

**SMMUSD Financial Oversight Committee** 

Date: Thursday, October 28, 2021

Time: 6:00 pm to 8:00 pm

Via Zoom by phone at: 669-900-6833 or online at:

https://zoom.us/j/87194305360?pwd=bWl2Umh6akdwdEV5b3Z6VFJ2NHl6UT09

Meeting ID: 871 9430 5360 / Passcode: Oversight1 - Per Assembly Bill 361 Issued By Governor Gavin Newsom and SMMUSD Board of Education Resolution No. 21-05

### **AGENDA**

Assembly Bill 361 (9/2021) added section 54953(e) to the Government Code, authorizing a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act during a declared state of emergency under specific scenarios. The law remains in effect until January 1, 2024. Due to the state of emergency proclaimed by Governor Newsom in response to the COVID-19 pandemic and its highly contagious variants, and as authorized by per AB 361 and SMMUSD Board of Education Resolution No. 21-05, the October 28, 2021 FOC meeting will be held virtually. Members of the public can observe the FOC meeting and give public comment virtually by submitting a Google survey "sign up".

The intent is not to limit public participation, but rather to protect public health by following the Governor's Stay at Home executive order and the LA County's Safer at Home order. Persons wishing to address the Committee regarding an item that is scheduled for this meeting must submit a Google survey "sign up" prior to discussion of that item. Persons wishing to address the Committee regarding an item that is not scheduled on this meeting's agenda may speak during the Public Comments section by submitting the Google survey "sign up" at the beginning of the meeting.

## **Instructions for public comments**

- 1. Submit a Google survey "sign up" at <a href="https://forms.gle/KHFk8zsmDaPnP5wj6">https://forms.gle/KHFk8zsmDaPnP5wj6</a>. This survey will take the place of the "speaker chits" available at meetings.
- 2. Speakers will fill in their name and select if they wish to address the committee regarding a specific agenda item or during General Public Comments.
- 3. Speakers are asked to attend the FOC meeting virtually through the call-in number at the top of the agenda.
- 4. When it is time for the speakers to address the committee, their name will be called.
- 5. As with all meetings, once discussion begins on an agenda item, any speakers who sign up after that time will be given one minute to speak.

### Instrucciones para comentarios del público

- 1. Una encuesta de Google "registrarse" <a href="https://forms.gle/VnzEy8qbCC1oWvtV8">https://forms.gle/VnzEy8qbCC1oWvtV8</a>. Esta encuesta ocupará el lugar de las "fichas" disponibles en las reuniónes.
- 2. Los miembros del público las completarán con su nombre y seleccionarán si desean dirigirse a la junta con respecto a un punto específico de la orden del día o durante los comentarios públicos generales.
- 3. Se pide a las personas que deseen hacer comentarios que asistan a la reunión de la junta virtualmente a través del enlace que contiene la invitación de llamada de conferencia en la parte superior de la agenda.
- 4. Cuando llegue el momento de que el público se dirija a la junta directiva, se mencionará su nombre.
- 5. Al igual que las demás reuniónes, una vez que comience el debate sobre un punto de la orden del día, los oradores que se inscriban después de ese momento, tendrán un minuto para hablar.

- I. Call to Order
- II. Approval of Agenda
- **III.** Approval of FOC Meeting Minutes

September 21, 2021

## IV. Assistant Superintendent, Business and Fiscal Report: Melody Canady (30 min)

A. GASB 75 Valuation – Carlos Diaz, DFA https://drive.google.com/file/d/1XqaOIFYxFrIr69M0wy9XENM6W00aMEh2/view?usp=sharing

### V. Discussion/Action Items

- A. Conflict of Interest Pledge (5 min)
- B. Update Refunding Bonds (10 min)
- C. Review of FOC Recommendations on the District's Debt Policy (30 min)
- D. Update on Nominations (10 min)
- E. Future Meeting Dates (5 min)

## VI. Ad hoc Subcommittee Report (30 min)

- A. Budget Recommendations: Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin
- B. Tax Revenue and Assessed Valuation: Mr. Crawford, Mr. Farviar, Mr. Kremer
- C. Bond Oversight: Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin
- D. Measure R Reporting and Process Review: Mr. Crawford, Mr. Landres, Ms. Maniar
- E. Financial Communication and Reporting Subcommittee: Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson
- F. Nomination: Mr. Covington, Mr. Kremer, Ms. Maniar

## VII. Receive and File (Limited Discussion)

- A. Board of Education Agenda Item II.K.2. Clarification of Financial Oversight Committee (FOC) Charges for 2021-22: October 7, 2021
- B. Senior Exemptions from Measure R Parcel Tax <a href="https://drive.google.com/file/d/1EgtCd1eFUgKv0e\_e1LLb869TjPfNvnDR/view?usp=sharing">https://drive.google.com/file/d/1EgtCd1eFUgKv0e\_e1LLb869TjPfNvnDR/view?usp=sharing</a>

### VIII. Public Comments

A. Public Comments is the time when members of the audience may address the Committee on items not scheduled on the meeting's agenda. All speakers are limited to three (3) minutes. When there are a large number of speakers, the Chair may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Committee members may not engage in discussion of issues raised during "XIII. Public Comments" except to ask clarifying questions, make a brief announcement; make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to 20 minutes. If the number of persons wishing to address the Committee exceeds the time limit, additional time will be allowed at the discretion of the Chair.

## **IX.** Committee Comments

## X. Next Meeting:

- Thursday, December 2, 2021
- Thursday, January 6, 2022
- Thursday, February 24, 2022
- Tuesday, March 23, 2022
- Wednesday, May 11, 2022
- Thursday, June 16, 2022
- TBD (July 2022) \* <u>Please note</u>: This is a Joint Meeting / Study Session with the Board of Education *SMMUSD Office Board Room*, 1651 16<sup>th</sup> Street.

## XI. Adjournment

Future Meetings will be held monthly in the Board Room at the <u>District's Administrative</u> Offices, 1651 16th Street, Santa Monica, California, unless otherwise noted.

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the meeting room, to access written documents being discussed at the meeting, or to otherwise participate at the meetings, please contact the Office of Assistant Superintendent, Business and Fiscal Services at 310-450-8338 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the meeting and to provide required accommodations, auxiliary aids or services.





# **FOC Bond Oversight Subcommittee**

**Proposed Changes to the District's** 

**Debt Issuance and Management Policy** 

Prepared June 20, 2021





# FOC Bond Oversight Subcommittee's Debt Policy Review

- The Board adopted the five-page Debt Issuance and Management Policy (the "Policy") on May 4, 2017
- While the Policy fully complies with the minimum requirements of Senate Bill 1029 signed into law in Sept. 2016, it could be improved into a more robust, comprehensive example of best practices in debt management through implementation of the changes proposed by the FOC Bond Oversight Subcommittee
  - In its credit report dated June 11, 2021, Standard and Poor's commented "we view its guidelines as lacking significant quantitative constraints" in a reference to the Policy
- The FOC Bond Oversight Subcommittee's proposed changes would clarify some of the vagaries in the Policy and improve transparency regarding the District's debt issuance decision-making, yet maintain adequate flexibility for unforeseen circumstances
- In the following pages, sections of the Policy are in *italicized text* and the FOC Bond Oversight Subcommittee's suggestions are indicated by **bold**, **blue font**





# Overview of FOC Bond Oversight Subcommittee's Proposed Changes

- The Assistant Superintendent of Business & Fiscal Services is the designated Policy administrator with ultimate responsibility for analyzing debt issuance options and presenting recommendations to the Board
- The Policy's quantitative constraints regarding the following items should be more specific and assist with the decision-making process related to debt management and issuance
  - The financial burden of long-term lease obligations on the General Fund
  - The relevance of GO Bond tax rates presented to voters at election
  - Metrics and thresholds used to analyze bond refunding opportunities
- The three main methods of sale shall be considered for each debt issuance, and the preferred method shall be the method likely to result in the lowest all-in borrowing cost to the District
- When timing the issuance of debt, the District shall consider market conditions, the projected spend-down of bond proceeds, the cost of carry, and the amount of issued yet unexpended bond proceeds
- Municipal advisors, bond counsel, disclosure counsel, and underwriters will be selected through an RFP/RFQ process with any contracts limited to a maximum term of five years
- The Assistant Superintendent of Business & Fiscal Services will establish and maintain a system of record keeping and reporting to meet the IRS' arbitrage rebate compliance requirements





# Policy Section: Introduction and Goals

The Governing Board is committed to long-term capital and financial planning and recognizes that the issuance of debt is a key source for funding the improvement and maintenance of school facilities and managing cash flow. Any debt issued by the district shall be consistent with law and this policy. This policy provides written guidelines for the issuance of indebtedness by the Santa Monica-Malibu Unified School District in satisfaction of the requirements of S.B. 1029, codified as part of Government Code Section 8855.

The Assistant Superintendent of Business & Fiscal Services is the designated administrator of the Policy and has overall responsibility, with the Board's approval, for decisions related to the structuring and sale of all District debt issues. While the District may engage outside municipal advisors, legal counsel, and underwriters, all applicable findings, recommendations, and decisions communicated to the Board shall be issued over his/her/the signature of the Assistant Superintendent of Business & Fiscal Services.

The Assistant Superintendent of Business & Fiscal Services will review this Policy on an annual basis. If there are proposed changes to the Policy, staff will submit an updated Policy to the Board for consideration.





# Policy Section: Introduction and Goals (cont'd)

This Policy provides a framework for debt management and capital planning by the District. This Policy has been developed to meet the following goals:

- 1) Identifying the purposes for which the debt proceeds may be used.
- 2) Identifying the types of debt that may be issued.
- 3) Describing the relationship of the debt to, and integration with, the District's capital improvement program or budget.
- 4) Establishing debt policy goals related to the District's planning goals and objectives.
- 5) Implementing internal control procedures to ensure that the proceeds of the proposed debt issuance will be directed to the intended use upon completion of the issuance.
- 6) Maintaining full and complete financial disclosure and reporting.
- 7) Ensuring compliance with applicable State and Federal laws.





# Policy Section: Purposes for Which Debt Proceeds May Be Used

The laws of the State of California (the "State") authorize the District to incur debt to make lease payments, contract debt, borrow money, and issue bonds for school improvement projects. The District is authorized to contract debt to acquire, construct, reconstruct, rehabilitate, replace, improve, extend, enlarge, and equip such projects; to refund existing debt; or to provide for cash flow needs.

Section 18 of Article XVI of the State Constitution contains the "debt limitation" formula applicable to the District.

There are a number of State laws that govern the issuance of general obligation bonds ("GO Bonds") by school districts. Sections 1(b)(2) (Proposition 46) and 1(b)(3) of Article XIII A (Proposition 39) of the State Constitution allow the District to issue GO Bonds. The statutory authority for issuing GO Bonds is contained in Education Code Section 15000 et seq. Additional provisions applicable only to Proposition 39 GO Bonds are contained in Education Code Section 15264 et seq. An alternative procedure for issuing GO Bonds is also available in Government Code Section 53506 et seq.





# Policy Section: Purposes for Which Debt Proceeds May Be Used (cont'd)

The statutory authority for issuing Tax and Revenue Anticipation Notes ("TRANs") is contained in Government Code Section 53850 et seq. Authority for lease financings is found in Education Code Section 17455 et seq. and additional authority is contained in Education Code Sections 17400 et seq., 17430 et seq. and 17450 et seq. The District may also issue Mello-Roos bonds pursuant to Government Code Section 53311 et seq.

The District may deem it necessary to issue TRANs to finance cash flow requirements under certain conditions such as a projected negative cash position in anticipation of revenues to come from state or local sources. Such cash flow borrowing must be payable from taxes, income, revenue, cash receipts and other moneys attributable to the fiscal year in which the debt is issued.

General operating costs include, but are not limited to, those items normally funded in the District's annual operating budget.

The District's Superintendent, or designee, will review potential financing methods to determine which method is most prudent for the District. Potential financing sources include, but are not limited to tax and revenue anticipation notes, temporary borrowing from the Los Angeles County Treasurer and Tax Collector, and internal temporary interfund borrowing. The Superintendent shall consult with the Financial Oversight Committee on such financing methods for counsel on best practices.





# Policy Section: Types of Debt That May Be Issued

- 1) Short-Term: The District may issue fixed-rate and/or variable rate short-term debt, which may include TRANs, when such instruments allow the District to meet its cash flow requirements. The District may also issue bond anticipation notes ("BANs") to provide interim financing for bond projects that will ultimately be paid from GO Bonds.
- Long-Term: Debt issues may be used to finance essential capital facilities, projects and certain equipment where it is appropriate to spread the cost of the projects over more than one budget year. Long-term debt will should not be used to fund District operations.

Long term debt in the form of GO Bonds may be issued under Article XIII A of the State Constitution, either under Proposition 46, which requires approval by at least a two-thirds (66.67%) majority of voters, or Proposition 39, which requires approval by at least 55% of voters, subject to certain accountability requirements and additional restrictions. GO Bonds issued pursuant to a Proposition 39 voter authorization have a maximum tax levy of \$60 per \$100,000 of taxable assessed value. There is no tax rate limitation for GO Bonds issued under Proposition 46. The District's total outstanding GO Bond debt is limited to 2.5% of the taxable assessed value within its boundaries.

School Facilities Improvement District ("SFID") bonds are GO Bonds approved by voters residing in a subset of a school district and repaid from taxes levied on the taxable assessed value of the SFID. On November 6, 2018, voters in Santa Monica authorized the issuance of \$485 million of GO Bonds for SFID No. 1 (Santa Monica Schools) and voters in Malibu authorized the issuance of \$195 million of GO Bonds for SFID No. 2 (Malibu Schools).





# Policy Section: Types of Debt That May Be Issued (cont'd)

The District may also enter into long-term leases and/or participate in the sale of certificates of participation or lease revenue bonds for public facilities, property, and equipment. These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, are not subject to voter approval.

- Jease/Equipment Financing: Lease-purchase obligations or appropriation leases are a routine and appropriate means of financing capital equipment and certain capital facilities. However, because lease obligations reduce may impact on budget flexibility, the District will seek to limit aggregate annual payments on all long-term leases to 3.0% of unrestricted general fund revenues. Therefore, efforts will be made to fund capital equipment with pay-as-you-go financing where feasible, and only the highest priority capital purchases will be funded with lease obligations. In particular, long-term lease financing for facilities is appropriate when there is insufficient time to obtain voter approval or in instances where obtaining voter approval is not feasible. The District will consider the future refinancing of long-term leases with GO Bonds.
- 4) Use of General Obligation Bonds: A significant portion of the District's capital projects are expected to be funded by GO Bond proceeds. Projects financed by the GO Bonds will be determined by the constraints of applicable law and the project list approved by voters. GO Bonds will be sized and repaid in accordance with the tax rate limits presented to voters at election. If unique circumstances dictate that projected tax rates exceed the presented limits, the District will provide an independent third-party analysis demonstrating a net financial benefit of this structure relative to alternative structures.





# Policy Section: Policy Goals Related to District's Planning Goals and Objectives

*In following this Policy, the District shall pursue the following goals:* 

- 1) The District shall strive to fund capital improvements from voter-approved GO Bond issues to preserve the availability of its General Fund for District operating purposes and other purposes that cannot be funded by such bond issues.
- 2) To the extent applicable, the District shall endeavor to attain the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.
- 3) The District shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues.
- 4) The District shall, with respect to GO Bonds, remain mindful of its statutory debt limit in relation to assessed value growth within the school district and the tax burden needed to meet long-term capital requirements.
- 5) The District shall consider market conditions and the projected spend-down of bond proceeds District cash flows when timing the issuance of debt.
- 6) The District shall determine the amortization (maturity) schedule which will fit best within the overall debt structure of the District at the time the new debt is issued.





# Policy Section: Policy Goals Related to District's Planning Goals and Objectives (cont'd)

- 7) The District shall match the term of the issue to the useful lives of assets funded by that issue whenever practicable and economical, while considering repair and replacement costs of those assets to be incurred in future.
- 8) The District shall, when issuing debt, assess financial alternatives to include new and innovative financing approaches, including whenever feasible, categorical grants, revolving loans or other State/federal aid, so as to minimize the encroachment on the District's General Fund.
- The District may utilize taxable financing structures permitted by the federal government which are alternatives to the issuance of tax-exempt obligations, such as tax credit or tax subsidy obligations, if they are projected to result in sufficiently lower financing costs versus traditional tax-exempt obligations. The analysis shall consider the additional risks and compliance costs of the alternative financing structure, including the partial reduction or full loss of the federal tax subsidy.
- 10) The District shall, when planning for the sizing and timing of debt issuance, consider its ability to expend the funds obtained in a timely, efficient and economical manner in accordance with IRS "spend-down" requirements for tax-exempt obligations, as applicable.





# Policy Section: Refunding and Restructuring

Periodic reviews of outstanding debt will be undertaken to identify refunding (refinancing) opportunities. Economic refundings, reducing overall debt service requirements for cost savings, will be considered when there is a net economic benefit of the refunding. Non-economic refundings (restructurings) may be undertaken to achieve objectives related to changes in covenants, repayment or optional redemption provisions, and operational flexibility.

A "current refunding" occurs when tax-exempt refunding bonds are issued 90 or fewer days before the optional redemption date of the refunded bonds. An "advance refunding" occurs when tax-exempt refunding bonds are issued 91 or more days in advance of the refunding bonds' optional redemption date. In 2017, the IRS code was modified to preclude the issuance of tax-exempt bonds to advance refund existing bonds when there was previously a one-time exception. There is no limit on the number of times that bonds may be current refunded.

The District shall consider the following when making a decision regarding refunding or restructuring existing debt.

1) <u>District's Best Interest.</u> Whenever deemed to be in the best interest of the District, the District shall consider refunding or restructuring outstanding debt if it will be financially advantageous or beneficial for debt repayment and/or structuring flexibility.





# Policy Section: Refunding and Restructuring (cont'd)

- 2) <u>Net Present Value Analysis.</u> The District shall review a net present value (NPV) savings analysis of any proposed refunding to make a determination regarding the cost-effectiveness of the proposed refunding. The District will proceed with an economic refunding only when both of the requirements below are met. Refundings which do not meet these two requirements, but have the potential to achieve other financing objectives, will be considered on a case-by-case basis.
  - 1) The projected NPV savings, expressed as a percentage of the par amount of refunded bonds, are no less than three percent (3%) for a tax-exempt current refunding and five percent (5%) for a taxable or tax-exempt advance refunding. The higher NPV savings threshold for an advance refunding takes into consideration its often one-time only nature as well as the longer refunding escrow period wherein the escrow investment rate is usually less than the interest cost of the refunded debt, thereby creating negative arbitrage.
  - 2) The refunding must be minimally efficient with the projected NPV savings exceeding the amount of any negative arbitrage in the refunding escrow.
- 3) Maximize Expected Net Savings. Another consideration in deciding which debt to refinance and the timing of the refinancing shall be to maximize the District's expected net savings over the life of the debt.
  - This item #3 is unnecessary considering the preceding text.
- 4) <u>Comply with Existing Legal Requirements.</u> The refunding of any existing debt shall comply with all applicable State and Federal laws governing such issuance.
  - This item #4 is unnecessary as all debt issued by the District must comply with state and federal laws and regulations. See policy goal #7.





# Policy Section: Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds

- 1) Maturity of Debt: The duration of a debt issue shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. In addition, the average life of tax-exempt financing shall not exceed 120% of the average life of the assets being financed. The District shall also consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.
- 2) Debt Structure:

## A. GO Bonds:

- 1. <u>New Money Bond Issuances</u>: For tax-exempt new money bond issuances, the District shall size the bond issuance consistent with the "spend-down" requirements of the Internal Revenue Code, taking into account unexpended proceeds of prior issues at the time an issue is sized, and within any limits approved by the District's voters. To the extent possible, the District will also consider credit issues, market factors (e.g. bank qualification) and tax law when sizing the District's bond issuance.
- 2. <u>Refunding Bond Issuances</u>: The sizing of refunding bonds will be determined by the amount of money that will be required to cover the principal of, accrued interest (if any) on, and redemption premium for the bonds to be defeased on the call date and to cover appropriate financing costs.





# Policy Section: Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds (cont'd)

- 3. <u>Maximum Maturity</u>: All bonds issued by the District shall mature within the limits set forth in applicable provisions of the Education Code or the Government Code. The final maturity of tax-exempt bonds will also be limited to the average useful life of the assets financed or as otherwise required by tax law.
- 4. <u>Taxable Bonds</u>: Taxable bonds shall be considered for funding projects which do not satisfy the "spend-down" requirements of the Internal Revenue Code and for refunding when the issuance of tax-exempt refunding bonds is not a viable option in the near term.
- B. Lease-Purchase Obligations: The final maturity of equipment or real property lease obligations will be limited to the useful life of the assets to be financed. Unless required for structuring purposes, the District will avoid the use of capitalized interest which increases the bond size and interest expense. New money lease financings may require capitalized interest until the District has use and possession of the leased asset. However, the District may pledge assets other than the facility under construction using an asset-transfer structure to eliminate the need for capitalized interest.
- Debt Service Structure: The District shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility, and, as practical, to recapture or maximize its debt capacity for future use.





# Policy Section: Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds (cont'd)

- 4) Method of Sale: There are three primary methods of sale: competitive, negotiated, and private placement. The preferred method of sale shall be the method which is likely to result in the lowest all-in borrowing cost to the District. All three methods of sale shall be considered for all debt issuances, because each method has the potential to achieve the lowest financing cost given the right conditions. Any award through negotiation shall be subject to approval by the District, generally by the Assistant Superintendent of Business & Fiscal Services, to ensure that interest costs are in accordance with comparable market interest rates. When a competitive bidding process is deemed the most advantageous method of sale for the District, award will be based upon, among other factors, the lowest offered True Interest Cost ("TIC"). A private placement sale is appropriate when the financing can or must be structured for a single or limited number of purchasers or where the terms of the private placement are more beneficial to the District than either a negotiated or competitive sale.
- 5) Engagement of Financing Team Members: Municipal advisors, bond counsel, disclosure counsel, and underwriters will be selected through a Request for Proposals (RFP) or Request for Qualifications (RFQ) process. In isolated instances, such contracts may be awarded on a sole source basis if an RFP or RFQ process would not be in the District's interests. The term of the contracts for municipal advisors, underwriters, bond counsel and disclosure counsel will be for up to five years including extensions at the District's option.

All financing team members will be required to provide full and complete disclosure, under penalty of perjury, relative to any and all agreements with other financing team members and outside parties. The extent of the disclosure may vary depending on the nature of the transaction. Any financing team members involved in preparing proposed District debt issuances or who have outside agreements with members so involved may not provide independent analyses of said debt issuances. All financing team members shall abide by the Board's code of ethics.





# Policy Section: Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds (cont'd)

- by Securities and Exchange Commission Rule 15c2-12 and to ensure compliance with applicable laws, regulations and agreements. The Assistant Superintendent of Business & Fiscal Services shall be responsible for the District's disclosure compliance functions, in conjunction with the disclosure counsel engaged by the District.
- of record keeping and reporting to meet the arbitrage rebate compliance requirements as required by federal tax regulations. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the District's outstanding tax-exempt obligations. The Assistant Superintendent of Business & Fiscal Services may retain a firm to prepare arbitrage rebate calculations and communicate with the IRS.
- 8) Rating Agency Relations: The District shall maintain effective relations with the rating agencies. The Assistant Superintendent of Business & Fiscal Services shall meet with, make presentations to, or otherwise communicate with the rating agencies on a consistent and as appropriate basis to keep the agencies informed about the District's capital plans, debt issuance program, and other appropriate financial information.





# Policy Section: Use of Proceeds

The District shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred. In furtherance of the policy, and in connection with the issuance of all GO Bonds:

- 1) As required by Government Code Section 53410, the District shall only use GO Bond proceeds for the purposes approved by the District's voters; and
- 2) District staff shall have the responsibility, no less often than annually, to provide to the District's Board of Education a written report which shall contain at least the following information: Note: If previously prepared in compliance with the Policy, these written reports are not publicly available.
  - i. The amount of the debt proceeds received and expended during the applicable reporting period; and
  - ii. The status of the acquisition, construction or financing of the school facility projects, as identified in any applicable bond measure, with the proceeds of the debt.
  - These reports may be combined with other periodic reports which include the same information, including but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, or continuing disclosure reports or other reports made in connection with the debt. These requirements shall apply only until the earliest of the following: (i) all the debt is redeemed or defeased, but if the debt is refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased, or (ii) all proceeds of the debt, or any investment earnings thereon, are fully expended.





# Policy Section: Use of Proceeds (cont'd)

- 3) The District shall post on the District website the Annual Report of the District's Independent Bond Oversight Committee which has been given the responsibility to review the expenditure of GO Bond proceeds to assure the community that all GO Bond funds have been used for the construction, renovation, repair, furnishing and equipping of school facilities, and not used for teacher or administrator salaries or other operating expenses.
- 4) The District shall hire an independent auditor to perform an annual independent financial and performance audit of the expenditure of GO Bond proceeds, and to post such audits on the District website.

#### SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

#### 2021-2022 District Calendar

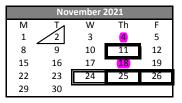
Approved by the Board of Education: 11/21/19

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9	10	11	<del>12</del> *	13
16	17	18	<b>19</b>	20
23	24	25	26	27
30	31			

June 2022					
M	T	W	Th	F	
		1	2	3	
6	7	8	9	10	
13	14	15	16	17	
20	21	22	<b>23</b>	24	
27	28	29	30		

## Legend:

= First/Last Day of School

= Legal Holiday

= Local Holiday (schools/offices closed)

= School Recess (classes not in session)

= Pupil Free Days (no school for students)

= Elem. Pupil Free Day (no school -elem students)

= Sec. Pupil Free Day (no school -sec students)

= Certificated Staff Development Day

#### Employee Work Dates:

Sept. 1, 2021-June 30, 2022:\* Classified 11-Month \*must work 22 days in July/August, 2021 Aug. 5, 2021-June 21, 2022: Classified 10 +10

Aug.12, 2021-June 14, 2022: Classified 10-Month

Aug. 16, 2021-June 9, 2022: Certificated/184 Days

Aug. 17, 2021-June 9, 2022 Certif-CDS/183 Days Aug. 18, 2021-June 9, 2022: Classified School Year

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

## **Board Meeting Dates**

## **FOC Meeting Dates at District Office**

\*Joint Meeting w/ the Board

\*\*Meeting held at Malibu City Hall - Multi-purpose Room

#### First Day of Instruction:

- Thursday, August 19, 2021

#### Last Day of Instruction:

- Thursday, June 9, 2022

### Certificated Staff Development Days:

(No Students)

- Monday, August 16, 2021

- Tuesday, August 17, 2021

#### OLIDAYS:

July 5: 4th of July Holiday

Sept. 6: Labor Day Holiday

Sept. 7: Local Holiday Sept. 16: Local Holiday

Nov. 11: Veteran's Day Holiday

Nov. 25: Thanksgiving Holiday

Nov. 26: Legal Holiday (Admissions Day observd)

Dec. 23, 24: Winter Holidays Dec. 30, 31: New Years Holidays

Jan 17: Martin Luther King Jr. Holiday

Feb. 21: Washington's Birthday Holiday

Apr. 8: Local Holiday

Apr. 15: Legal Holiday (Lincoln's B'day observd)

May 30: Memorial Day Holiday

#### **SCHOOL RECESSES:**

Nov. 24: Thanksgiving Recess Day

Dec. 20 - Dec. 31: Winter Recess

Apr. 4 - Apr. 15: Spring Recess

#### **PUPIL-FREE DAYS:**

Aug. 16: All Students

Aug. 17: All Students

Aug. 18: All Students

Nov. 2: Elementary Students Only

Jan. 3: Secondary Students Only

#### MINIMUM DAYS:

TK/K: Aug. 19, 20, 24, Nov. 3, 4, 5, Dec. 17, Mar. 31, June 9 + 1 discretionary

Elementary: Aug. 19, 24, 31, Nov. 3, 4, 5, Dec. 17,

Mar. 31, June 9 + 1 discretionary

Santa Monica Middle Schools: Sept. 9, Dec. 17, Apr. 1, May 12, June 8, 9 + 4 discretionary

Malibu MS/HS: Sept. 9, 23, Dec. 15, 16, Mar. 24, May 12, June 6, 7, 8, 9

Samohi: Sept. 23, Dec. 14, 15, 16, 17, Mar. 24,

June 3, 6, 7, 8

Olympic HS: Sept. 23, Mar. 24, June 1, 2, 3, 6, 7,

8, 9 + 1 discretionary

Teacher Work Days: 184 Student Days: 180

1st Semester: Aug. 19 - Dec. 17 (80 days) 2nd Semester: Jan. 4 - June 9 (100 days)

#### **Back to School Nights:**

Tues. Aug. 24 - Elementary TK-2

Tues. Aug. 31 - Elementary 3-5

Thurs. Sept. 9 - Middle Schools\*

Thurs. Sept. 23 - High Schools

#### Open House Nights:

Thurs. Mar. 24 - High Schools\*

Thurs, Mar. 31 - Elementary \*

Thurs. May 12 - Middle Schools \*

#### Promotions/Graduations:

Thurs. June 2 - Olympic HS 5:30 pm

Tues. June 7 - Elementary

Wed. June 8 - MHS 2:00 pm

- Samohi 5:30 pm

Thurs, June 9 - Middle School

#### Parent Conference Days (TK-5):

Nov. 2 - Nov. 5, 2021

#### **Testing Dates:**

CAASPP (11): Mar. 1 - May 20, 2022 CAASPP (3-8): Apr. 18 - May 20, 2022

AP Testing: May 2 - May 13, 2022

#### TK/Kindergarten Roundup:

Thurs. Jan. 27, 2022

#### Final Exams:

Malibu MS/HS: Dec. 15 - 17, 2021;

June 6, 7, 8, 2022

Samohi: Dec. 14 - 17, 2021;

June 3, 6, 7, 8, 2022

#### Summer School:

IISS: June 20 - July 15, 2022

Credit Recovery: June 20 - Jul 22, 2022

ESY: June 20 - July 15, 2022

### TK-5 Grading Periods:

Conference: Nov. 2, 2021

Winter Grading: Feb. 4, 2022

Spring Grading: June 9, 2022

#### 6-12 Grading Periods

Aug. 19 - Oct. 1, 2021

Oct. 4 - Nov. 12, 2021

Nov. 15 - Dec. 17, 2021

Jan. 4 - Feb. 18, 2022

Feb. 22 - April 22, 2022

reb. 22 - April 22, 2022

April 25 - June 9, 2022

## Format A in M 10/07/2021 05:30 PM

District Office and Zoom 1651 16th St., Santa Monica, CA 90404

## ITEM: II.K.2. Clarification of Financial Oversight Committee (FOC) Charges for 2021-22



#### **Rationale**

At the July 15, 2021, joint session meeting, the FOC presented its annual end-of-year report and proposed charges for 2021-22, including the addition of a Financial Communication and Reporting Subcommittee. On August 12, 2021, the Board of Education approved those charges.

At its September 21, 2021, meeting, the FOC discussed Financial Communication and Reporting Subcommittee charge and made clarifications to the charge. While these changes do not require board approval, they are appearing as an Information Item on tonight's agenda for transparency purposes. Attachment 1 shows the clarifying language in highlight on page 4; attachment 2 shows the clarifying language in highlight on slide 17.

## **Supporting Documents**

100721 Clarification FOC Charges attach 2 100721 Clarification FOC Charges attach 1