PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2019

NEW ISSUE -- FULL BOOK-ENTRY

RATINGS: Moody's: "___"
Standard & Poor's: "___"
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 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein

$115,000,000*
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2012, Series E

***Dated:* Date of Delivery** ***Due:* August 1, 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") pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on September 19, 2019 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 6, 2012 (the "Authorization") which authorized the issuance of $385,000,000 principal amount of general obligation bonds to finance the renovation, construction and improvement of school facilities. The Bonds are the fifth and final series of bonds to be issued under the Authorization. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance."

***Security**.* The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Los Angeles County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

***Redemption**.* The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund 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 – 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, 2020. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer and Tax Collector of Los Angeles, California, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS."

MATURITY SCHEDULE
(see inside front cover)

Cover Page. This cover page contains certain 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. Norton Rose Fulbright US 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 _______ ___, 2019.*

RAYMOND JAMES

RBC Capital Markets

The date of this Official Statement is __________, 2019.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2012, Series E

Base CUSIP†: 802498

Maturity Date (August 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP†

$____ - ___% Term Bonds maturing August 1, 20__; Yield: ___%; Price: ____; CUSIP(†):_____

**Preliminary; subject to change.*

† CUSIP Copyright 2019, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriters take any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Bond owner and the District or the Underwriters.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriters.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriters. The Underwriters have provided the following statement for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. In connection with the offering of the Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriters.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Bonds.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

BOARD OF EDUCATION OF THE DISTRICT

Dr. Richard Tahvildaran-Jesswein, *President*
Jon Kean, *Vice President*
Oscar de la Torre, *Member*
Craig Foster, *Member*
Maria Leon-Vazquez, *Member*
Laurie Lieberman, *Member*
Ralph Mechur, *Member*

DISTRICT ADMINISTRATION

Dr. Ben Drati, *Superintendent*
Melody Canady, *Assistant Superintendent, Business and Fiscal Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association,
as agent of the Los Angeles County Treasurer and Tax Collector
Los Angeles, California

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$115,000,000*
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2012, Series E

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Santa Monica-Malibu Unified School District (the "**District**") of its General Obligation Bonds, Election of 2012, Series E, in the principal amount of $115,000,000* (the "**Bonds**").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District; Basic Aid Status. The District was established in 1875 and includes within its boundaries the City of Santa Monica and the City of Malibu, as well as an unincorporated portion of the County. The District is composed of two distinct geographical areas, the Malibu schools area to the north and the Santa Monica schools area to the south, which are divided by a portion of territory which is part of Los Angeles Unified School District. 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. For fiscal year 2019-20, the District's enrollment is budgeted for 10,298 students. The District's revenue sources include a number of local sources, including a voter-approved parcel tax, a share of the City of Santa Monica's voter-approved transaction use taxes to be used for educational purposes, and revenues produced by facilities use agreements with the City of Malibu and the City of Santa Monica.

For purposes of education funding in the State of California, the District is a "**Basic Aid**" (also referred to as a "**Community Supported District**"), meaning that the District's share of local property taxes exceeds it funding entitlement under the State's education funding formula, and as such, the District is entitled to keep local property taxes that exceed what the District would have received under the State's funding formula. The result is a stable funding base that is less reliant than State-funded school districts on State budgets.

See "APPENDIX A – General and Financial Information About the District" and "APPENDIX C - General Information about the City of Malibu, the City of Santa Monica, and Los Angeles County."

**Preliminary; subject to change.*

Authority and Purpose of Issue; Financing Plan. The Bonds will be issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the "**Bond Law**") and pursuant to a resolution adopted by the Board of Education of the District on September 19, 2019 (the "**Bond Resolution**"). The Bonds are the fifth and final series of bonds issued by the District pursuant to an election held by the District on November 6, 2012 (the "**Bond Election**") at which more than 55% of the qualified electors of the District authorized the District to issue general obligation bonds in a principal amount of $385,000,000 (the "**Authorization**"). The net proceeds of the Bonds will be used to finance school facilities of the District as approved by District voters at the Bond Election. See "THE FINANCING PLAN" and "THE BONDS – Authority for Issuance" and "SOURCES AND USES OF FUNDS" herein.

Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes levied and collected by the County. The Board of Supervisors of the County has the power and is obligated to annually levy an *ad valorem* tax for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

Form of Bonds. The Bonds are being issued as current interest bonds which will bear current interest and will mature in the years and in the amounts as set forth on the inside cover page hereof. 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 for the Depository Trust Company ("**DTC**"). Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – General Description of the Bonds" and "– Book-Entry Only System," and "APPENDIX F – DTC and the Book-Entry System."

Redemption. The Bonds are subject to redemption prior to maturity as described in "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel ("**Bond Counsel**"), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Norton Rose Fulbright US LLP, Los Angeles, California is serving as Underwriters' Counsel. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel is contingent upon the issuance of the Bonds.

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Bonds and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District at the Superintendent's Office at 1651 16th Street, Santa Monica, California 90404, Telephone: (310) 450-8338. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE FINANCING PLAN

The proceeds of the Bonds will be used to finance projects approved by the voters pursuant to the Authorization, including related costs of issuing the Bonds. The abbreviated form of the ballot measure (limited to 75 words or less) is as follows:

> *"To improve academic instruction and school safety by modernizing high school classrooms and campuses, repairing aging elementary schools, ensuring every school meets current earthquake and fire safety standards to protect students, and constructing, acquiring, modernizing, and/or repairing classrooms, sites, facilities, equipment, computers, and learning technology to raise student achievement, shall the Santa Monica-Malibu Unified School District issue $385,000,000 in bonds at legal rates, with independent fiscal oversight, mandatory audits, and all funds for Santa Monica and Malibu schools?"*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a specific list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Bonds. The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List.

See "DEBT SERVICE SCHEDULES" herein for the combined debt service due with respect to general obligation bonds and refunding general obligation bonds of the District, including the Bonds.

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of the Bond Law and the Bond Resolution. The District received authorization at the Bond Election by more than the requisite 55% vote of the qualified electors to issue general obligation bonds in a principal amount of $385,000,000. The District has previously issued four series of bonds pursuant to the Authorization. The Bonds are the fifth and final series of bonds issued by the District pursuant to the Authorization.

General Description of the Bonds

The Bonds will mature in the years and in the amounts as set forth on the inside cover page hereof. 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 for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "– Book-Entry Only System" and "APPENDIX F – DTC and the Book-Entry System."

The Bonds will be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an "**Interest Payment Date**"). Each Series E Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding the Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to January 15, 2020, being the first Record Date, in which event it will bear interest from the date the Bonds are delivered. Notwithstanding the foregoing, if interest on any Series E Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to participants in DTC's book entry system ("**DTC Participants**") who will remit such payments to the beneficial owners of the Bonds.

Paying Agent

U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer and Tax Collector of Los Angeles, California, will act as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send all payments with respect to principal and interest on the Bonds, and any notice of redemption or other notices to owners of the Bonds, only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any ultimate purchaser of the Bonds (each a "**Beneficial Owner**"), of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

The Paying Agent, the District, the County and the Underwriters of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Optional Redemption*

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a redemption price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

**Preliminary; subject to change.*

Mandatory Sinking Fund Redemption*

The Bonds maturing on August 1, 20__ (the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1 in the years and in the amounts as set forth in the following table at a redemption price equal to the principal amount thereof to be redeemed, without premium, together with interest accrued thereon to the redemption date. If any Term Bonds are optionally redeemed as described above, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 (or such other basis as the District may determine).

Term Bonds Maturing August 1, 20___

Redemption Date (August 1)	Sinking Fund Redemption

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Series E Bonds designated for redemption, at their addresses appearing on the records maintained by the Paying Agent for the registration of ownership and registration of transfers of the Bonds under the Bond Resolution. Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Bond Owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for the payment of the Bonds and the administration of its duties under the Bond Resolution as designated therein ("**Office of the Paying Agent**") for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption

Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

**Preliminary; subject to change.*

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent will have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Book-Entry Only System

The Bonds will be registered initially in the name of “Cede & Co.” as nominee of DTC, which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Bonds. Principal of the Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “APPENDIX F – DTC and the Book-Entry System.”

In the event that the securities depository (either DTC or its successor depository) determines not to continue to act as securities depository for the Bonds, or the District determines to terminate the depository as such, then the District will thereupon discontinue the book-entry system with such securities depository. In such event, the securities depository will cooperate with the District and the Paying Agent in the issuance of replacement Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the nominee of the securities depository, to the Paying Agent on or before the date such replacement Bonds are to be issued.

Registration, Transfer and Exchange of Bonds

Registration. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Bond Resolution.

Transfers of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the registration books required to be kept pursuant to the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds is surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers of Bonds will be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond which has been selected for redemption.

Exchange of Bonds. Bonds may be exchanged at the principal Office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. The District may charge a reasonable sum for each new Bond issued upon any exchange (except in the cases of any exchange of temporary Bonds for definitive Bonds). No exchange of Bonds is required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after it has been selected for redemption.

Defeasance

Any or all of the Bonds may be paid by the District in any of the following ways, provided the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

If the District pays all the Bonds that are outstanding and also pays or causes to be paid all other sums payable under the Bond Resolution by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Bond Resolution), and notwithstanding that any Bonds have not been surrendered for payment, the Bond Resolution and other assets made under the Bond Resolution and all covenants, agreements and other obligations of the District under the Bond Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided and described in the following paragraph.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described below) to pay or redeem any Bond that is outstanding (whether upon or prior to its maturity date or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given or proven satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the Owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

The Bond Resolution defines the term "**Federal Securities**" to mean United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

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SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Series E Bonds
Sources and Uses of Funds

<u>Sources of Funds</u>
Principal Amount of Bonds
Plus: Net Original Issue Premium
Total Sources

<u>Uses of Funds</u>
Deposit to Building Fund
Deposit to Debt Service Fund
Costs of Issuance [(1)]
Total Uses

(1) All estimated costs of issuance including, but not limited to, Underwriters' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent and the rating agencies.

APPLICATION OF PROCEEDS OF BONDS

Building Fund

The net proceeds from the sale of the Bonds will be paid to the County Treasurer to the credit of the fund created and established in the Bond Resolution and known as the "Santa Monica-Malibu Unified School District, Election of 2012, Series E Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The County will maintain separate accounting for the proceeds of the Bonds, including all earnings received form the investment thereof. Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bonds proceeds are authorized to be expended under the Authorization (which includes costs of issuing the Bonds). All interest and other gain arising from the investment of proceeds of the Bonds shall be retained in the Building Fund and used for the purposes thereof. At the written request of the District filed with the County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof will be withdrawn from the Building Fund and transferred to the Debt Service Fund established for the Bonds, to be applied to pay the principal of and interest on the Bonds. If excess amounts remain on deposit in the Building Fund after payment in full of the Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Bonds have been authorized.

Debt Service Fund

As described herein under the heading "SECURITY FOR THE BONDS – Debt Service Fund," the County will establish, hold and maintain a debt service fund for the Bonds to be designated the "Santa Monica-Malibu Unified School District Election of 2012, Series E General Obligation Bonds Debt Service Fund" (the "**Debt Service Fund**"), which the County will maintain as a separate account distinct from all other funds of the County and the District. The County Treasurer will administer the Debt Service Fund and make disbursements therefrom in the manner set forth in the Bond Resolution. Accrued interest and premium, if any, received by the County from the sale of the Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due.

Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District and, in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

Under California law, the District is generally required to pay all monies received from any source into the County Treasury to be held on behalf of the District. All amounts deposited into the Debt Service Fund, as well as proceeds of taxes held therein for payment of the Bonds, shall be invested in the County Investment Pool, the Local Agency Investment Fund of the California State Treasurer, any investments authorized pursuant to Sections 53601 and 53635 of the California Government Code, and investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of the Tax Code) in accordance with the investment policy of the County.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Annual Debt Service Schedule
Series E Bonds

Period Ending August 1	Principal	Interest	Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
Total			

Combined GO Bonds Debt Service Table. The District currently has outstanding series of general obligation or refunding general obligation bonds, including with respect to two school facilities improvement districts (**"SFID 1"** and **"SFID 2")** secured by *ad valorem* taxes outstanding. The following table shows the combined annual debt service schedule with respect to such obligations, together with the Bonds, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – General Obligation Debt" for additional information.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt

Period Ending Aug. 1	Election of 1998 Bonds	Election of 2006 Bonds(1)(2)(3)	Election of 2012 Bonds(2)	Refunding Bonds(2)(4)	SFID No. 1 Bonds(5)	SFID No. 2 Bonds(5)	The Bonds	Aggregate Debt Service
2020	$7,215,000.00	$7,744,102.40	$16,838,543.76	$10,396,618.76	$17,659,647.78	$6,071,076.25		
2021	7,280,000.00	6,712,102.40	10,172,343.76	12,032,118.76	18,947,200.00	6,932,150.00		
2022	7,300,000.00	6,878,702.40	10,299,143.76	12,457,568.76	3,690,000.00	1,137,950.00		
2023	6,340,000.00	7,052,502.40	10,432,343.76	12,873,668.76	2,998,200.00	906,150.00		
2024	--	9,457,327.40	10,572,843.76	13,240,318.76	3,102,600.00	938,150.00		
2025	--	9,751,793.00	10,718,043.76	13,560,668.76	3,212,400.00	973,750.00		
2026	--	10,268,211.40	11,497,843.76	13,938,818.76	3,327,300.00	1,005,750.00		
2027	--	10,669,452.80	11,737,743.76	14,440,868.76	3,442,100.00	1,038,350.00		
2028	--	11,076,388.40	12,669,593.76	14,962,218.76	3,561,300.00	1,074,350.00		
2029	--	11,502,781.40	13,000,493.76	15,496,762.50	3,684,500.00	1,113,550.00		
2030	--	11,933,429.90	13,330,093.76	16,058,475.00	3,816,700.00	1,152,350.00		
2031	--	12,394,675.40	13,682,143.76	16,439,612.50	3,951,700.00	1,192,550.00		
2032	--	8,530,814.00	14,579,293.76	18,699,000.00	4,089,300.00	1,235,550.00		
2033	--	10,204,187.50	14,998,093.76	18,258,725.00	4,230,400.00	1,281,000.00		
2034	--	9,953,554.20	15,426,968.76	16,350,775.00	4,380,800.00	1,324,650.00		
2035	--	9,137,662.70	15,879,868.76	16,480,650.00	4,530,050.00	1,371,500.00		
2036	--	24,013,000.00	16,349,018.76	--	4,693,000.00	1,416,400.00		
2037	--	14,242,800.00	16,831,168.76	--	4,854,400.00	1,467,000.00		
2038	--	--	16,353,381.26	--	5,022,650.00	1,519,400.00		
2039	--	--	16,804,881.26	--	5,198,650.00	1,573,400.00		
2040	--	--	17,290,956.26	--	5,382,850.00	1,628,800.00		
2041	--	--	14,587,906.26	--	5,569,450.00	1,685,400.00		
2042	--	--	14,937,875.00	--	5,767,850.00	1,743,000.00		
2043	--	--	9,192,750.00	--	5,967,050.00	1,806,400.00		
2044	--	--	--	--	6,176,450.00	1,865,200.00		
2045	--	--	--	--	6,395,050.00	1,934,400.00		
2046	--	--	--	--	6,616,400.00	1,999,900.00		
2047	--	--	--	--	6,846,200.00	2,071,950.00		
2048	--	--	--	--	7,088,850.00	2,145,250.00		
2049	--	--	--	--	7,333,600.00	2,219,650.00		
TOTAL	$28,135,000.00	$191,523,487.70	$328,183,337.72	$235,686,868.84	$171,536,647.78	$53,824,976.25		

[Footnotes appear on the following page]

[Footnotes for table on the prior page]

(1) Represents the gross debt service payments and does not include any expected federal subsidy payments.

(2) Principal due on July 1 of each year for outstanding Election of 2006, Series C-1 Bonds, Election of 2018, Series A and Series B Bonds, 2015 Refunding and 2016 Refunding Bonds.

(3) Prior to July 1, 2020, the Election of 2006, Series C-1 Bonds will continue to be an obligation of the District payable solely from ad valorem property taxes. On such date, the Election of 2006, Series C-1 Bonds are expected to be redeemed.

(4) Prior to July 1, 2020, the 2016 Refunding Bonds, Series C will be secured by and payable solely from the proceeds thereof on deposit into an escrow fund established therefor. From and after July 1, 2020, the 2016 Refunding Bonds, Series C will be payable solely from *ad valorem* taxes.

(5) The Bonds are secured by property taxes levied and collected solely within the boundaries of the applicable Improvement District.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Debt Payable from Ad Valorem Property Taxes. In addition to the District's general obligation bonds, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "– Direct and Overlapping Debt."

Levy and Collection*.* The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into the Debt Service Fund, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues*.* Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates*.* The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

The County will establish the Debt Service Fund for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy. The Debt Service Fund is pledged for the payment of the principal of and interest on the Bonds when and as the same become due, including the principal of any Bonds required to be paid upon the mandatory sinking fund redemption thereof. The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in accordance with the Bond Resolution. Amounts in the Debt Service Fund will be transferred by the County Treasurer to the Paying Agent to the extent necessary to pay the principal of and interest and redemption premium (if any) on the Bonds when due. In addition, amounts on deposit in the Debt Service Fund will be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If, after payment in full of the Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in the Debt Service Fund, the County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Assessed Valuation History. The table following shows a recent history of the assessed valuation of taxable property in the District.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2007-08 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2007-08	$30,979,608,027	$748,365	$945,897,733	$31,926,254,125	--
2008-09	34,149,910,669	743,365	1,068,927,968	35,219,582,002	10.30%
2009-10	35,503,955,528	743,365	1,013,023,685	36,517,722,578	3.69
2010-11	35,472,276,201	742,365	924,337,416	36,397,355,982	(0.33)
2011-12	36,630,191,253	742,365	945,862,922	37,576,796,540	3.24
2012-13	38,076,707,329	742,365	1,024,110,696	39,101,560,390	4.06
2013-14	40,617,029,286	742,365	1,019,369,137	41,637,140,788	6.48
2014-15	42,675,355,728	742,365	1,015,391,498	43,691,489,591	4.93
2015-16	45,872,429,243	--	1,004,302,267	46,876,731,510	7.29
2016-17	48,908,126,347	--	1,002,069,877	49,910,196,224	6.47
2017-18	51,184,249,150	--	1,038,846,486	52,223,095,636	4.63
2018-19	55,406,782,360	--	1,111,460,426	56,518,242,786	8.22
2019-20	-detail to come-	--	-detail to come-	59,388,256,644	5.07

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. General. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of natural and manmade factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, wildfires, flooding and related mudslides and earthquakes.

The District cannot predict or make any representations regarding the effects that recent wildfires (see following paragraph) or future wildfires, flooding, mudslides or any other natural or manmade disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

2018 Woolsey Fire. On November 8, 2018, a wildfire occurred (the **"Woolsey Fire"**) in portions of the County, Ventura County and including within the boundaries of the Malibu area of the District that spread to over 96,000 acres. The Woolsey Fire started in the mountains above the Simi Valley, near the Los Angeles and Ventura County borders, and was aggravated by Santa Ana winds, requiring the temporary evacuation of a substantial portion of the residents, including of the Malibu area, until it was subdued. District schools sustained minor damage, mostly smoke and soot infiltration, and all schools reopened four weeks after the fire. Enrollment has decreased by approximately 300 students for the Malibu area schools since the fire. According to the Los Angeles County Fire Department, the fire destroyed approximately 1,643 structures, and another 364 sustained damage. Within Malibu city limits, approximately 670 structures were destroyed, including approximately 400 single family homes. The County Assessor has a Misfortune and Calamity (**"M&C"**) claim process in accordance with Proposition 8 which provides for reductions in assessed valuations due to damage or destruction, and includes a tax deferral request element for taxes due in the year a calamity occurs. In addition, the Assessor also undertook proactive steps to reassess certain properties. According to the Los Angeles County Assessor's office, a total of approximately 1,200 M&C claims were filed with respect to County properties due to the Woolsey Fire, of which 248 were due to proactive Assessor reviews. Under Proposition 8, properties reassessed due to fire damage or destruction will be adjusted back to their original values, adjusted for inflation, when new construction and repairs are completed. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. The City of Malibu maintains information on its web site regarding building permit issuance within the City, including permits issued without regard to Woolsey fire properties, and specifically with regard to Woolsey damaged properties. For rebuild status in the City of Malibu, see: https://malibupermits.ci.malibu.ca.us/WoolseyRebuildStats.aspx?returnId=901 (the information contained in such website is not incorporated herein by reference). See also below discussion under "-Reassessments and Appeals of Assessed Values" regarding the reassessment process under Proposition 8. Notwithstanding the damage sustained in the Malibu area due to the Woolsey fire and the related reassessments, the fiscal year 2019-20 assessed valuation in the Malibu Improvement District provided by the County is $19.8 billion, which is an increase in assessed value of 4.3% from the prior year.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2019-20.

[2019-20 table on order]

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Assessed Valuations by Jurisdiction
Fiscal Year 2017-18

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Malibu	$15,777,156,047	30.21%	$15,777,156,047	100.00%
City of Santa Monica	34,426,836,639	65.92	$34,427,831,562	100.00%
City of Westlake Village	93,626	0.00	$3,528,924,758	0.00%
Unincorporated Los Angeles Cnty	2,019,009,324	3.87	$101,883,899,033	1.98%
Total District	$52,223,095,636	100.00%		
Los Angeles County	$52,223,095,636	100.00%	$1,424,902,177,619	3.67%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2019-20.

[2019-20 table on order]

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2017-18

	2017-18 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$11,018,008,686	21.53%	2,137	6.15%
Vacant Commercial	325,532,861	0.64	353	1.02
Industrial	788,184,080	1.54	263	0.76
Vacant Industrial	20,891,911	0.04	37	0.11
Recreational	191,464,941	0.37	41	0.12
Government/Social/Institutional	130,987,022	0.26	636	1.83
Miscellaneous	51,858,335	0.10	68	0.20
Subtotal Non-Residential	$12,526,927,836	24.47%	3,535	10.17%
Residential:				
Single Family Residence	$23,739,357,606	46.38%	12,864	36.99%
Condominium/Townhouse	6,965,191,386	13.61	10,419	29.96
Mobile Home Park	68,377,957	0.13	7	0.02
2-4 Residential Units	1,685,873,464	3.29	1,878	5.40
5+ Residential Units/Apartments	4,568,594,796	8.93	2,388	6.87
Vacant Residential	1,629,926,105	3.18	3,685	10.60
Subtotal Residential	$38,657,321,314	75.53%	31,241	89.83%
Total	$51,184,249,150	100.00%	34,776	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following table shows a breakdown of assessed valuation of single-family homes on a per parcel basis for fiscal year 2019-20

[2019-20 table on order]

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2017-18

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	12,864	$23,739,357,606	$1,845,410	$1,091,400
Condominiums	10,419	6,965,191,386	668,509	549,614
Total	23,283	$30,704,548,992	$1,318,754	$ 740,745

2017-18 Assessed Valuation	No. of SFR Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	646	2.775%	2.775%	$ 58,786,419	0.191%	0.191%
$100,000 - $199,999	1,639	7.039	9.814	248,996,813	0.811	1.002
$200,000 - $299,999	1,766	7.585	17.399	442,257,099	1.440	2.443
$300,000 - $399,999	1,863	8.002	25.401	652,817,056	2.126	4.569
$400,000 - $499,999	1,850	7.946	33.346	829,863,819	2.703	7.272
$500,000 - $599,999	1,694	7.276	40.622	931,186,097	3.033	10.304
$600,000 - $699,999	1,419	6.095	46.716	920,568,122	2.998	13.303
$700,000 - $799,999	1,636	7.027	53.743	1,235,221,959	4.023	17.325
$800,000 - $899,999	1,183	5.081	58.824	1,003,958,727	3.270	20.595
$900,000 - $999,999	999	4.291	63.115	946,259,549	3.082	23.677
$1,000,000 - $1,099,999	842	3.616	66.731	881,852,926	2.872	26.549
$1,100,000 - $1,199,999	654	2.809	69.540	749,305,276	2.440	28.989
$1,200,000 - $1,299,999	583	2.504	72.044	729,367,828	2.375	31.365
$1,300,000 - $1,399,999	537	2.306	74.350	724,958,085	2.361	33.726
$1,400,000 - $1,499,999	493	2.117	76.468	714,334,611	2.326	36.052
$1,500,000 - $1,599,999	427	1.834	78.302	661,774,266	2.155	38.208
$1,600,000 - $1,699,999	369	1.585	79.887	608,312,639	1.981	40.189
$1,700,000 - $1,799,999	334	1.435	81.321	583,669,953	1.901	42.090
$1,800,000 - $1,899,999	301	1.293	82.614	557,318,437	1.815	43.905
$1,900,000 - $1,999,999	258	1.108	83.722	503,073,110	1.638	45.543
$2,000,000 and greater	3,790	16.278	100.000	16,720,666,201	54.457	100.000
	23,283	100.000%		$30,704,548,992	100.000%	

(1) Improved single-family residential parcels and condominiums. Excludes parcels with multiple-family units.
Source: California Municipal Statistics, Inc.

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution” in Appendix A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation debt of the District) may be paid.

Typical Tax Rates

Below are historical typical tax rates in a typical tax rate area within the District.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
(TRA 8604 - 2018-19 Assessed Valuation: $______[(1)])
Fiscal Years 2014-15 through 2018-19

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
City of Santa Monica	.004916	.004699	.003904	.003764	.003764
Santa Monica-Malibu Unified School District	.076358	.070658	.070057	.073972	.073972
Santa Monica Community College District	.058729	.060095	.058862	.068451	.068451
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	$1.143503	$1.138952	$1.136323	$1.149687	$1.149687

(1) ____% of total District valuation.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the "**Teeter Plan**"), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes are actually collected.

The tables below show the secured tax charge and delinquency rate for the identified fiscal years, the first for the levy with respect to the one percent general fund apportionment, and the second for the levy for District bonded indebtedness.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquency Rates
Fiscal Years 2009-10 through 2018-19

Fiscal Year	Secured Tax Charge(1)	Amount Delinquent (June 30)	% Delinquent (June 30)
2009-10	$56,492,732.76	$1,941,350.65	3.44%
2010-11	56,532,420.57	1,358,709.47	2.40
2011-12	58,632,450.21	1,225,543.09	2.09
2012-13	61,371,375.89	1,105,346.31	1.80
2013-14	65,587,651.35	969,493.51	1.48
2014-15	69,111,984.70	998,384.20	1.44
2015-16	74,445,843.62	1,059,420.03	1.42
2016-17	79,171,920.72	943,633.44	1.19
2017-18	83,392,465.01	1,039,499.44	1.25
2018-19	[On order]		

Fiscal Year	Secured Tax Charge(2)	Amount Delinquent (June 30)	% Delinquent (June 30)
2009-10	$16,761,542.98	$545,044.46	3.25%
2010-11	17,098,362.60	388,896.66	2.27
2011-12	16,657,374.42	335,717.65	2.02
2012-13	21,616,397.51	504,824.58	2.34
2013-14	30,179,601.06	431,276.76	1.43
2014-15	32,807,894.14	487,748.15	1.49
2015-16	33,733,114.59	1,693,561.77	5.02
2016-17	33,866,420.79	496,949.68	1.47
2017-18	38,423,629.51	438,892.63	1.14
2018-19	[On order]		

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) Debt service levy only.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by local secured assessed valuation in fiscal year 2019-20. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

[2019-20 table on order]

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Largest Fiscal Year 2017-18 Local Secured Taxpayers

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total[(1)]
1.	CA Colorado Center LLC	Office Building	$521,975,699	1.02%
2.	Water Garden Realty Holding LLC	Office Building	505,881,684	0.99
3.	SC Enterprises SMBP LLC	Commercial	350,940,626	0.69
4.	Douglas Emmett LLC	Office Building	338,569,036	0.66
5.	Lantana Media Campus LLC	Office Building	331,344,168	0.65
6.	Office Block Investment LLC	Office Building	294,097,620	0.57
7.	Macerich SMP LP	Shopping Center	292,354,710	0.57
8.	Hart Arboretum LLC	Apartments	177,989,582	0.35
9.	Equity Office Properties Trust	Office Building	159,885,823	0.31
10.	New Santa Monica Beach Hotel LLC	Hotel	151,177,219	0.30
11.	SCRV SPE I LP	Commercial	142,663,701	0.28
12.	Jamestown Premier Malibu Village LP	Shopping Center	126,749,444	0.25
13.	Agensys Inc.	Industrial	124,262,510	0.24
14.	1299 Ocean LLC	Office Building	121,213,074	0.24
15.	Shores Barrington LLC	Apartments	121,145,627	0.24
16.	Ocean Avenue LLC	Hotel	118,471,713	0.23
17.	CLPF Arboretum LP	Office Building	116,557,778	0.23
18.	CSHV Pen Factory LLC	Industrial	114,946,604	0.22
19.	Blue Devils Owner LLC	Hotel	113,658,540	0.22
20.	Bridgton Realty LLC	Commercial	103,555,500	0.20
			$4,327,440,658	8.45%

(1) Fiscal year 2017-18 local secured assessed valuation: $51,184,249,150.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following table is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. dated as of September 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of September 1, 2019

[Table on order]

Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original issue premium**" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status*.* In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Form of Opinion*.* A copy of the proposed form of the opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above, including any opinion regarding federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

In addition, future legislation, if enacted into law, or clarification of the Tax Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Tax Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently is June 30), commencing March 31, 2019 with the report for the 2017-18 fiscal year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events pursuant to the Continuing Disclosure Certificate in the form attached to this Official Statement in "APPENDIX E – Form of Continuing Disclosure Certificate." The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in each Annual Report or other notices is summarized in "APPENDIX E – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The District has made prior undertakings pursuant to the Rule. A review of the District's prior undertakings and filings in the previous five years has been undertaken and instances of noncompliance which have been identified are not filing the annual report and audited financial statements for the 2016-17 fiscal year in a timely manner and the late filing of a rating upgrade with respect to outstanding certificates of participation that occurred in August 2018. Such filings have subsequently been made.

The District has appointed Isom Advisors, a Division of Urban Futures, Inc. to serve as dissemination agent for the Bonds and its other undertakings.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") and Moody's Investors Services ("**Moody's**") have assigned a rating of "___" and "___," respectively, to the Bonds. Such ratings reflect only the views of S&P and Moody's, and an explanation of the significance of such ratings may be obtained only from S&P and Moody's. The District has provided certain additional information and materials to S&P and Moody's (some of which does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P and Moody's, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc. ("**Raymond James**"), on behalf of itself and RBC Capital Markets, LLC ("**RBC**" and together with Raymond James, the "**Underwriters**"), has agreed to purchase the Bonds pursuant to a bond purchase agreement for the Bonds (the "**Bond Purchase Agreement**"). The Underwriters have agreed to purchase the Bonds at a price of $___________, representing the principal amount of the Bonds, plus original issue premium of $________ and less an Underwriters' discount of $___________. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds (if any are purchased), and it provides that the Underwriters' obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriters.

RBC and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

In addition, a member of the District's financing team from Raymond James currently holds a board of director position with the Santa Monica Education Foundation (the **"Foundation"**). The individual and Raymond James have contributed, and may continue to contribute, funds to the Foundation for use of all lawful purposes of such Foundation.

MISCELLANEOUS

Legality for Investment

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District or the proceedings and formation of the Improvement District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues within the Improvement District or (iii) contests the District's ability to issue and sell the Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which it reasonably expects could have a material adverse effect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, the fees and expenses of Norton Rose Fulbright US LLP, Los Angeles, California, as counsel to the Underwriters, and the fees and expenses of Isom Advisors, a Division of Urban Futures, Inc., as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

Additional Information

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents are available from the Underwriters and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

By: ________________________________
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this section concerning the operations of the District, its operating budget and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the main body of the Official Statement.

DISTRICT GENERAL INFORMATION

General Information

The District was established in 1875 and includes within its boundaries the Cities of Santa Monica and Malibu, as well as portions of unincorporated Los Angeles County. The District is composed of two distinct geographical areas, the Malibu schools area to the north and the Santa Monica schools area to the south, which are divided by a portion of Los Angeles Unified School District. The District currently operates ten 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 fifteen child care and development centers. For fiscal year 2019-20, the District's enrollment is budgeted for 10,298 students, and the District-wide total taxable property value is $59,388,256,644.

The District's revenue sources include a number of local sources which result in a significant amount of revenue for the District, including a voter-approved parcel tax, a share of the City of Santa Monica's voter-approved transaction use taxes to be used for educational purposes, and revenues produced by facilities use agreements with the City of Malibu and the City of Santa Monica. See "DISTRICT FINANCIAL INFORMATION - Other Local Revenues-Parcel Taxes and Sales Taxes." Regarding the District's organization, see also "-Possible Reorganization of the District" below.

Basic Aid Status/Community Supported District

Commencing in fiscal year 2017-18, the District's local property taxes have exceeded the State's calculated revenue limit for the District, resulting in the District being treated as a "**Basic Aid**" district for purposes of general purpose education funding by the State commencing in fiscal year 2017-18. As a Basic Aid District, the District does not receive a general purpose revenue limit entitlement from the State, but instead is entitled to keep its share of local property taxes in excess of the revenue limit available under the State's education funding formula known as the Local Control Funding Formula (the "**LCFF**"). A Basic Aid district is also referred to as a **"Community Supported District."** The District estimates that its benefit from Basic Aid status in fiscal year 2019-20 will be $5.1 million in revenues above what it would have received as a non-Basic Aid district in fiscal year 2019-20. The District expects to continue to have local property tax revenue in excess of its LCFF funding entitlement for the near future, particularly in light of recent increases in assessed values. For more information on the District's Basic Aid status, see "-Basic Aid/Community Supported District" below.

Administration

Board of Education. The District is governed by a seven-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board of Education are held every two years, alternating between three and four available positions. Current members of the Board of Education, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Dr. Richard Tahvildaran-Jesswein	President	December 2018
Jon Kean	Vice President	December 2020
Oscar de la Torre	Member	December 2018
Craig Foster	Member	December 2020
Maria Leon-Vazquez	Member	December 2020
Laurie Lieberman	Member	December 2018
Ralph Mechur	Member	December 2020

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations and supervises the work of other District administrators. Dr. Ben Drati serves as the Superintendent and Melody Canady serves as the Assistant Superintendent, Business and Fiscal Services of the District. Brief resumes of both individuals follow:

Dr. Ben Drati, Superintendent. Dr. Drati began his tenure as Superintendent of the District in January 2017. Previously, he served as Assistant Superintendent of Secondary Education for the Santa Barbara Unified School District for five years. Prior professional experience includes serving as a school principal, deputy principal and learning director for the Clovis Unified School District, and as an assistant principal for the Riverdale Joint Unified School District. Dr. Drati began his teaching career in 1997 as a chemistry teacher and football coach for Central High School, in the Central Unified School District. Dr. Drati earned his Bachelor of Science degree in biochemistry from Fresno State University, single-subject teaching and administrative credentials and a Master of Arts degree from National University, and a Doctor of Education degree in educational leadership from Fresno State University.

Melody Canady, Assistant Superintendent, Business and Fiscal Services. Ms. Melody Canady was appointed as the Assistant Superintendent, Business and Fiscal Services of the District, effective November 15, 2017. Bringing over twenty years in business services, human resources and labor relations experience to the District, Ms. Canady served as the chief business officer in the Pajaro Unified School District in Watsonville California from 2015-17, as the business/chief business officer for the Greenfield Union School District from 2007-15, and also has worked for the Orinda Union School District, Fresno Unified School District and Clovis Unified School District, starting her career for public school districts in 1998. Ms. Canady earned her Master of Arts in Education, with a major in Supervision and Administration, and a Bachelor of Science in Business Administration, Human Resources Management, both from California State University Fresno. In addition, she attended California Association of School Business Officials CBO mentor program and received her CBO Certificate in 2008.

Recent Enrollment Trends

The following table shows recent enrollment and average daily attendance history (**"ADA"**) for the District.

ANNUAL ENROLLMENT and AVERAGE DAILY ATTENDANCE
Fiscal Years 2012-13 through 2019-20 (Projected)
Santa Monica-Malibu Unified School District

School Year	Enrollment	Percent Change	ADA	Percent Change
2012-13	11,417	--	10,878	--
2013-14	11,341	(0.67%)	10,817	(0.56%)
2014-15	11,289	(0.46)	10,785	(0.30)
2015-16	11,249	(0.35)	10,705	(0.74)
2016-17	11,005	(2.17)	10,476	(2.14)
2017-18	10,806	(1.8)	10,294	(1.6)
2018-19*	10,626	(1.7)	10,116	(1.7)
2019-20*	10,298	(3.0)	9,995	(1.2)

*Estimated and Budgeted; annual figures as presented in fiscal year 2019-20 Budget.
Source: Santa Monica-Malibu Unified School District.

Employee Relations

In fiscal year 2019-20, the District has budgeted for 650 certificated, 692 classified and 103 management full-time equivalent positions. The certificated and classified employees (non-management) of the District are represented by two bargaining units, as set forth in the following table.

BARGAINING UNITS
Santa Monica-Malibu Unified School District

Employee Group	Representation	Contract Expiration Date*
Santa Monica-Malibu Classroom Teachers Association	Certificated	June 30, 2018
Service Employees International Union	Classified	June 30, 2018

**Parties perform pursuant to expired terms pending settlement.*
Source: Santa Monica-Malibu Unified School District.

Insurance – Joint Powers Agreements

The District is a member of three joint powers authorities ("**JPAs**"). The first is the Alliance of Schools for Cooperative Insurance Programs to provide property and liability insurance coverage, the next is the Schools Excess Liability Fund to provide excess property and liability insurance coverage, and the final is the Schools Linked for Insurance Management to provide workers' compensation insurance coverage. The relationship is such that the JPAs are not component units of the District for financial reporting purposes. These entities have budgeting and financial reporting requirements independent of member units, and audited financial statements are available from the respective entities.

Disclosure Regarding Possible Reorganization of the District

Certain residents of the District have undertaken efforts to initiate a reorganization of the District which would result in the creation of a new unified school district covering the portion of the District located in the City of Malibu, including petitioning the District to explore the feasibility of such a reorganization.

At its November 19, 2015 meeting, the District Board received a report from the District's Financial Oversight Committee (the **"FOC"**) regarding the potential financial impact of a reorganization of the District and the creation of a Malibu-only unified school district. The FOC concluded, among other things, that a Santa Monica-only unified school district would have significantly lower per-student funding levels as compared to the District.

At its December 17, 2015 meeting, the District Board approved the creation of a committee (the **"Malibu Unification Committee"**) and charged it with the responsibility of negotiating the terms under which the Board would consider initiating the process of reorganization. The Malibu Unification Committee is composed of six members, three of which represent the District and were appointed by the District Superintendent. The other three members represent the City of Malibu and were appointed by the Malibu City Manager. The District Board prioritized a number of objectives for the Malibu Unification Committee to consider as part of the negotiations, including eliminating any significant adverse financial effects that could be caused by a reorganization of the District. When the Malibu Unification Committee determined that the negotiations had been successfully completed, it was required to develop and submit a report to the District Board documenting the committee's conclusions.

The Malibu Unification Committee submitted to the District a memorandum report, dated February 24, 2017 (the **"Committee Report"**), which report was also presented to the District Board as a discussion item at a special meeting thereof held on March 7, 2017. The Committee Report summarizes the agreement (the **"Agreement"**) reached by the members of the Malibu Unification Committee, according to the priorities set out by the District Board. The Agreement includes, among other things, a revenue neutrality formula which would establish a schedule of payments to be made from a Malibu-only district to a Santa Monica-only district intended to eliminate any adverse financial effects of reorganizing the District. The Agreement would also establish methods for the division of District assets (including fund balances, buildings, land and school buses), and allocation of the District's general obligation bonded indebtedness and bonding authority among the two resulting school districts. The Committee Report also recommended, among the potential avenues for reorganization contained in the California Education Code, that the District Board consider proceeding with a reorganization entirely or partially through State legislation.

Following two community forums held in the Cities of Santa Monica and Malibu, at which the Committee Report was presented, the District Board discussed the Committee Report again at a meeting thereof held on May 30, 2017. At such meeting, the District Board requested that the Malibu Unification Committee continue its work, but no formal action was taken by the District Board to act on the recommendations of the Malibu Unification Committee.

Subsequently, School Services of California, Inc. provided the District Board with an independent analysis of potential revenue sharing arrangements that could mitigate the financial impacts of a future reorganization of the District, specifically on the Santa Monica area schools. A report dated February 22, 2018 entitled "Review of Revenue Options for District Reorganization" was presented to the District Board at a public meeting held on March 20, 2018. During the meeting, revenue sharing under a 50-year model and a charter pathway for Malibu area schools were examined, among other options. The District Board moved to approve the concept of a 50-year revenue sharing framework. The District Board directed the Superintendent to present this concept to the City of Malibu, and to ask the City of Malibu to withdraw or hold its unification petition pending agreement with or determining further details of the potential revenue sharing arrangement. The petition has not been withdrawn as of this date but is effectively stayed pending any further developments or decisions by the interested parties.

Further District Board actions consistent with possible separation of the two areas include (i) a District Board vote on June 28, 2018 to provide for separate fundraising by organizations in the Malibu schools area and in the Santa Monica schools area, whereas previously fundraising had been done on a combined District-wide basis, (ii) the formation of two separate school facilities improvement districts (**"SFIDs"**), one with boundaries relating to Malibu schools and the other with boundaries relating to Santa Monica schools, and (iii) obtaining separate bond authorizations within the distinct SFIDs.

There are many variables, criteria and conditions that must be met prior to a school district reorganization. These include statutory and regulatory requirements, approval or support of the Los Angeles County Office of Education and the State Department of Education, as well as a majority vote of the District's electors. A reorganization plan would also need to address financial matters, including the financial impacts on the remaining districts, and an allocation of bonded indebtedness. Although the District believes that reorganization may occur in the future, it cannot predict the terms of the reorganization, how long the reorganization proceedings may take, or if such reorganization will ultimately be accomplished. As such, the District makes no representation as to if or when the described proposed reorganization will occur, including whether any such proposal would meet all necessary legal requirements and conditions, and/or receive all necessary approvals, or what the financial consequences might be, if any.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in the State of California (the "**State**") receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the Constitution of the State. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the LCFF. Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and now have greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and is being phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. Full implementation occurred in fiscal year 2018-19.

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2019-20 are set forth in the following table.

Fiscal Year 2019-20 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2018-19 Base Grant Per ADA	2019-20 COLA (3.26%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,459	$243	$801	$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,043	295	243	9,572

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate.

County superintendents review and provide support to school districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently as a Basic Aid district.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Basic Aid/Community Supported District. Commencing in fiscal year 2017-18, the District became a Basic Aid District for purposes of State general purpose education funding. As a Basic Aid District, the District does not receive a general purpose revenue limit entitlement from the State, but instead is entitled to keep its share of local property taxes in excess of the funding entitlement under LCFF. In fiscal year 2019-20, the District expects approximately $5.1 million more in funding entitlement at a Basic Aid District, than it would have received if it were funded as a LCFF-funded school district. Continuing in Basic Aid status is in part a function of student enrollment figures and property value growth in the District. The District expects to continue to have local property tax revenue in excess of its LCFF entitlement for the near future.

Financial Statements

General. The District's Audited Financial Statements for the fiscal year ending June 30, 2018, were prepared by Moss, Levy & Hartzheim LLP, Certified Public Accountants, Culver City, California (the "**Auditor**"). Audited financial statements for the District for the fiscal year ended

June 30, 2018 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the Audited Financial Statements for fiscal year 2017-18. The District has not requested, and the Auditor has not provided, any additional review of such financial statements in connection with their inclusion in the Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the General Fund of the District for the fiscal years 2012-13 through 2015-16. Audited financial statement data for fiscal year 2016-17 and 2017-18 is presented in a separate table on the following page due to a change in presentation format.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2012-13 through 2015-16 (Audited)
Santa Monica-Malibu Unified School District

Revenues	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16
Revenue Limit Sources/LCFF[1]	$67,465,046	$69,622,777	$89,411,347	$84,050,735
Federal Revenue	4,649,349	4,336,823	4,100,724	4,743,062
Other State Revenue	13,147,436	7,844,697	6,348,209	13,923,989
Other Local Revenue[2]	42,230,978	43,171,067	43,942,246	44,559,683
Total Revenues	127,492,809	124,975,364	143,802,526	147,277,469
Expenditures				
Instruction	72,809,374	77,229,692	83,308,865	87,814,401
Instruction-Related Activities:				
Instructional Supervisions & Administration	4,345,716	4,353,524	4,979,233	5,626,373
Instructional Library, Media & Technology	1,248,666	1,340,311	1,304,840	1,409,792
School Site Administration	8,721,093	9,165,051	9,053,242	9,162,226
Pupil Services:				
Home-to-School Transportation	1,852,938	1,953,176	2,099,154	1,915,293
Food Services	13,605	23,765	27,254	84,112
All Other Pupil Services	8,561,595	8,928,933	9,990,840	11,482,927
General Administration:				
Centralized Data Processing	850,472	882,031	950,568	1,045,128
All Other General Administration	6,461,957	6,838,018	7,153,746	8,189,390
Plant Services	12,377,946	12,617,154	13,827,776	14,880,423
Facility Acquisition & Maintenance	--	--	--	--
Ancillary Services	793,921	835,991	793,885	734,140
Community Services	1,312,367	1,580,805	1,769,681	1,962,433
Transfers to Other Agencies	710	--	--	--
Debt service:				
Principal	--	24,353	50,900	49,106
Interest and Other	219,770	237	2,488	4,282
Total Expenditures	119,570,130	125,773,041	135,312,472	144,360,026
Excess (Deficiency) of Revenues Over/(Under) Expenditures	7,922,679	(797,677)	8,490,054	2,917,443
Other Financing Sources (Uses)				
Transfers In	--	--	--	--
Other Sources	117,155	--	137,119	--
Transfer outs	(200,000)	(307,452)	(430,119)	(584,491)
Total Other Financing Sources (Uses)	(82,845)	(307,452)	(293,000)	(584,491)
Net Change in Fund Balances	7,839,834	(1,105,129)	8,197,054	2,332,952
Fund Balances, Beginning of Fiscal Year (July 1)	20,542,710	28,382,544	27,277,415	35,474,469
Fund Balances, End of Fiscal Year (June 30)	$28,382,544	$27,277,415	$35,474,469	$37,807,421

(1) LCFF commenced in fiscal year 2013-14.
(2) The District has significant local funding sources. See below under the heading "-Revenue Sources - Other Local Revenues."
Source: District Audited Financial Statements for fiscal years 2012-13 through 2015-16.

Due to a format change in the District's audited financial data, information for fiscal years 2016-17 and 2017-18 are presented in the below table.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2016-17 and 2017-18 (Audited)
Santa Monica-Malibu Unified School District

Revenues	**Audited 2016-17**	**Audited 2017-18**
LCFF Sources[1]:		
State Apportionments	$8,585,979	$8,434,187
Education Protection State Aid	2,141,662	2,096,214
Local Sources	80,661,220	91,816,954
Federal	4,748,177	4,378,540
Other State	10,634,237	10,358,283
Other Local [2]	44,868,019	53,037,594
Total Revenues	151,639,294	170,121,772
Expenditures		
Certificated Salaries	66,353,977	65,715,527
Classified Salaries	29,292,786	30,863,996
Employee Benefits	40,192,280	43,075,617
Books and Supplies	5,409,377	3,539,712
Contract Services & Other Operating Exp.	14,914,638	16,431,823
Capital Outlay	891,868	1,759,433
Other Outgo	(434,179)	(495,453)
Debt Service:		
Principal	50,280	51,510
Interest	3,108	1,878
Total Expenditures	156,674,132	160,944,043
Excess of Revenues Over/(Under) Expenditures	(5,034,838)	9,177,729
Other Financing Sources (Uses)		
Transfers In	--	--
Transfers Out	(1,552,000)	(1,600,000)
Total Other Financing Sources (Uses)	(1,552,000)	(1,600,000)
Net Change in Fund Balance	(6,586,838)	7,577,729
Fund Balance, Beginning	37,807,421	31,220,583
Fund Balance, Ending	$31,220,583	$38,798,312(3)

(1) The above data is presented in separate table from prior years due to the use of different formats by the District's auditor.
(2) The District has significant local funding sources. See below under the heading "-Revenue Sources - Other Local Revenues."
(3) In fiscal year 2018-19, the ending balance was required to be restated due to the District's inadvertent receipt of ERAF funds from the County, which were returned during fiscal year 2018-19. See footnote 3 under the following table identifying unaudited actuals and budgeted figures for fiscal years 2018-19 and 2029-20, respectively.
Source: District Audited Financial Statements.

District Budget and Interim Financial Reporting

Budgeting – Education Code Requirements. The District is required under the Education Code of the State to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("**AB 1200**"), which became State law on October 14, 1991. Portions of AB 1200 are summarized in "--Interim Certifications Regarding Ability to Meet Financial Obligations" below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing school districts to use a dual budget adoption option. Instead, all school districts must be on a single budget cycle. A budget is only readopted if it is disapproved by the county office of education, or as needed.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, will determine if the budget includes the expenditures necessary to implement the local control and accountability plan and determine if the budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For a district whose budget has been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. In the past five years, each of the District's interim reports has been certified as positive, and each of its budgets has been approved by the County Superintendent. The District's budget for fiscal year 2019-20 was approved by the Board on June 27, 2019.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 1651 16th Street, Santa Monica, California 90404; telephone: (310) 450-8338. The District may impose charges for copying, mailing and handling.

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District's Fiscal Year 2018-19 Estimated Actuals and Fiscal Year 2019-20 Adopted Budget. The following table shows the income and expense statements for the District's General Fund for fiscal year 2018-19 (estimated actuals) and 2019-20 (adopted budget).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE[(1)]
Fiscal Year 2017-18 (Estimated Actuals) and 2019-20 (Budgeted)
Santa Monica-Malibu Unified School District

Revenues	2018-19 Estimated Actuals	2019-20 Adopted Budget
LCFF	$98,040,065	$100,355,024
Federal Revenues	4,742,592	4,172,786
Other State Revenues	5,723,747	3,590,548
Other Local Revenues[(2)]	52,465,167	51,440,166
Total Revenues	160,971,571	159,558,524
Expenditures		
Certificated Salaries	66,798,165	66,754,498
Classified Salaries	30,840,468	30,745,635
Employee Benefits	39,893,602	42,396,766
Books & Supplies	9,734,798	6,513,649
Contract Services & Operating Exp.	18,587,708	17,190,735
Capital Outlay	485,422	139,649
Other Outgo (Excluding Indirect Costs)	68,799	75,000
Other Outgo – Transfers of Indirect Costs	(562,157)	(613,963)
Total Expenditures	165,846,805	163,201,969
Excess of Revenues Over/(Under) Expenditures	(4,875,235)	(3,643,445)
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	(2,400,000)	(2,850,000)
Contributions	--	--
Total Other Financing Sources/(Uses)	(2,400,000)	(2,850,000)
Net Change in Fund Balance	(7,275,234)	(6,493,445)
Fund Balance, July 1	29,937,179[(3)]	22,661,945
Fund Balance, June 30	$22,661,945	$16,168,500

(1) Totals may not foot due to rounding.
(2) The District has significant local funding sources. See below under the heading "-Revenue Sources - Other Local Revenues."
(3) Fund balance as of July 1, 2018 has been restated by ($8,861,131) to reflect funds paid back to the County to reimburse it for ERAF funds inadvertently received by the District during fiscal year 2017-18 which, due to the District attaining Basic Aid Status during fiscal year 2017-18, the District was no longer entitled to.
Source: Santa Monica-Malibu Unified School District.

District Reserves In general, the State requires that California school districts of the District's size maintain the equivalent of 3% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of 3% of expenditures.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year

2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the school district level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The adopted State Budget for fiscal year 2019-20 provides for an initial deposit into the Public School System Stabilization Account of the State of approximately $400 million. This amount is not sufficient to trigger the reserve cap provided for by SB 858, as amended by SB 751. See also STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - 2019-20 Proposed and Adopted State Budget.

The District cannot predict when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - 2019-20 State Budget."

Attendance - LCFF/Basic Aid Funding

Funding Trends. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. With respect to the District, it became a Basic Aid district in fiscal year 2017-18, meaning it no longer receives funding based on ADA but instead is entitled to keep its full share of the local property tax apportionment. The following table sets forth education funding trends in the District for fiscal years 2013-14 through 2018-19 (Projected), not including other sources such as federal and local sources.

ADA AND LCFF/BASIC AID FUNDING TRENDS
Fiscal Years 2013-14 through 2017-18 (Projected)
Santa Monica-Malibu Unified School District

Fiscal Year	ADA(1)	Total LCFF/Basic Aid Funding
2013-14	10,817	$69,622,777
2014-15	10,785	89,411,347
2015-16	10,791	84,050,735
2016-17	10,709	91,388,861
2017-18	10,476	102,347,355
2018-19(2)	10,095	98,040,065
2019-20(2)	9,783	100,355,024

(1) P-2 and 2019-20 Budgeted.
(2) The District became a Basic Aid district commencing in fiscal year 2017-18. As Basic Aid, funding entitlement is not based on ADA but the District is entitled to keep its share of local property taxes which exceed its LCFF funding entitlement.
Source: Santa Monica-Malibu Unified School District.

As a Basic Aid District, the District currently receives approximately $5.1 million more than what it would have been entitled to under LCFF.

Unduplicated Count. The District's unduplicated pupil count for LCFF funding purposes is approximately 28 percent.

Revenue Sources

The District categorizes its general fund revenues into four sources, being the LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in fiscal year 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to. As described above, if a school district qualifies as a Basic Aid District, its funding is derived primarily from its share of local property taxes, not from State funding.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under No Child Left Behind, the Individuals With Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues*.* Other State Revenues consist primarily of apportionments for mandated costs reimbursements, special education master plan, and State lottery apportionments.

Other Local Revenues-Multiple Significant Sources*.* In addition to its share of local property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

Furthermore, the District receives substantial local revenues from voter-approved parcel taxes, education foundation revenues, a portion of voter-approved City of Santa Monica sales tax revenues, and joint facilities use agreements, as more fully described below.

> ***Parcel Tax Measure - Measure R****:* In February 2008, the District successfully passed Measure R with a 73% affirmative vote, whereby District voters authorized a $346 per parcel tax, subject to annual inflation and with no sunset provision. The proceeds from Measure R are budgeted in fiscal year 2019-20 to generate $12.2 million in local revenues.
>
> ***Santa Monica-Malibu Education Foundation****:* The District's Education Foundation raises donations for the District which have exceeded $2 million annually since fiscal year 2014-15. Starting in fiscal year 2018-19, the District operated two separate fundraising foundations, one for the Malibu area schools, and the other for the Santa Monica area schools. The District has budgeted for $2.046 million in foundation revenues in fiscal year 2019-20.
>
> ***City Sales Tax Measure (2010):*** In November 2010, the voters in the City of Santa Monica successfully passed Measure Y, authorizing an additional 0.5% transaction use tax in the City of Santa Monica. Measure YY was a companion advisory measure, asking voters if half of the revenue generated by Measure Y should go to education funding, which was also approved. Measure Y has no termination date. The District has budgeted for $7.6 million in Measure Y revenues in fiscal year 2019-20.
>
> ***City Sales Tax Measure (2016):*** In November 2016, the voters in the City of Santa Monica successfully passed Measure GSH, authorizing an additional 0.5% transaction use tax in the City of Santa Monica. Measure GSH was a companion advisory measure, asking voters if half of the revenue generated by Measure GSH should to education funding, which was also approved. Measure GSH has no termination date. The District has budgeted for $7.6 million in Measure GSH revenues in fiscal year 2019-20.
>
> ***Master Facilities Use Agreements.*** The District is party to master facilities use agreements (the "**Agreements**") with the City of Santa Monica and the City of Malibu. The Agreements are budgeted to provide approximately $9.3 million in revenue in fiscal year 2019-20. The Agreements are set to expire on June 30, 2022, although the Agreements may be renegotiated and extended.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriters.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX B - Audited Financial Statements of the District For Fiscal Year Ending June 30, 2018" for further information.

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Santa Monica-Malibu Unified School District

Fiscal Year	Amount
2011-12	$4,641,990
2012-13	4,495,038
2013-14	4,728,018
2014-15	5,351,836
2015-16	6,904,034
2016-17	6,814,032
2017-18	9,697,850
2018-19(1)	10,651,910
2019-20(1)	10,736,771

(1) Estimated Actual/Budgeted.
Source: The District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to fund the unfunded actuarial obligation with respect to service credited members of the STRS Defined Benefit Program before July 1, 2014, within 32 years. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate(1)
2019-20(2)	17.10%
2020-21(2)	18.40
2021-22	18.60
2022-23	18.10

(1) Expressed as a percentage of covered payroll. Rates may change based on actual experience and other factors.
(2). Fiscal year 2019-20 and 2020-21 employer contribution rates have been reduced as of adoption of the fiscal year 2019-20 State Budget. See the following paragraph.
Source: AB 1469.

The State's fiscal year 2019-20 budget includes certain pension relief provisions in the form of contributions by the State to STRS and PERS to relieve and reduce the employer contribution rates in the next two years. The STRS employer contribution rate for fiscal year 2019-20 is expected to be 17.1% (reduced from 18.13%) and for fiscal year 2020-21 is expected to be 18.4% (reduced from 19.10%).

PERS. The District contributes to the School Employer Pool under the PERS Retirement System, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by PERS. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Santa Monica-Malibu Unified School District

Fiscal Year	Amount
2011-12	$2,530,071
2012-13	2,691,403
2013-14	2,781,066
2014-15	3,032,057
2015-16	3,288,624
2016-17	3,288,625
2017-18	4,789,203
2018-19(1)	5,193,295
2019-20(1)	6,038,704

(1) Estimated Actual/Budgeted.
Source: The District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, was implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2020-21 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2020-21(1)

Fiscal Year	Employer Contribution Rate(2)
2019-20	19.721%
2020-21	22.700

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2019-20 State Budget. See the following paragraph
Source: PERS

The State's fiscal year 2019-20 budget includes certain pension relief provisions in the form of contributions by the State to STRS and PERS to relieve and reduce the employer contribution rates in the next two years. As a result of the State contributions, the employer contribution rates are expected to be approximately 1% less than previously identified by PERS.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, except the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 11 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriters for accuracy or completeness.*

Other Post-Employment Benefit Obligation

The Plan Generally. The District offers a post-employment benefits plan (the **"Plan"**). Certificated and management employees with at least 10 years of full-time equivalent service and age 55 or over may retire with District-paid medical and dental benefits. The classified agreement does not specify a minimum age and service for retirement, but the District's auditor has assumed that classified employees are subject to the same provisions as the other groups. The District contribution each year is set equal to the Blue Shield HMO or Kaiser HMO retiree-only premium plus the retiree-only premium for Delta Dental or Delta Care Dental. For retirees electing PERS Choice or PERS Care, the District contribution is limited to the Kaiser retiree-only premium. The supplemental District contributions end at age 65, at which point retirees may elect to continue coverage for their further lifetime under PEMHCA and receive the statutory minimum District contribution (currently $128.00/month).

As of the 2017-18 fiscal year, member of the Plan consists of 399 retirees and beneficiaries currently receiving benefits and 1,399 active plan members.

Contribution Information. The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. After the latest valuation report, in fiscal year 2015-16, the District established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

Irrevocable Trust. The District has established an irrevocable trust to fund its OPEB liability. The balance in the Trust as of June 30, 2019 was approximately $7.95 million.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017. A number of assumptions are used when determining the liability. See Note 10 in the audited financial statements attached as Appendix B.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
Santa Monica-Malibu Unified School District

	Total OPEB Liability
Balance at June 30, 2017	$40,194,946
Service Cost	2,016,686
Interest	1,974,060
Benefit payments	(1,445,115)
Net changes	2,545,631
Balance at June 30, 2018	$42,740,577

Source: District Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of $3,699,733.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of Appendix B to the Official Statement.

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Existing Debt Obligations

In addition to debt relating to pensions and OPEB, the District has outstanding general obligation bond indebtedness, certificates of participation and a tax and revenue anticipation note described below.

Outstanding General Obligation Bonds. The District currently has outstanding general obligation and refunding bonds secured by voter-approved *ad valorem* taxes, which are summarized in the following table.

SUMMARY OF OUTSTANDING
GENERAL OBLIGATION BOND INDEBTEDNESS*
Santa Monica-Malibu Unified School District

Series	Issue Date	Final Maturity Date	Interest Rates	Original Principal Amount	Outstanding Principal Amount*
District-wide GO Bonds					
Election 1998, Series 1999	5/26/1999	8/1/2023	3.20%-5.38%	$38,000,034	$8,280,231.95
Election 1998, Series 1999 Accreted Interest	--	--	--	--	16,391,456.55
Election 2006, Series C	7/14/2010	7/1/2023	3.00%-5.00%	10,690,000	1,150,000.00
2013 Refunding Bonds	1/8/2013	8/1/2032	2.00%-5.00%	45,425,000	41,625,000.00
Election 2006, Series D	3/19/2013	7/1/2037	0.17%-5.00%	82,995,327	59,590,000.00
Election 2012, Series A	7/29/2014	7/1/2037	1.00%-3.70%	30,000,000	7,730,000.00
Election 2012, Series B	7/1/2015	7/1/2040	1.00%-3.70%	60,000,000	36,280,000.00
2015 Refunding Bonds	11/10/2015	8/1/2034	3.25%-5.00%	47,915,000	47,915,000.00
2016 Series A Refunding Bonds	10/11/2016	7/1/2035	1.00%-4.00%	28,190,000	27,200,000.00
2016 Series B Refunding Bonds	10/11/2016	7/1/2032	3.00%	660,000	660,000.00
2016 Series C Refunding Bonds	10/11/2016	7/1/2035	2.00%-4.00%	52,140,000	52,140,000.00
Election 2012, Series C	6/21/2017	7/1/2042	3.125%-5.00%	60,000,000	34,175,000.00
Election 2012, Series D	9/6/18	8/1/2043	1.360-5.00%	120,000,000	120,000,000.00
SFID GO Bonds					
SFID 1, Election 2018, Series A	10/2/2019	8/1/2049	3.00%-4.00%	110,000,000	110,000,000
SFID 2, Election 2018, Series A	10/2/2019	8/1/2049	3.00%-4.00%	35,000,000	35,000,000
TOTALS:				**$721,015,361**	**$598,136,688.50**

*As of October 2, 2019
Source: District Audited Financial Statement.

Authorized Bonds -- 2019 Refunding General Obligation Bonds. The Board of Education of the District has also authorized at its meeting on September 19, 2019 the issuance of up to $110,000,000 in 2019 Refunding General Obligation Bonds, for the purpose of refinancing certain maturities of the 2006D and 2012D Bonds for interest cost savings.

Outstanding Certificates of Participation. The District currently has outstanding certificates of participation undertaken to provide financing for capital projects, which represent interests in lease payment payable by the District and budgeted and appropriated annually from the District's General Fund. The following table summarizes outstanding certificates of participation.

SUMMARY OF OUTSTANDING
CERTIFICATES OF PARTICIPATION*
Santa Monica-Malibu Unified School District

Issue Name	Issue Date	Final Maturity Date	Interest Rates	Original Principal Amount	Outstanding Principal Amount*
COPs of 2001, Series C	11/15/2001	05/01/2025	3.50%-5.40%	$15,206,501	$3,832,381.55†
2010 Refunding COPs, Series B	12/01/2010	05/01/2024	2.00%-5.00%	8,015,000	1,620,000.00
TOTALS:				**$23,221,501**	**$5,452,381.55**

*As of September 1, 2019.
† Does not include accreted interest.
Source: District Audited Financial Statement.

Short Term Borrowing – 2019-20 TRAN. The District participated in the Los Angeles County Schools Pooled Financing Program for tax and revenue anticipation notes relating to fiscal year 2019-20 to provide operating cash prior to the receipt of anticipated tax and other revenues. The District's note issue was for a principal amount of $23,505,000 and is due June 1, 2020.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G for information regarding the County's investment policy and quarterly report.

Effect of State Budget on Revenues

Public school districts in the State are generally dependent on revenues from the State for a large portion of their operating budgets, with Basis Aid Districts being an exception to this. School districts in the State generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts in the State is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" and "—Attendance —Revenue Limit and LCFF Funding" above). State funds typically make up the majority of a district's LCFF funding. School districts in the State also receive funding from the State for some specialized programs such as special education. Basic Aid school districts derive most of their funding from their share of local property taxes.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" below.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts is funding under the LCFF, which is a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). State funds typically make up the majority of a district's LCFF entitlement.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Corporation, nor the Underwriters are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State budget (the "**State Budget**") is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District or the Underwriters and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2019-20 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2019-20 Adopted State Budget

On June 27, 2019, the Governor signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of $214.8 billion, with $147.9 billion in general fund spending. The 2019-20 State Budget provides for $81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $2.7 billion, or 3.4%, from the 2018-19 State budget. Of that $81.1 billion, $62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

The 2019-20 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $16.5 billion by the end of the budget year, its constitutional maximum. Additionally, revenues have been set aside in new savings funds, including a $900 million reserve for safety net programs. Other significant features of the 2019-20 State Budget include:

- $1.5 billion anticipated in in Proposition 51 bond funds for school facilities and an additional $1.2 million of ongoing Proposition 51 bond funds;

- $5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;

- $300 million one-time funding to construct new or retrofit existing facilities to support full-date kindergarten programs;

- $645.3 million ongoing funding for special education, including $152.6 million to provide all Special Education Loan Plan Areas with at least the statewide target rate for base special education funding.

- $147.4 million one-time and ongoing funding to address the shortage of teachers;

- $918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;

- $518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding $530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

- one-time funding of $650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

Disclaimer Regarding State Budgets. The implementation of the foregoing State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2019-20 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriters or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriters assume any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budget. The complete 2019-20 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation*.* As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "**Article XIIIC**" and "**Article XIIID**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State Constitution to prohibit the State Legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. Proposition 22 was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending

December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over, $340,000 but less than $408,000 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the temporary tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "-Proposition 98" and "-Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the temporary State Sales and Use Tax increase enacted under Proposition 30, which expired as of January 1, 2017.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. SB 222 provides that said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF SANTA MONICA, THE CITY OF MALIBU, AND THE COUNTY OF LOS ANGELES

*The following information is included only for the purpose of supplying general information regarding the City of Santa Monica ("**Santa Monica**"), the City of Malibu ("**Malibu**") and Los Angeles County (the "**County**"). This information is provided only for general informational purposes, and provides prospective investors limited information about this region and its economic base. The Bonds are not a debt of Santa Monica, Malibu, the County, the State of California (the "**State**") or any of its political subdivisions, and none of Santa Monica, Malibu, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

Santa Monica. Santa Monica is located approximately 16 miles west of the City of Los Angeles. Santa Monica was incorporated in 1886 and encompasses 8 square miles, with a population of over 92,000. Santa Monica's City Council is made up of seven members elected at-large for staggered four-year terms. Every two years, after each election, the City Council selects one of its members to serve as Mayor and another to serve as Mayor Pro Tempore.

Malibu. Malibu is located approximately 45 miles west of the City of Los Angeles. The City was incorporated in 1991 and encompasses 20 square miles, with a population of over 12,000. Malibu's City Council is made up of five-members elected at-large to serve four-year terms, and the Mayor's Office is rotated annually among all councilmembers.

The County. Located along the southern coast of California, the County covers about 4,080 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The County includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties.

Almost half of the County is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the County is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the Los Angeles County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27% of the total county. About 16% of the land in the county was devoted to residential use and over two-thirds of the land was open space and vacant.

Population

The table on the following page lists population estimates for Santa Monica, Malibu, the County, and the State as of January 1 each year for the last five calendar years.

CITY OF SANTA MONICA, CITY OF MALIBU, LOS ANGELES COUNTY AND STATE OF CALIFORNIA

Population Estimates Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
City of Santa Monica	91,671	91,729	92,305	93,698	93,593
City of Malibu	12,927	12,935	12,939	13,011	12,046
Los Angeles County	10,149,661	10,180,169	10,231,271	10,254,658	10,253,716
State of California	38,912,464	39,179,627	39,500,973	39,740,508	39,927,315

Source: California Department of Finance, Demographic Research Unit.

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Employment and Industry

The seasonally adjusted unemployment rate in the County remained unchanged over the month to 4.6 percent in April 2019, from a revised 4.6 percent in March 2019 and was below the rate of 4.7 percent one year ago. Civilian employment increased by 16,000 to 4,894,000 in April 2019, while unemployment declined at 4,000 to 235,000 over the month. The civilian labor force decreased by 20,000 over the month to 5,129,000 in April 2019. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.0 percent in April 2019.

The California seasonally adjusted unemployment rate was 4.3 percent in April 2019, 4.3 percent in March 2019, and 4.3 percent a year ago in April 2018. The comparable estimates for the nation were 3.6 percent in April 2019, 3.8 percent in March 2018, and 3.9 percent a year ago.

The table below lists employment by industry group for the County for the past five years for which data is available.

LOS ANGELES-LONG BEACH-GLENDALE MD (LOS ANGELES COUNTY)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force	4,992,600	4,989,800	5,041,400	5,096,500	5,136,300
Employment	4,580,300	4,659,700	4,776,700	4,853,800	4,896,500
Unemployment	412,300	330,100	264,800	242,700	239,800
Unemployment Rate	8.3%	6.6%	5.3%	4.8%	4.7%
Wage and Salary Employment: (1)					
Agriculture	5,200	5,000	5,300	5,700	4,800
Mining and Logging	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	343,700
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Trans., Warehousing, Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial and Insurance	134,500	135,600	138,100	137,500	137,100
Real Estate, Rental & Leasing	76,700	80,000	81,700	84,100	85,900
Professional and Business Services	589,100	591,000	600,100	608,800	620,000
Educational and Health Services	725,000	745,900	772,700	800,600	823,600
Leisure and Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Federal Government	46,700	47,400	47,700	48,000	47,300
State Government	85,300	87,400	89,900	92,500	91,900
Local Government	424,200	433,700	439,100	445,600	450,400
Total All Industries (2)	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) May not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table lists the largest manufacturing and non-manufacturing employers within the County as of June 2019, in alphabetical order.

LOS ANGELES COUNTY
Largest Employers
June 2019

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
American Honda Motor Co Inc	Torrance	Automobile-Manufacturers
Cedar-Sinai Medical Ctr	West Hollywood	Hospitals
Deluxe Digital Media Mgmt Inc	Burbank	Audio-Visual Consultants
JET Propulsion Laboratory	Pasadena	Research Service
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
La County of Education	Downey	Educational Service-Business
LAC & Usc Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	Government Offices-City/Village & Twp
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
Paramount Special Events	Los Angeles	Motion Picture Producers & Studios
Radford Studio Ctr Inc	Studio City	Government-Operators-Nonresidential Bldg
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
UCLA Health System	Los Angeles	Physicians & Surgeons
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Ca Los Angeles	Los Angeles	University-College Dept/Facility/Office
Vxi Global Solutions	Los Angeles	Call Centers
Walt Disney Co	Burbank	Motion Picture Producers & Studios
Warner Brothers Studio	Burbank	Television Program Producers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd edition.

Commercial Activity

Summaries of historic taxable sales within Santa Monica, Malibu, and the County during the past five years in which data is available are shown in the following tables. Annual figures are not yet available for calendar year 2018.

Total taxable sales during the first quarter of calendar year 2018 in Santa Monica were reported to be $761,077,651, a 1.20% increase over the total taxable sales of $752,077,752 reported during the first quarter of calendar year 2017.

CITY OF SANTA MONICA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2013 through 2017
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	3,489	$2,309,281	4,860	$3,046,641
2014	3,556	2,369,902	4,902	3,150,659
2015(1)	3,512	2,452,622	5,354	3,236,937
2016	3,346	2,457,171	5,153	3,237,178
2017	3,279	2,391,704	5,088	3,225,239

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in Malibu were reported to be $72,109,294 a 6.87% increase over the total taxable sales of $67,472,463 reported during first quarter of calendar year 2017.

CITY OF MALIBU
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2013 through 2017
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	542	$242,856	759	$271,580
2014	571	268,802	807	296,208
2015(1)	567(1)	267,734	881	296,393
2016	556	283,572	871	313,303
2017	559	292,029	869	320,330

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $38,453,435,642, a 2.72% increase over the total taxable sales of $37,436,201,532 reported during the first quarter of calendar year 2017.

LOS ANGELES COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2013 through 2017
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015[1]	112,657[1]	108,147,021	310,063	151,033,781
2016	196,929	109,997,043	311,295	154,208,333
2017	197,452	113,280,347	313,226	159,259,356

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

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Effective Buying Income

Effective buying income ("**EBI**") is designated by Sales and Marketing Management Magazine as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis.

The following table summarizes the Household Effective Buying Income for Santa Monica, Malibu, the County, the State of California and the United States for the period 2015 through 2019.

CITY OF SANTA MONICA, CITY OF MALIBU,
LOS ANGELES COUNTY, CALIFORNIA AND UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Santa Monica	$3,955,085	$56,169
	City of Malibu	760,793	92,301
	Los Angeles County	214,247,274	46,449
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Santa Monica	$4,415,110	$62,387
	City of Malibu	811,003	96,159
	Los Angeles County	231,719,110	48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Santa Monica	$4,708,891	$65,424
	City of Malibu	821,404	94,284
	Los Angeles County	243,502,324	50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Santa Monica	$5,176,286	$73,156
	City of Malibu	864,163	97,042
	Los Angeles County	261,119,300	54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Santa Monica	$5,445,678	$77,148
	City of Malibu	881,658	99,700
	Los Angeles County	271,483,825	56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Construction Activity

Construction activity in Santa Monica, Malibu, and the County for the past five years for which data is available is shown in the following tables.

CITY OF SANTA MONICA
Total Building Permit Valuations
Calendar Years 2013 through 2017
(valuations in thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$16,602.1	$33,684.4	$33,009.1	$57,966.9	$53,399.5
New Multi-family	4,583.9	14,759.3	4,687.5	3,383.0	29,750.4
Res. Alterations/Additions	29,832.1	40,958.0	55,715.8	85,225.6	60,483.5
Total Residential	51,018.2	89,401.7	93,412.4	146,575.5	143,633.4
New Commercial	7,061.8	556,832.0	134,312.0	46,854.4	300,000.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	51.9	6,221.1	6,252.2	2,810.7	1,045.5
Com. Alterations/Additions	66,355.8	556,832.0	118,095.8	71,518.1	178,501.3
Total Nonresidential	73,469.5	1,119,885.1	258,660.0	121,183.2	479,546.8
New Dwelling Units					
Single Family	33	46	50	35	49
Multiple Family	47	65	18	5	125
TOTAL	80	111	68	40	174

Source: Construction Industry Research Board, Building Permit Summary.

CITY OF MALIBU
Total Building Permit Valuations
Calendar Years 2013 through 2017
(valuations in thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$13,241.5	$12,193.0	$16,935.0	$18,758.9	$35,883.3
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	20,910.1	11,195.1	5,358.8	13,199.0	16,634.3
Total Residential	34,151.5	23,388.1	22,293.8	31,957.9	52,517.6
New Commercial	3,610.5	252.0	4,400.0	1,244.0	3,411.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,272.2	2,135.3	1,800.2	7,587.0	3,677.9
Com. Alterations/Additions	18,666.8	2,276.0	670.0	7,676.0	7,111.0
Total Nonresidential	24,549.5	4,663.3	6,870.2	16,507.0	14,199.9
New Dwelling Units					
Single Family	10	10	17	9	17
Multiple Family	0	0	0	0	0
TOTAL	10	10	17	9	17

Source: Construction Industry Research Board, Building Permit Summary.

LOS ANGELES COUNTY
Total Building Permit Valuations
Calendar Years 2013 through 2017
(valuations in thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$1,523,457.5	$1,744,290.3	$1,897,829.7	$2,162,018.2	$2,352,614.8
New Multi-family	1,953,088.6	2,290,197.5	2,843,749.2	2,774,294.3	3,257,833.4
Res. Alterations/Additions	1,267,408.4	1,474,930.2	1,641,457.3	1,639,294.3	1,757,904.1
Total Residential	4,743,954.5	5,509,417.9	6,383,036.1	6,575,607.5	7,368,352.3
New Commercial	1,788,462.0	2,229,307.8	1,695,869.8	1,728,443.4	2,196,089.2
New Industrial	155,035.2	120,740.5	85,937.1	138,408.6	134,534.3
New Other	338,223.4	1,041,249.8	1,157,838.0	791,078.1	563,679.3
Com. Alterations/Additions	2,171,248.4	3,266,273.2	2,705,727.5	2,880,916.6	3,143,200.2
Total Nonresidential	4,452,969.0	6,657,571.3	5,645,372.4	2,657,930.1	6,037,503.0
New Dwelling Units					
Single Family	3,607	4,358	4,487	4,780	5,456
Multiple Family	13,243	14,349	18,405	15,589	17,023
TOTAL	16,850	18,707	22,892	20,369	22,479

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, California 90404

OPINION: $_________ Santa Monica-Malibu Unified School District
(Los Angeles County, California)
General Obligation Bonds, Election of 2012, Series E

Members of the Board of Education:

We have acted as bond counsel to the Santa Monica-Malibu Unified School District (the "District") in connection with the issuance by the District of $___________ principal amount of Santa Monica-Malibu Unified School District (Los Angeles County, California) General Obligation Bonds, Election of 2012, Series E, dated the date hereof (the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. ___ adopted by the Board of Education of the District (the "Board") on September 19, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Los Angeles County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District subject to taxation by the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_________
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
General Obligation Bonds
Election of 2012, Series E

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Santa Monica-Malibu Unified School District (the "District") in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Education of the District on September 19, 2019 (the "Bond Resolution"). U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer-Tax Collector of Los Angeles County is initially acting as paying agent for the Bonds (the "Paying Agent").

The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th).

"*Dissemination Agent*" means Isom Advisors, a Division of Urban Futures Inc., or any subsequent third-party dissemination agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, as agent for the Treasurer-Tax Collector of Los Angeles County, or any successor thereto.

"*Participating Underwriters*" means the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2020 with the report for the 2018-19 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriters.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) State funding received by the District for the last completed fiscal year;

(ii) Average daily attendance of the District for the completed fiscal year;

(iii) Outstanding District indebtedness;

(iv) Summary financial information on revenues, expenditures and fund balances for the District's general fund, reflecting adopted budget for the current fiscal year;

(v) The assessed valuation of taxable property within the District for the current fiscal year;

(vi) Secured tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District;

(vii) The twenty largest local taxpayers in the District in terms of their secured assessed valuations for the current fiscal year; and

(viii) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that District determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriters or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: ____, 2019

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

By:_________________________________
Name: ______________________________
Title:________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Santa Monica-Malibu Unified School District (the "District")
Name of Bond Issue:	$____________ Santa Monica-Malibu Unified School District (County of Los Angeles, California) General Obligation Bonds, Election of 2012, Series E
Date of Issuance:	____, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of _________, 2019. The District anticipates that the Annual Report will be filed by _____________.

Dated:_____________

DISSEMINATION AGENT

By: ______________________________
Its: ______________________________

cc: Paying Agent and Participating Underwriters

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. "DTC will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G

LOS ANGELES COUNTY INVESTMENT POLICY AND SUMMARY OF INVESTMENT REPORT