only from the proceeds of *ad valorem* tax levies made upon the taxable property in the Improvement District. The following information is provided in compliance with Sections 9400-9404 of the Elections Code of the State of California. Such information is based upon the best estimates and projections presently available from official sources, upon experience within the Improvement District, and other demonstrable factors.

Based upon the foregoing and projections of the Improvement District's assessed valuation, the following information is provided:

1. The best estimate of the average annual tax rate which would be required to be levied to fund this bond issue over the entire duration of the bond debt service, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.038 per \$100 of assessed valuation (or \$38 per \$100,000 of assessed value). The final fiscal year in which it is anticipated that the tax will be collected is 2053-54.
2. The best estimate of the highest tax rate which would be required to be levied to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is \$0.04 per \$100 of assessed valuation (or \$40 per \$100,000 of assessed value). It is estimated that such rate would be levied starting in fiscal year 2019-20 and following.
3. The best estimate of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is approximately \$987.9 million.

Voters should note the estimated tax rate is based on the assessed value (not market value) of taxable property on the County's official tax rolls. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Property owners should consult their own property tax bills and tax advisors to determine their property's assessed value and any applicable tax exemptions.

The attention of all voters is directed to the fact that the foregoing information is based upon projections and estimates only, which amounts are not maximum amounts and are not binding upon the District with respect to bonds of the Improvement District. The actual debt service, tax rates and the years in which they will apply may vary from those used to

provide the estimates set forth above, due to factors such as variations in the timing of bond sales, the par amount of bonds sold and market interest rates available at the time of each sale, actual assessed valuations over the term of the bonds, and other factors. The date and amount of bonds sold at any given time will be determined by the District based on the need for project funds and other considerations. The actual interest rates at which the bonds will be sold will depend on conditions in the bond market at the time of sale. Actual future assessed valuations will depend upon the amount and value of taxable property within the Improvement District as determined by the County Assessor in the annual assessment and the equalization process.

Superintendent
Santa Monica-Malibu Unified School District