



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Tuesday, January 21, 2025

Time: 6:00 pm to 8:00 pm

**Location: Board Room, SMMUSD District Administrative Offices
1717 4th Street, Santa Monica, CA 90401**

Zoom Meeting ID: 830 3289 3036

I. Call to Order : 6:04 pm

6:11 pm

Committee Members: Matthew Crawford (*late 6:12p*)
Dillon Christensen
Jonathan Wong
Michael Kremer
Atul Porwal

Ryan Chin
Alex Farivar
Payal Maniar (*via Zoom*)
Michael Rotgin
Seth Jacobson (*late 7:11p*)

Staff: Melody Canady
Kimberley Curry Blue

Gerardo Cruz
Andrew Lacson

Board Liaison: Jon Kean
Stacy Rouse (*via Zoom*)

Alicia Mignano (*absent*)

Absent: Brittany Teague

II. Approval of Agenda

6:15 pm

A motion was made by Payal Maniar and seconded by Michael Rotgin to approve the meeting agenda with an amendment to add a discussion regarding any open minutes to the minutes section of the 1/21/2025 ~~1/21/2024~~ agenda.

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Farivar, Mr. Wong, Mr. Crawford)
NOES: None (0)
ABSENT: Two (2) Ms. Teague, Mr. Jacobson
ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes – 8/26/2024, 9/18/2024, 10/22/2024 & 12/3/2024

6:18 pm

A motion was made by Dillon Christensen and seconded by Michael Kremer to accept the minutes from the **8/26/2024** meeting with discussed amendments. *Linked minutes below:*

8/26/2024: <https://drive.google.com/file/d/1NySPN7QjdIOvkehJ4FflptlmFmP7ih8X/view?usp=sharing>

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Rotgin, Mr. Farivar, Mr. Wong, Mr. Porwal, Mr. Crawford, Mr. Jacobson)
NOES: None (0)
ABSENT: One (1) Ms. Teague
ABSTAIN: None (0)

A motion was made by Michael Rotgin and seconded by Michael Kremer to accept and approve the minutes from the **9/18/2024** meeting with the discussed amendments. *Linked minutes below:*

9/18/2024: https://drive.google.com/file/d/1v0WUbpIN_r79L1U64iFOBYkrk6QGnvH/view?usp=sharing

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Rotgin, Mr. Farivar, Mr. Crawford, Mr. Jacobson)

NOES: None (0)

ABSENT: One (1) Ms. Teague

ABSTAIN: Two (2) Mr. Porwal, Mr. Wong

A motion was made by Michael Rotgin and seconded by Jonathan Wong to accept and approve the minutes from the **10/22/2024** meeting with the discussed amendments. *Linked minutes below:*

10/22/2024: https://drive.google.com/file/d/16hD1gB7dL2INfYmztRXG_yNVC00Lkbrl/view?usp=sharing

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Rotgin, ~~Mr. Farivar~~, Mr. Porwal, Mr. Wong, Mr. Crawford, Mr. Jacobson)

NOES: None (0)

ABSENT: One (1) Ms. Teague

ABSTAIN: One (1) ~~Mr. Porwal~~ Mr. Farivar

A motion was made by Michael Rotgin and seconded by Payal Maniar to accept and approve the minutes from the **12/3/2024** meetings with the amendments as provided. *Linked minutes below:*

12/3/2024: <https://drive.google.com/file/d/19przGFS4v0yePAzXLVhw3TchWhrv48XZ/view?usp=sharing>

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Rotgin, Mr. Farivar, Mr. Wong, Mr. Porwal, Mr. Crawford)

NOES: None (0)

ABSENT: One (1) Ms. Teague

ABSTAIN: None (0)

IV. Assistant Superintendent, Business and Fiscal Report – Melody Canady

7:17 pm

Forfeited time to permit review of outstanding minutes.

V. Discussion/Action Items

7:18 pm

A. 1st Interim Report Presentation 2024-25: *Director of Fiscal, Gerardo Cruz*

https://drive.google.com/file/d/1NVrBTtIZwjmd4r_11nAFuE0jJLMY3CqD/view?usp=sharing

Minutes:

1st Interim Report was presented to the Board at the 12/19/2024 meeting. Staff were able to meet with the FOC Budget Subcommittee prior to the presentation to the Board. Received good takeaways from the subcommittee and incorporated changes into final report. Per review of Basic Aid Districts report for the State of California, SMMUSD is second behind Beverly Hills USD with an amount of \$10,443,137 in Basic Aid revenue. There are 10+% of the districts that are Basic Aid. Addressed the suggestion from the committee regularly updating the property tax in the RDA to alleviate the fluctuation at the end of year reporting. With the adjustments, the swings in revenue should be eliminated moving forward by utilizing this method. Also, the funding for the ELO Grant is incorporated by \$4,000,000, per the suggestion of the auditor.

Staff answered questions by committee members regarding Revenue and Expenditures:

- The December payment meeting is the cash flow projection. Staff believes a larger than projected payment in June is anticipated, based on the annual projections.
- General Fund contribution required by approximately \$5,000,000 to cover the overage due to overspent Covid funds, based on findings sighted.
- Clarified the increase in certificated salaries based on multi-year/multi-phase negotiated salary schedule adjustments – July 2024 & January 2025, and the Classified salary schedule adjustments, which were front-loaded at the adopted budget.
- Book & Supplies in Restricted General Fund (Object 4000-4999) changes due to expenditure plans finalized after the budget is adopted (in June/July), leaving the final amount reflecting as a change. The Interim Budget Education Services finalized budget accounts for these adjustments.
- Decrease in Insurance (Line 41, Multi-Year projections slide), based on AB218. A discussion with Primary Insurer (ASCIP) and Reinsurer (SELF) regarding \$2.6 million, which is an increase of \$500,000 from 2023-24. Primary insurer's (ASCIP) increase was incorporated to back cast premiums to cover the AB218 cases. Staff anticipate an additional increase of \$500,000 to be incorporated in the 2nd Interim Report, 2024-25.

Take Aways:

1. Recommendation by the committee to have future contingencies, as a conservative measure, to be accounted for in the budget as question for discussion.

7:57 pm B. Mid-year Report Discussion – **Michael Kremer – FOC Chairperson**
Minutes

Mr. Kremer requested to move the Mid-Year Report to the February 12, 2025, meeting to allow the report to be finalized. Requested all subcommittees have their narratives submitted to the Chair by January 31, 2025, to allow for feedback. Completed report to be submitted to staff prior to the 72-hour posting requirement, February 7, 2025.

VI. Ad hoc Subcommittee Report

7:58 pm

- A. Budget Recommendations –
- i. General: *Mr. Chin (Chair), Mr. Christensen, Mr. Jacobson, Mr. Porwal, Ms. Teague.* Ryan Chin reported committee met with staff on 12/4/2024 ~~1/4/2025~~. Offered suggestions on forecasting.
 - ii. Unfunded Liabilities: *Mr. Rotgin (Chair), Mr. Kremer, Ms. Maniar, Mr. Jacobson, Mr. Wong.* Michael Rotgin reported that the subcommittee reached out to Carlos in December for a follow-up on previously requested ~~reported spreadsheet and~~ data and information. Staff reached out, but did not receive a direct answer on when the report update would be available. A contract was ~~requested to be~~ sent, as needed, and staff was told it would be reviewed, and a response would be forthcoming. Subcommittee expressed concern that the data presented is “stale” by the time it is received. Subcommittee would like the data as soon as possible ~~before Fall 2025~~.

~~Discussion was had regarding the discount rate. Subcommittee inquired about the guidance/procedure used in choosing the discount rate. Staff were informed a call was made to request a change in the discount rate. When inquired about the rationale, staff were informed the industry standard was shifting to the updated discount rate. Staff requested if a general consensus from the FOC should be considered, to present any future significant assumption changes prior to a final decision. Suggested information be presented, at minimum, to the subcommittee for review.~~

- B. Bond Oversight –
Mr. Kremer (Chair), Mr. Chin, Mr. Crawford, Mr. Farivar, Mr. Rotgin,
Michael Kremer – Nothing to report. Upcoming meeting scheduled regarding issuance and new authorization for Santa Monica.
- C. Measure R Reporting and Process Review –
Mr. Farivar (Chair), Mr. Christensen, Mr. Crawford, Mr. Wong
Alex Farivar reported on the subcommittee meeting with staff in December for background context on the process for the last and prior years. Staff will assist with establishing a meeting with Education Services.
- D. Financial Communication and Reporting –
Mr. Porwal (Chair), Mr. Kremer, Ms. Maniar, Mr. Jacobson, Mr. Rotgin,
Atul Porwal reported subcommittee has not met since 12/24. Requested guidance from the Board Liaison on how subcommittee can be more helpful with the process. Mr. Chin suggests that district enrollment changes, as well as impact to staffing due to planned FTEs based on retirements, and the increase of student from Palisades who are now attending Santa Monica area schools, be presented with the 3rd Interim reporting period.
- E. *Nominations- Mr. Wong (Chair), Mr. Chin, Mr. Jacobson, Ms. Teague*
Jonathan Wong reported that the subcommittee met before winter break. A press release has been drafted, checked the website, and updated the application. It was suggested the press release be held due to the fires. Subcommittee will revisit new release date with Gail Pinsker later. A separate student application was created. No press release has been made for the student application.
- F. Malibu Unification –
Ms. Maniar (Chair), Mr. Kremer, Mr. Christensen, Mr. Crawford, Mr. Rotgin.

Payal Maniar reported that the LA County of District Organizations held hearings in November and the subcommittee met in December. Ms. Maniar followed up via email with the Board liaisons for their understanding of the County process, and where the subcommittee could provide support. Inquired on the standing of the mediation standings with Malibu. An update has not been received to date. Shin Green and David Soldani are to meet with the subcommittee on 2/3/2025 for a presentation in anticipation of additional guidance. Mr. Green and Mr. Soldani may present at the February FOC Meeting as needed. Per the Board Liaison, Jon Kean, the County has offered a three (3) month extension for any responses to the petition. The extension was accepted by both parties. Nothing else is currently pending until June 2025.

VII. Receive and File (*Limited Discussion*)

May 21, 2024, FOC Meeting Minutes - amended and approved.

<https://drive.google.com/file/d/1qD08sVN5PQUmKUbnSl2ZjE0U0abpQCqq/view?usp=sharing>

VIII. Public Comments None

IX. Committee Comments None

X. Next Meeting:

- Wednesday, February 12, 2025
- Wednesday, March 18, 2025– Malibu (pending)
- Wednesday, April 2, 2025**
- Wednesday, May 7, 2025
- Tuesday, June 17, 2025
- TBD (July/Aug 2024) * Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD Office Board Room, 1717 4th Street.*

*** April 2, 2025, meeting is a placeholder meeting. It has been added for calendaring purposes. The meeting is subject to cancellation if it is deemed necessary.*

XI. Adjournment: The meeting adjourned at 8:27 pm