COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

August 5, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

SALE OF TAX AND REVENUE ANTICIPATION NOTES (TRANs)
SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
(THIRD DISTRICT) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Rescind Item # 66, the Resolution of the Board of Supervisors of the County of Los Angeles adopted on April 15, 2003 to authorize the issuance and sale of 2003-2004 Tax and Revenue Anticipation Notes (TRANs) in the principal amount of not to exceed $5,000,000.

2. Adopt the Resolution of the Board of Supervisors of the County of Los Angeles providing for the borrowing of funds in the name of the Santa Monica - Malibu Unified School District for Fiscal Year 2003-2004 and the issuance and sale of 2003 2004 TRANs in the principal amount of not to exceed $10,000,000.

3. Adopt the Official Notice of Sale.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

At the request of the District, your Board authorized $5,000,000 in TRANs on April 15, 2003. The District has now determined that additional TRANs are needed. It is therefore necessary to rescind the prior $5.000,000 authorization. No TRANs were issued using that authorization.

On July 31, 2003, the Board of Education of the Santa Monica - Malibu Unified School District adopted a Resolution determining that the District now needs to borrow funds in an aggregated principal amount not to exceed $10,000,000. The District is requesting that your Board issue tax-exempt TRANs on behalf of the District in an aggregate principal amount not to exceed $10,000,000.

Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the laws of the State are authorized to borrow money by the issuance of short-term notes. Such notes shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County following receipt of the district resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

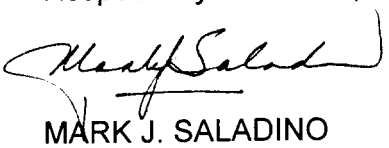
The Notes will mature no later than twelve months after the issuance date and will not exceed the interest rate permitted by law. The principal and interest payments of the Notes shall be payable from taxes, revenue and other moneys received by the District during or attributable to Fiscal Year 2003-2004.

The District has selected The Stiepel Group, Inc. as the Financial Advisor; and the firm of Richards, Watson & Gershon as Bond Counsel for the 2003-2004 issuance of TRANs. The attached Resolution provides for the competitive sale of the Notes by the Treasurer and Tax Collector.

CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:WGY
pb:Schools:SantaMonica-Malibu TRANsBdLtr 8-1-03

Attachments (2)

C: Chief Administrative Officer
Auditor-Controller
County Counsel
Santa Monica - Malibu Unified School District
Los Angeles County Office of Education
The Stiepel Group, Inc.
Richards, Watson & Gershon

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES PROVIDING FOR THE ISSUANCE OF SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, 2003-2004 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $10,000,000

WHEREAS, pursuant to Section 53850 et seq. of the Government Code of the State of California contained in Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof, (the "Act"), on or after the first day of any fiscal year (being July 1), a school district may borrow money by issuing notes for any purpose for which the school district is authorized to expend moneys, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of the school district; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of the school district by the board of supervisors of a county, the county superintendent of which has jurisdiction over the school district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing; and

WHEREAS, the County Superintendent of Schools (the "County Superintendent") of the County of Los Angeles (the "County") has jurisdiction over the Santa Monica-Malibu Unified School District (the "District"), and this Board of Supervisors (the "County Board") has received a resolution of the Board of Education of the District (the "District Board"), adopted on July 31, 2003, entitled "RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT RESCINDING RESOLUTION NO. 02-27, AUTHORIZING THE ISSUANCE OF 2003-2004 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $10,000,000, AND REQUESTING THE ISSUANCE OF SUCH NOTES BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES" (the "District Resolution"); and

WHEREAS, by adopting the District Resolution, the District Board has rescinded its prior request to the County Board for the issuance of notes pursuant to Act in the aggregate principal amount not to exceed five million dollars ($5,000,000) and, instead, has requested the borrowing of not exceeding ten million dollars ($10,000,000) at an interest rate not exceeding eight percent (8%), through the issuance by the County Board of 2003-2004 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District; and

WHEREAS, such Notes are payable twelve months after their date of delivery and such Notes shall be payable only from revenue received or accrued during the Fiscal Year 2003-2004 in which issued; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and the District Resolution specifies what unrestricted revenues to be received by the District for the General

Fund of the District during or allocable to Fiscal Year 2003-2004 are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act, and shall not in any way be payable from County moneys; and

WHEREAS, the Notes shall be in denominations of $5,000 or integral multiples thereof, as permitted by Section 53854 of the Act; shall be issued on a date to be designated, as permitted by Section 53853 of the Act; and shall be in the form and executed in the manner prescribed in the District Resolution and herein, as required by Section 53853 of the Act; and

WHEREAS, the County Board has no independent knowledge of but accepts the determination by the District Board that said $10,000,000 maximum principal amount of Notes to be issued by the County Board in Fiscal Year 2003-2004, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the Notes will not be outstanding after a period ending twelve months after the date on which such Notes are issued and the proceeds thereof will be allocated, within 13 months after the date on which such Notes are issued, to working capital expenditures which exceed available amounts, all as provided in Sections 1.148-2(e)(3) and 1.148-6(d)(3) of the Income Tax Regulations of the United States Treasury; and

WHEREAS, pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code; and

WHEREAS, the District Board has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and

WHEREAS, the District desires that such Notes be sold pursuant to a competitive sale as herein provided and desires the County Board to authorize the award of such Notes to the bidder submitting the lowest bid as provided herein;

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof. The County Board hereby determines to and shall issue in the name of the District an amount not to exceed $10,000,000 principal amount of Notes under the Act, designated "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2003-2004 Tax and Revenue Anticipation Notes" (the "Notes"); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in the denominations of $5,000, or integral multiples thereof, as determined in accordance with the Notice of Sale (as defined below); to be dated the date of delivery thereof, to mature (without option of prior redemption) 364 days from said date of delivery or, if such date is not a day on which banks in New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate or rates determined at the time of sale thereof, but not in excess of eight percent (8%) per annum. Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the office of the Treasurer and Tax Collector of the County (the "Treasurer"), who is hereby designated to be the paying agent with respect to the Notes (the "Paying Agent").

Section 2. Form of Notes. The Notes shall be issued in registered form, without coupons, and shall be substantially in the form set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, and shall be evidenced by one note in the full principal amount of the Notes. The Depository Trust Company, New York, New York is appointed depository for the Notes. Registered ownership may not be transferred except as set forth in Sections 3 and 4 hereof.

Section 3. Transfer and Exchange of Notes. In the event the Notes are no longer registered in the name of "Cede & Co.", the registration of any Note may, in accordance with its terms, be transferred, upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any Note shall be surrendered for registration or transfer, the Paying Agent shall execute and deliver a new Note, for a like aggregate principal amount. The Paying Agent shall require the Note owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Paying Agent may require the owner requesting such registration of transfer to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such registration of transfer. The Paying Agent may treat the registered owner of any Note as the absolute owner thereof for all purposes whatsoever in accordance with this Resolution, and the Paying Agent shall not be affected by any notice to the contrary.

Subject to the provisions of Section 4 hereof, Notes may be exchanged at the office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Notes in other authorized denominations. The Paying Agent shall require the payment by the

Note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The District may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such exchange.

Section 4. Use of Depository. (1) The Notes shall be initially registered as provided in Section 2 hereof. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section 4 (a "substitute depository"); *provided,* that any successor of Cede & Co., as nominee of The Depository Trust Company or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the Paying Agent, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Treasurer to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; *provided,* that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(2) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (1) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent, together with a request of the District to the Paying Agent, a new Note shall be executed and delivered in the aggregate principal amount of the Notes registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent together with a request of the District to the Paying Agent, new Notes shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such a request of the District; *provided,* the Paying Agent shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a request of the District. Thereafter, Notes shall be transferred pursuant to Section 3 hereof.

(3) The Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District;

and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Notes and neither the District nor the Paying Agent will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except the registered owner of any Notes.

(4) So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Paying Agent shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 5. Deposit of Note Proceeds. The moneys so borrowed shall be deposited in the General Fund of the District.

Section 6. Payment of Notes. (A) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during Fiscal Year 2003-2004 and which are available therefor, and are not payable from moneys of the County. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided in the District Resolution and by law. Notwithstanding anything to the contrary contained herein or in any document mentioned herein or related to the Notes, the County shall not have any monetary liability hereunder or by reason hereof or in connection with the transactions contemplated hereby and the Notes shall be payable solely from the moneys of the District available therefor as set forth in this Section and in Section 5 of the District Resolution.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, as provided in the District Resolution, the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 29, 2004; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2004; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2004 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the General Fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund of the full amount of Pledged Revenues to be deposited from unrestricted revenues in any month, then the amount of such deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

(C) Deposit of Pledged Revenues. The Pledged Revenues shall be held by the Paying Agent in a special fund designated as the "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2003-2004 Tax and Revenue Anticipation Notes Repayment Fund" (herein called the "Repayment Fund") and applied as directed in this Resolution. Any moneys accounted for in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys accounted for in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created.

(D) Disbursement and Investment of Moneys in Repayment Fund. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited in the Repayment Fund. After such date as the amount of Pledged Revenues deposited in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the General Fund of the District upon the request of the District. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund shall be invested as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time; provided that no such investments shall have a maturity date later than the maturity date of the Notes. To the extent that moneys invested or held by the County are subject to arbitrage rebate, neither the County nor any officer or employee of the County shall assume hereunder or under the provisions of any rebate certificate any duty or obligation to make the actual calculations of arbitrage rebate liability of the District, or to pay any such rebate or any penalties in regard thereto if the District miscalculates or fails to pay or cause such rebate or such penalties to be paid.

Section 7. Execution of Notes. The Treasurer, or a designated deputy thereof, is hereby authorized to sign the Notes manually or by facsimile signature; the Chair of the County Board is hereby authorized to sign the Notes manually or by facsimile signature; and the Executive Officer-Clerk of the County Board (the "Clerk"), or a designated deputy thereof, is hereby authorized to countersign the Notes manually or by facsimile signature, provided that at least one of the foregoing shall sign manually; the Clerk is hereby authorized to affix the seal of the County Board thereto by facsimile impression thereof; and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 8. Sale of Notes. The Notes shall be sold at a public sale upon the direction of the Treasurer, said public sale to be at the time and place and upon the terms provided in the Official Notice of Sale of the Notes, which Notice shall be substantially in the

form set forth as Exhibit B hereto and by reference incorporated herein (the "Notice of Sale"). Sealed bids for the purchase of the Notes shall be received by the Treasurer or the Treasurer's designee at the time and place set forth in the Notice of Sale. The Treasurer or the Treasurer's designee is authorized to distribute copies of the Notice of Sale. The County Board hereby authorizes publication in The Bond Buyer of a Notice of Intention to Sell (the "Notice of Intention to Sell") in substantially the form attached hereto as Exhibit C and made a part hereof by this reference, said Notice of Intention to Sell being required to be made in a financial publication generally circulated throughout the State at least 15 days prior to the sale of the Notes at competitive bid, pursuant to Section 53692 of the Government Code.

Section 9. Award and Delivery of Notes. The Treasurer or the Treasurer's designee is hereby authorized to award the Notes in an aggregate principal amount not exceeding the aforesaid sum to the bidder for the Notes providing the lowest net interest cost as provided in the Notice of Sale, provided that the interest rate on the Notes shall not exceed eight percent (8%) per annum. Upon award of the Notes to the successful bidder, (i) the Treasurer shall certify to the County Board and the District Board the principal amount of the Notes awarded, the maturity date of the Notes and the interest rate on the Notes, and (ii) appropriate officers of the County shall execute and deliver the Notes to the successful bidder. In the event two or more bids producing the same lowest net interest cost are received, the Treasurer shall determine the successful bidder by lot, in such manner as he shall determine. The Treasurer is further authorized, in his discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

Section 10. Resolution Relating to Prior Request Rescinded. This Resolution supersedes, in its entirety, the resolution adopted by this County Board on April 15, 2003, entitled "RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES PROVIDING FOR THE ISSUANCE OF SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT, COUNTY OF LOS ANGLES, STATE OF CALIFORNIA 2003-2004 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $5,000,000" (the "Prior Resolution"). The Prior Resolution is hereby rescinded and shall no longer have any effect immediately upon adoption of this Resolution.

Section 11. Actions Ratified and Further Actions Authorized. All actions heretofore taken by the officers and agents of the County with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the officers of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Notice of Sale, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions heretofore adopted by the County and District Boards.

Section 12. Recitals. All the recitals in this Resolution are true and correct and this County Board so finds, determines and represents.

Section 13. Designation as Qualified Tax-Exempt Obligation. As provided in the District Resolution, the District has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Appropriate officials of the County are hereby authorized and directed to take such other actions as may be necessary to assist the District in designating such Notes as "qualified tax-exempt obligations," including, if deemed necessary or appropriate, placing a legend to such effect on the Notes.

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted by the Board of Supervisors of the County of Los Angeles on the _____ day of _____, 2003.

VIOLET VARONA-LUKENS
Executive Officer - Clerk of the Board of
Supervisors of the County of Los Angeles

By: _____
Deputy

Approved as to Form:

LLOYD W. PELLMAN
County Counsel

By: Sheilah Curtis
Principal Deputy County Counsel

EXHIBIT A

FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. Or such other name as requested by an authorized representative of DTC and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

No. ___ $_____

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTE

RATE OF INTEREST:	NOTE DATE:	MATURITY DATE:	CUSIP:
_____%	_____, 2003	_____, 2004	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, the Santa Monica-Malibu Unified School District (the "District"), County of Los Angeles (the "County"), State of California, acknowledges itself indebted to and promises to pay the Registered Owner identified above, or registered assignee, at the office of the Treasurer and Tax Collector of the County (the "Paying Agent") in Los Angeles, California, the Principal Amount specified above in lawful money of the United States of America, on the Maturity Date set forth above, together with interest thereon at the Rate of Interest per annum set forth above, in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; *provided, however,* no interest shall be payable for any period after maturity during which the Registered Owner fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes (the "Notes") in the aggregate principal amount of _____ dollars ($_____) all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution (the "Resolution") of the Board of Supervisors of the County duly passed and adopted on _____, 2003, and a resolution of the Board of Education of the

District duly passed and adopted on March 20, 2003, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District during Fiscal Year 2003-2004. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 29, 2004; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2004; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from the unrestricted revenues of the District to be received in the month ending May 31, 2004 (such pledged amounts being hereinafter called the "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The County, the District and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County, the District nor the Paying Agent shall be affected by any notice to the contrary.

QUALIFIED TAX-EXEMPT OBLIGATION

This Note has been determined to be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, by resolution of the District.

IN WITNESS WHEREOF, the Board of Supervisors of Los Angeles County, California has caused this Note to be executed by the manual or facsimile signature of the Chair of the Board of Supervisors and the Treasurer and Tax Collector of the County and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors and has caused a facsimile of its official seal to be imprinted hereon this ____ day of _____, 2003.

_____
Chair of the Board of Supervisors

_____
Treasurer and Tax Collector

(SEAL)

Countersigned

_____
Executive Officer-Clerk of the
Board of Supervisors

==========

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____, whose tax identification number is _____, the within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

_____

_____

NOTE: Signature(s) must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

EXHIBIT B

OFFICIAL NOTICE OF SALE
$_____
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTES

NOTICE IS HEREBY GIVEN that sealed and telecommunicated unconditioned proposals will be received by the Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles, California (the "County") on behalf of the Santa Monica-Malibu Unified School District (the "District"), at the office of the Treasurer, 432 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, facsimile number (213) 625-2249 or (213) 687-4857 on _____,

_____ ___, 2003

at 10:30 A.M. for the purchase of all, but not less than all, of $_____ principal amount of Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2003-2004 Tax and Revenue Anticipation Notes (the "Notes"), more particularly described below. In the event that no bid is awarded, the District will receive bids each successive _____ at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes.

ISSUE: $_____, designated "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2003-2004 Tax and Revenue Anticipation Notes," consisting of registered notes, without coupons.

DATE AND MATURITY: The Notes will be dated the date of delivery, and will mature 364 days thereafter.

INTEREST RATE: The maximum interest rate bid may not exceed eight percent (8%) per annum, payable upon maturity of the Notes. Bidders must specify the rate of interest which the Notes shall bear, provided that: (i) all Notes shall bear the same interest rate; (ii) no Note shall bear more than one rate of interest; (iii) each Note shall bear interest from its date to its stated maturity at the interest rate specified in the bid; and (iv) the interest rate specified must be in a multiple of 1/1000 of one percent. Interest will be computed on a 30-day month/360-day year basis.

REDEMPTION: The Notes are not subject to call and redemption prior to maturity.

FULL BOOK ENTRY: The Notes, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

PAYMENT: Both principal and interest are payable on the maturity date of the Notes in lawful money of the United States of America at the office of the Treasurer as Paying Agent, in Los Angeles, California, to DTC, which will in turn remit such principal and interest to the beneficial owners of the Notes through DTC's Participants, as described in the Preliminary Official Statement relating to the Notes.

PURPOSE OF ISSUE: The Notes are to be issued in the name of the District by the County and are authorized pursuant to the provisions of Section 53850-53858 of the Government Code of the State of California and the provisions of resolutions of the Board of Education of the District (the "District Board") and of the Board of Supervisors of the County (the "County Board"), for any purpose for which the District is authorized to use and expend moneys.

SECURITY: The Notes are obligations of the District and shall not in any way be payable from County moneys, and as security for the payment of the principal of and interest on the Notes, the District pledges an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 29, 2004; plus an amount equal to fifty percent (50%) of the principal amount of the Notes, and an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from the unrestricted revenues received by the District in the month ending May 31, 2004. The term "unrestricted revenues" means taxes, income, revenue, cash receipts, and other money of the District which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

By statute, the Notes are declared to be a general obligation of the District and to the extent not paid from said pledged moneys shall be paid with the interest thereon from any other moneys of the District lawfully therefor. Under the provisions of the California Constitution with certain limited exceptions, the District is generally prohibited from incurring any indebtedness or liability exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of its qualified electors voting at an election called for such purpose.

TERMS OF SALE

WINNING BID: The Notes will be awarded on the basis of the lowest net interest cost including premium offered, if any. No bid for less than par will be entertained. In the event two or more bids producing the same lowest net interest cost are received, the Treasurer shall determine the successful bidder by lot, in such manner as he shall determine.

RIGHT OF REJECTION: The Treasurer is authorized, in his discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The County, acting through the Treasurer, will take action awarding the Notes or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals unless such time of award is waived by the successful bidder.

SUBSEQUENT BIDS: In the event that no bid is awarded, the County shall receive bids each successive _____ at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes.

DELIVERY AND PAYMENT: It is expected that delivery of the Notes in book-entry form will be made to the successful bidder through DTC in New York, New York, and payment of the purchase price of the Notes and delivery of the closing papers and opinions described herein will take place at the office of Richards, Watson & Gershon, 355 South Grand Avenue, 40th Floor, Los Angeles, California 90071, on _____ __, 2003. Payment of the purchase price must be made in funds immediately available to or at the direction of the Treasurer. The costs of registering the Notes in the name of Cede & Co., as nominee of DTC will be borne by the successful bidder.

RIGHT OF CANCELLATION: The successful bidder shall have the right at its option to cancel the sale if the County shall fail to execute the Notes and tender the same for delivery within 30 days from the date of sale thereof.

FORM OF BID: Bids must be for all of the Notes, and must be for not less than the par value thereof. Each bid must be either telecommunicated to the Treasurer, by facsimile transmission, at (213) 625-2249 or (213) 687-4857, or delivered, enclosed in a sealed envelope addressed to the Treasurer and Tax Collector of the County of Los Angeles, at 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, in either case not later than 10:30 A.M. on said date of sale, and endorsed "Proposal for Santa Monica-Malibu Unified School District, County of Los Angeles, California 2003-2004 Tax and Revenue Anticipation Notes." Each bid must be in accordance with the terms and conditions set forth herein, and must be submitted on, or in substantial accordance with, bid forms provided by the County. The prescribed form of bid for the Notes is attached hereto as Annex A and all bids must be submitted on such form. A bidder may confirm that its bid has been received by calling (610) 909-7010 or (213) 974-7175. Bids which do not conform to the terms of this paragraph will be rejected. Neither the County nor the District will be responsible for the inability of any bidder to deliver its bid by telecommunication promptly and legibly. **No bid check is required with submission of the bid.**

ESTIMATE OF NET INTEREST COST: Bidders are requested (but not required) to supply an estimate of the total **net interest cost** to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District or the County. For the purpose of calculating net interest cost, bidders should assume a **delivery date of _____ ___, 2003**.

CUSIP NUMBERS: CUSIP numbers will be applied for and will be printed on the Notes and the cost of service bureau assignment will be the purchaser's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Notes.

CERTIFICATION OF REOFFERING PRICE: The successful bidder shall be required, as a condition to the delivery of the Notes, to certify to the County in writing the price at which a

substantial amount of the Notes were sold to the public, in form and substance satisfactory to the County and Bond Counsel.

CHANGE IN TAX EXEMPT STATUS: At any time before the Notes are tendered for delivery, any successful bidder may disaffirm and withdraw its proposal if the interest received by private holders from notes of the same type and character shall be determined to be includable in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be determined to be includable in gross income by the terms of any federal income tax law enacted subsequent to the date of this notice.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to the State law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the successful bidder after the closing of the sale of the Notes.

DTC: The successful bidder will be required to pay the fees of DTC regarding underwriter eligibility for and utilization of the DTC book-entry system.

CLOSING PAPERS; LEGAL OPINION: Each proposal will be conditioned upon the District furnishing to each successful bidder, without charge, concurrently with payment for and delivery of the Notes, the following closing papers, each dated the date of such delivery:

(a) The opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, approving the validity of the Notes and stating that under existing statutes, regulations and court decisions, interest on the Notes is exempt from all present State of California personal income taxes and, assuming compliance with certain covenants and requirements, is excludable from gross income for federal income tax purposes (although such interest may be subject to the corporate, alternative minimum and environmental taxes);

(b) A certificate of an appropriate District official that there is no litigation threatened or pending affecting the validity of the Notes;

(c) A certificate of an appropriate District official, acting on behalf of the District solely in his official, and not in his personal capacity, that at the time of the sale of the Notes and at all times subsequent thereto, up to and including the time of the delivery of the Notes to the initial purchasers thereof, the Official Statement of the District pertaining to the Notes did not, and does not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(d) The signature certificate of the officials of the County, showing that they have signed the Notes and impressed the seal of the County thereon, and that they were respectively duly authorized to execute the same; and

(e) The receipt of the Treasurer to the effect that the purchase price of the Notes has been received by such officer.

In addition, the obligation of the County to deliver the Notes to the successful bidder is conditioned upon the receipt by the County of a certificate as to issue price, dated the date of delivery, duly executed by said bidder and in form and substance satisfactory to Bond Counsel.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District has undertaken, pursuant to a resolution of the District Board, to provide certain notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

INFORMATION AVAILABLE: Requests for information concerning the District should be addressed to:

Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, CA 90404
Attention: Assistant Superintendent, Business and Fiscal Services

The Stiepel Group, Inc.
22761 Pacific Coast Highway, Suite 1025
Malibu, CA 90265
(310) 456-9335

The Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the District for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement. The District will provide each successful bidder such number of printed copies of the Official Statement for this issue as such bidder may request. Up to 25 copies of the Official Statement will be furnished without cost within seven days of the sale, and any additional copies will be furnished at the expense of the bidder.

Dated: _____ __, 2003

SANTA MONICA-MALIBU UNIFIED
SCHOOL DISTRICT

By:_____
Superintendent

ANNEX A TO THE OFFICIAL NOTICE
OF SALE

(FORM OF BID)

PROPOSAL FOR
$
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTES

Pursuant to the Official Notice of Sale for the above referenced Notes (the terms of which are made a part of this bid) we offer to purchase $_____ principal amount, all or none, of the Notes designated as "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2003-2004 Tax and Revenue Anticipation Notes" ('he "Notes") at a purchase price of $_____.

The Notes will bear interest to maturity (calculated on the basis of a 30-day month and a 360-day year) at a rate of _____% per annum.

This proposal is subject to acceptance not later than twenty-six (26) hours after the expiration of the time for the receipt of proposals as specified in the Official Notice of Sale.

The Depository Trust Company, New York, New York ("DTC") will act as securities depository of the Notes. The Notes, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

We hereby request that _____ printed copies of the Official Statement (not to exceed 25 copies at the expense of the District) be furnished us in accordance with the terms of the Official Notice of Sale.

Assuming a delivery date of _____ __, 2003, our calculation of the net interest cost and net interest rate, which is considered to be informative only and not a part of the bid, is as follows:

Par Amount.....$_____
Total Interest.....$_____
Less Premium (if any).....($_____)
Net Interest Cost .....$_____
Net Interest Rate ..... _____%

I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

Name of firm_____

By_____

Address_____

City_____

State_____

Telephone(___)_____

Following is a list of the members of our account on whose behalf this bid is made:

_____

_____

EXHIBIT C

NOTICE OF INTENTION TO SELL

$_____
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT,
COUNTY OF LOS ANGELES, CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTES

NOTICE IS HEREBY GIVEN that sealed or facsimile bids will be received by the Los Angeles County Treasurer and Tax Collector on behalf of the Santa Monica-Malibu Unified School District (the "District"), for the purchase of the above-captioned Notes at 10:30 A.M., Pacific Daylight Time, on _____,

_____ __, 2003

at the office of the aforesaid Treasurer and Tax Collector, 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, facsimile no. (213) 625-2249. In the event that no bid is awarded, the County will receive bids each successive _____ at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes. A Preliminary Official Statement and an Official Notice of Sale relating to the Notes will be furnished upon request to The Stiepel Group, Financial Advisor to the District, at (310) 456-9335.

Dated: _____ ___, 2003

SANTA MONICA-MALIBU UNIFIED
SCHOOL DISTRICT

By:_____
Superintendent

TO: BOARD OF EDUCATION

ACTION/MAJOR
07/31/03

FROM: JOHN E. DEASY/KENNETH R. BAILEY

RE: ADOPT RESOLUTION NO. 03-03 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

RECOMMENDATION NO. A.34

It is recommended that the Board of Education approve the attached resolution authorizing the District to issue Tax and Revenue Anticipation Notes (TRANS) for the 2003-04 fiscal year. The TRANS will be issued for one year in an amount of $10,000,000.

COMMENTS: TRANS are short-term debt instruments issued by school districts throughout the State to create additional cash funds for the General Fund - Unrestricted. In this District, these cash funds will act as a cushion to the General Fund - Unrestricted in the event that the District experiences temporary cash flow needs. These cash flow needs may occur as a result of the timing mismatch between the receipt of revenues and the expenditure of General Fund - Unrestricted monies.

The board had previously approved a $5,000,000 TRANS issue for the 2003-04 fiscal year. Subsequent to that approval at the March 19, 2003 Board Meeting, it has been determined that a $10,000,000 TRANS issue more appropriately matches the District's cash flow needs.

MOTION MADE BY: Dr. Escarce
SECONDED BY: Mr. de la Torre

STUDENT ADVISORY VOTE: n/a
AYES: All (4)
NOES: None (0)
ABSTENTIONS: None (0)

RESOLUTION NO. 03-03

RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2003-2004 TAX AND REVENUE ANTICIPATION NOTES AND REQUESTING THE ISSUANCE OF SUCH NOTES BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES

WHEREAS, pursuant to Sections 53850 *et seq.*, of the Government Code of the State of California (the "Act") contained in Title 5, Division 2, Part I, Chapter 4, Article 7.6 thereof, the Santa Monica - Malibu Unified School District (the "District"), on or after the first day of its 2003-2004 fiscal year, may borrow money by issuing notes in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the District attributable to its fiscal year ending June 30, 2004, for any purpose for which the District is authorized to expend moneys, including but not limited to current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes may be issued by the appropriate County Board of Supervisors on behalf of the District upon the authority of a resolution of the governing board of the District; and

WHEREAS, this Board of Education (the "District Board"), being the governing board of the District, desires the assistance of the Board of Supervisors of the County of Los Angeles (the "County Board") in the borrowing of not to exceed $10,000,000 by the issuance of notes hereby designated as the "Santa Monica - Malibu Unified School District 2003-2004 Tax and Revenue Anticipation Notes" (the "Notes"); and

WHEREAS, pursuant to the Act, the Notes shall be payable no more than 12 months after the date of issue, and the Notes shall be payable only from revenue received or accrued during the fiscal year in which the Notes were issued; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys of the District), to the repayment of the Notes, which shall be issued as a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof, shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes to be issued hereunder in Fiscal Year 2003-2004 when added to the interest payable thereon, may not and do not exceed 85 percent of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of principal of the Notes and the interest thereon, as required by Section 53858 of the Act;

NOW, THEREFORE, this Board of Education of the Santa Monica - Malibu Unified School District hereby determines and resolves as follows:

Section 1. Recitals. All of the recitals set forth herein are true and correct, and the District Board so finds and determines.

Section 2. Authorization of Issuance of Notes: Terms Thereof. The District Board hereby authorizes the issuance of the Notes in a principal amount not to exceed $10,000,000, with the final principal amount to be determined by the Superintendent of the District (the "District Superintendent") after consultation with the Financial Advisor (defined in Section 8 below). The Notes are to be numbered from one consecutively upward in order of issuance, to be in the denominations of $5,000, or integral multiples thereof, as determined by the Treasurer and Tax Collector of the County (the "County Treasurer"); to be dated the date of delivery thereof; to mature (without option of prior redemption) 12 months after their date of issue; and to bear interest, payable at maturity and computed on a 30-day month and 360-day year basis, at the rate or rates determined at the time of sale thereof.

Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America. The County Treasurer is authorized to act as a trustee, fiscal agent, paying agent, dissemination agent and/or presentation agent (the "Fiscal Agent") in connection with the Notes, and the County may also appoint an agent or other third party to perform any or all of such duties.

Section 3. Form of Notes. The Notes shall be issued in fully registered form (except as otherwise provided herein), and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by this reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures (described in Section 6 below) as the County Treasurer may determine and approve. There shall be delivered with the Notes a legal opinion of Bond Counsel (defined in Section 8 below) respecting the validity of the Notes and the exclusion from gross income of the interest thereon for federal income tax purposes and the exemption of interest thereon from present State of California personal income taxes.

Section 4. Deposit of Note Proceeds: No Arbitrage. The proceeds of sale of the Notes (net of costs of issuance) shall be deposited in or to the credit of the general fund of the District or otherwise as directed by the District Superintendent, to be withdrawn and expended for any lawful purpose for which the District is authorized to expend moneys, including, but not limited to, current expenses, capital expenditures and the discharge of any obligations or indebtedness of the District. The District hereby covenants that it will comply with the requirements of a Tax Certificate (or similar instrument) to be executed by the District with respect to the Notes and any other instructions requested by or otherwise provided by such Bond Counsel.

Section 5. Payment of Notes.

a. Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during the 2003-2004 fiscal year and which are available therefor. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

b. Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District hereby pledges an amount equal to 50 percent of the principal amount of

the Notes from the unrestricted revenues received by the District in the month ending February 28, 2004; an amount equal to 50 percent of the principal amount of the Notes from unrestricted revenues received by the District in the month ending May 31, 2004; and an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2004 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund (hereinafter defined) of the full amount of Pledged Revenues to be deposited from unrestricted revenues in a month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

c. Deposit of Pledged Revenues in Repayment Fund. The Pledged Revenues shall be held by the County in a separate and special fund designated as the "Santa Monica - Malibu Unified School District, 2003-2004 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and the County will administer the Pledged Revenues through and including the maturity date of the Notes and apply such funds as directed in this Resolution. Any moneys deposited in the Repayment Fund shall be for the sole benefit of the owners of the Notes and until the Notes and all interest thereon are paid, or until provision has been made for the payment of the Notes and all interest thereon in accordance with their terms, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created. The County Treasurer is directed to deposit all Pledged Revenues subject to deposit as provided in this Section 5.c when and as received directly into the Repayment Fund, without further instruction by the District. From the dates of receipt by the County Treasurer of any of the Pledged Revenues subject to such deposit, the District shall have no right, title or interest therein.

d. Disbursement and Investment of Moneys in Repayment Fund. All Pledged Revenues shall be deposited into the Repayment Fund upon receipt. After such date as the amount of Pledged Revenues on deposit in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the general fund of the District or otherwise as directed by the District Superintendent. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund, to the greatest extent possible, shall be invested in legally permitted investments as directed by the County Treasurer or by the District Superintendent, which may include, but not be limited to, a guaranteed investment contract and the Los Angeles County Pooled Investment Fund or any other investment which the County Treasurer or the District Superintendent deems prudent. The County Treasurer (who is hereby designated as agent of the District for these purposes) is hereby requested to invest and/or to direct the investment of the proceeds of the Notes in accordance with the County's policy governing the investment of such funds.

e. Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the County Treasurer to make temporary transfers of funds in the custody of the County Treasurer to meet any obligations of the District during the 2003-2004 fiscal year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

Section 6. Execution of Notes. The District hereby requests the County Treasurer, or his designated deputy, and the appropriate officers of the County Board to execute the Notes by their manual or facsimile signatures and to affix a facsimile of the seal of the County thereon; and such officers shall be authorized to cause the blank spaces thereof to be filled in prior to initial delivery as may be appropriate.

Section 7. Approval of Sale of Notes. The Notes will be sold at a public or private sale, at the time and place and upon the terms provided in a resolution of the County Board; provided that the aggregate principal amount of the Notes does not exceed $10,000,000 and the interest rate does not exceed eight percent (8%) per annum.

Section 8. Authorization and Approval of Preliminary Official Statement and Official Statement. The District hereby appoints The Stiepel Group, Inc. as Financial Advisor to the District (the "Financial Advisor") and appoints Richards, Watson & Gershon, A Professional Corporation, as Bond Counsel ("Bond Counsel") in connection with the issuance of the Notes. The officers of the District are authorized and directed to provide information regarding the District in connection with the preparation of a Preliminary Official Statement and an Official Statement relating to the Notes and any other necessary or appropriate document or documents relating to the Notes. The Financial Advisor is hereby authorized to prepare and distribute such Preliminary Official Statement and Official Statement in connection with the offering and sale of the Notes. The District Superintendent, or his designee, is hereby authorized and directed, for and in the name of the District, to cause the Preliminary Official Statement relating to the Notes to be deemed final for the purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. The District Superintendent, or his designee, is hereby further authorized and directed, for and in the name of the District, to execute and deliver the Official Statement.

Section 9. Continuing Disclosure. The Continuing Disclosure Certificate relating to the Notes (the "Continuing Disclosure Certificate"), in the form attached as Exhibit B, is hereby approved. Each of the District Superintendent, the Assistant Superintendent or their respective designees, acting singly, is hereby authorized and directed to execute and deliver, for and in the name of the District, the Continuing Disclosure Certificate in substantially said form, with such changes therein as the officer executing the document may approve (such approval to be conclusively evidenced by such officer's execution and delivery thereof).

Section 10. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the original purchaser thereof. All actions heretofore taken by the officers and agents of the District with respect to issuance, delivery and sale of the Notes are hereby approved, confirmed and ratified, and the officers of the District are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 11. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and

enforcement of the taxes and other revenues pledged under this Resolution in accordance with the law and for carrying out the provisions of this Resolution. The District Superintendent, officers and staff of the District are hereby directed to take such further action as may be necessary to carry out the intent and purpose of this Resolution and to execute and deliver any and all agreements, certificates and other documents that they or Bond Counsel may deem necessary or advisable to effectuate the purposes of this Resolution without further approval of this District Board.

Section 12. Limited Liability. Notwithstanding anything to the contrary contained herein or in the Notes or in any other document mentioned herein, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 5 hereof and the County is not liable for payment on the Notes or any other obligation of the District hereunder.

Section 13. Designation as Qualified Tax-Exempt Obligations. The District Board hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 14. Effective Date. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Santa Monica - Malibu Unified School District this July 31, 2003 by the following vote:

AYES: (4)
NOES: (0)
ABSENT: (3)

Marie Leon-Vazquez
President of the Board of Education of the
Santa Monica - Malibu Unified School District

ATTEST:

Secretary of the Board of Education of the
Santa Monica - Malibu Unified School District

EXHIBIT A

[Form of Note]

[*Insert this Legend if the County determines to use The Depository Trust Company as the depository for the Notes:* Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. Or such other name as requested by an authorized representative of DTC and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

No. ___ $_____

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2003-2004 TAX AND REVENUE ANTICIPATION NOTE

RATE OF INTEREST:	NOTE DATE:	MATURITY DATE:	CUSIP:
_____%	_____, 2003	_____, 2004	_____

REGISTERED OWNER: _____
PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, the Santa Monica-Malibu Unified School District (the "District"), County of Los Angeles (the "County"), State of California, acknowledges itself indebted to and promises to pay the Registered Owner identified above, or registered assignee, at the office of the Treasurer and Tax Collector of the County (the "Paying Agent") in Los Angeles, California, the Principal Amount specified above in lawful money of the United States of America, on the Maturity Date set forth above, together with interest thereon at the Rate of Interest per annum set forth above, in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the Registered Owner fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes (the "Notes") in the aggregate principal amount of _____ dollars ($_____) all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution (the "Resolution") of the Board of Supervisors of the County duly passed and adopted on _____, 2003 and a resolution of the Board of Education of the District duly passed and adopted on _____, 2003, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed,

happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District during Fiscal Year 2003-2004. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2004; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2004; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from the unrestricted revenues of the District to be received in the month ending May 31, 2004 (such pledged amounts being hereinafter called the "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The County, the District and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County, the District nor the Paying Agent shall be affected by any notice to the contrary.

QUALIFIED TAX-EXEMPT OBLIGATION

This Note has been determined to be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, by resolution of the District.

IN WITNESS WHEREOF, the Board of Supervisors of Los Angeles County, California has caused this Note to be executed by the manual or facsimile signature of the Chairman of the Board of Supervisors and the Treasurer and Tax Collector of the County and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors and has caused a facsimile of its official seal to be imprinted hereon this ____ day of _____, 2003.

_____
Chair of the Board of Supervisors

_____
Treasurer and Tax Collector

(SEAL)
Countersigned

_____
Executive Officer-Clerk of the
Board of Supervisors

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____, whose tax identification number is _____, the within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Paying Agent with full power of substitution in the premises.
Dated: _____

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

_____

NOTE: Signature(s) must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

EXHIBIT B

[Form of Continuing Disclosure Certificate]

Continuing Disclosure Certificate

with reference to

$_____

Santa Monica-Malibu Unified School District
County of Los Angeles, State of California
2003-2004 Tax and Revenue Anticipation Notes

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated as of _____, 2003, is executed and delivered by the Santa Monica-Malibu Unified School District (the "District") in connection with the issuance by the County of Los Angeles (the "County") on its behalf of $_____ principal amount of 2003-2004 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a Resolution of the District adopted on _____, 2003 and a Resolution of the Board of Supervisors of the County adopted on _____, 2003 (collectively, the "Resolutions"). The District 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 of the Notes and to assist the Participating Underwriter in complying with the Rule.

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

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holders" shall mean the registered owners of the Notes or, while the Notes are registered in the name of The Depository Trust Company or its nominee, the beneficial owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean 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.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Reporting of Significant Events.

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following events:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions or events adversely affecting the tax-exempt status of the Notes;

(vii) Modifications to rights of the Holders of the Notes;

(viii) Unscheduled bond calls;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Notes; and

(xi) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material, the District shall promptly file a notice of such occurrence with the Municipal Securities Rule-making Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Notes pursuant to the Resolutions.

SECTION 4. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance or payment in full of all of the Notes.

SECTION 5. 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 such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the District) shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

SECTION 6. 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 Section 3 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 Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (I) is approved by the Holders of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders of the Notes.

SECTION 7. 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 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 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 Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder 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, provided that any such action may be instituted only in the Federal or State court located in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an event of default under the 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 9. Duties, Immunities and Liabilities of Dissemination Agent. 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 (if other than the District), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it 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 wilful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Notes, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the District has caused this Disclosure Certificate to be duly executed by its authorized officer as of the date first written above.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

By _____
[Name]
[Title]