



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Wednesday, May 12, 2021

Time: 6:00 pm to 8:00 pm

Location: Zoom

<https://drive.google.com/file/d/13qpwGbGNA5i8r4eFiwZpmYgYORfXYriw/view>

I. Call to Order

6:04 pm Committee Members: Matthew Crawford Matthew Covington
Alex Farivar Seth Jacobson
Michael Kremer Payal Maniar
Marc Levis-Fitzgerald Renu Mevasse
Melinda Newman

Staff: Melody Canady Gerardo Cruz
Kim Nguyen Bonnie Kung

Board Liaison: Craig Foster Jon Kean

Absent: Shawn Landres Keith Coleman
Kimya Afshar, Malibu Student Rep
Natalie Ricciardulli, SAMOHI student rep

Public: John Baracy, Raymond James – District Underwriter – *departed @ 7:49 pm*
Jon Isom, Isom Advisors – District Bond Advisor – *departed @ 7:49 pm*
Steve Massetti – District Bond Consultant – *departed @ 7:49 pm*

II. Approval of Agenda

6:06 pm A motion was made by Mr. Crawford and seconded by Ms. Newman to approve the meeting agenda.

AYES: Nine (9) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mevasse, Ms. Newman)
STUDENT ADVISORY VOTES: None (0)
NOES: None (0)
ABSENT: One (1) (Mr. Landres)
ABSTAIN: None (0)

III. Assistant Superintendent, Business and Fiscal Report: Melody Canady (20 min)

6:08 pm A. 2020-21 3rd Budget Revisions

Staff provided the committee an overview of the 2020-21 3rd Budget Revisions that will be presented at the May 20, 2021 Board of Education meeting. There were changes in the projections of property tax and RDA given from LACOE and the County Auditor Controller, with a \$1.9M decrease in property tax and a \$5.2M increase to RDA. The

changes in expenses were in classified salary, unemployment insurance, and budgeted recall election costs. Staff met with the Tax Revenue and Assessed Valuation subcommittee to discuss the adjustments to recognize and applied a conservative approach to the projection. A 4th budget revision in June was currently being considered to recognize the actual increase. The committee discussed transparency within the budget to reflect the projections received and recommended using the actuals to be received in June for the budget.

Ms. Canady and Mr. Cruz answered the committee's questions regarding the overview of the various fund types in the restricted general fund with the additional funds the District anticipates to receive.

The following 3rd budget revision documents were part of this agenda item:

Presentation:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=126768&MID=6286>

Attachment:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=126769&MID=6286>

Multi-year Projection:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=126770&MID=6286>

Fiscal Stabilization Plan:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=126771&MID=6286>

Traditional Budget Line Item with Adjustments due to Covid-19:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=126772&MID=6286>

IV. Discussion/Action Items

A. Recommendation to Adopt Measure R Annual Plan (5 min)

6:48 pm

A motion was made by Ms. Newman and seconded by Ms. Maniar to recommend that the Board of Education approve the 2021-22 Measure R annual plan as presented.

The Measure R annual plan may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/MeasureR/MeasureR-AnnualPlan2122.pdf>

AYES: Eight (8) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: One (1) (Mr. Jacobson)

B. Discussion of District's anticipated 2nd series of Measure M GO Bonds and 2nd series of Measure SMS GO Bonds (ISOM proposal) and bond refunding approach (30 min)

6:51 pm

Mr. Kremer presented the Bond subcommittee's report regarding Measure SMS and Measure M GO Bonds. The subcommittee did not see urgency to go to Board at this time regarding bond refunding. The committee discussed the delays experienced to follow up questions when the information should have been readily available.

For Measure SMS, issuing bonds to fund the capital projects now, not just because interest rates are low. The recommendation was to proceed with Series 2021 Bond issuance, in the amount of \$200M given the low level of unspent series 2019 Bond proceeds and projected capital expenditures of the Measure SMS projects. For Measure M, the recommendation was to not proceed with Series 2021 Bond issuance in the amount of \$80M; recommend issuing when able to represent that will spend 85% in 3 years.

The committee discussed the risks of not hitting spenddown. Mr. Isom clarified that many districts do not meet the spenddown. Mr. Massetti believes that the bond issuance can be spent in 2.5 years.

Moving forward, the subcommittee requested to meaningfully participate and in order to make recommendations, the subcommittee requested that information be provided earlier than a few days before a committee meeting to allow time for members to do their analysis.

C. Recommendation to the Board of Education regarding size and timing of Measures M and SMS GO Bonds (5 min)

7:28 pm

A motion was made by Mr. Kremer and seconded by Ms. Mevasse to recommend to the Board of Education to proceed with Series 2021 Bond issuance of Measure SMS, in the amount of \$200M, and to not proceed with Series 2021 Bond issuance of Measure M, in the amount of \$80M.

AYES: Seven (7) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: None (0)

NOES: One (1) (Mr. Jacobson)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: One (1) (Ms. Maniar)

D. Committee report to the Board of Education on July 15, 2021

7:50 pm

Each subcommittee will submit their respective draft report and recommendations for committee member input and review prior to the June 10, 2021 FOC meeting.

E. Mandates for 2021-22 (15 min)

7:50 pm

The committee discussed potential mandates for 2021-22 to include

1. Measure R
2. Transparency of financial data – to improve disclosures made to stakeholders; providing data and messaging of what District doing effectively; constructive communication to build trust; presentations that portray what was going on in District; discussion about process and creating functional element that allows for data to be synthesized and provided in an open and transparent way to the Board and Public
3. Special Education
4. Effects of Unification
5. Redevelopment bond analysis - Contact city to get more details on the EOs that are outstanding and have the city or the county refinance them as it would increase revenue to the general fund. Suggest the District hire a redevelopment consultant to prepare a long-range plan to assist with budget projections.

F. Nominating Subcommittee Recommendation for Membership effective July 1, 2021 (5 min)

8:00pm

Nomination: *Mr. Crawford, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Newman*

Mr. Crawford reported that the subcommittee reviewed (10) ten applicants, including (2) two current FOC committee members and interviewed (4) four new applicants. The subcommittee recommended (4) four names to be appointed by the Board to serve on the FOC commencing July 1, 2021: Alex Farivar, Payal Maniar, JW Beekman and Michael Rotgin. The applications and resumes were emailed to the full committee and will be provided to the Board of Education with the recommendation.

A motion was made by Mr. Crawford and seconded by Ms. Newman to recommend Alex Farivar, Payal Maniar, JW Beekman, and Michael Rotgin to the Board of Education to serve on the Financial Oversight Committee commencing July 1, 2021.

AYES: Seven (7) (Mr. Covington, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: Two (2) (Mr. Farivar, Ms. Maniar)

G. Nomination and Election of Chair and Vice-Chair for 2021-22 (5 min)

8:07 pm

A motion was made by Mr. Jacobson and seconded by Ms. Newman to recommend Ms. Maniar as Chair and Mr. Kremer as Vice Chair of the Financial Oversight Committee for the 2021-22 year, contingent to Ms. Maniar's appointment to the FOC by the Board of Education.

AYES: Seven (7) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Levis-Fitzgerald, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: Two (2) (Mr. Kremer, Ms. Maniar)

H. 2021-22 Meeting Dates (5 min)

8:10 pm

The following are the FOC meeting dates of 2021-22:

- Wednesday, September 8, 2021
- Thursday, October 28, 2021
- Thursday, December 2, 2021 – Malibu City Hall, Multipurpose Room
- Thursday, January 6, 2022
- Wednesday, March 23, 2022 – Malibu City Hall, Multipurpose Room
- Wednesday, May 11, 2022
- Thursday, June 16, 2022
- TBD (July 2022) * Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD District Office Board Room, 1651 16th Street.*

It was clarified by staff that there were no meeting dates scheduled in November and February due to holidays and timing between meetings. Mr. Kean informed the committee that the District was working to find a return date with limited persons and will continue to provide a Zoom link for the meetings.

A motion was made by Ms. Maniar and seconded by Mr. Kremer to accept the FOC 2021-22 meeting dates.

AYES: Nine (9) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mevasse, Ms. Newman)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: None (0)

V. Receive and File (Limited Discussion)

- 8:16 pm
- A. Tax Rate Projections – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/TaxRateProjections051221.pdf>
 - B. Non-SFID General Obligation Bonds 2021 Taxable (BABs) Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/Non-SFIDGOBondsTaxableRefunding051221.pdf>
 - C. Non-SFID General Obligation Bonds 2021 Tax-Exempt Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/Non-SFIDGOBondsTax-ExemptRefunding051221.pdf>
 - D. SFID 1 General Obligation Bonds 2021 Taxable (BABs) Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/SFID1GOBondsTaxableRefunding051221.pdf>
 - E. SFID 1 General Obligation Bonds 2021 Tax-Exempt Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/SFID1GOBondsTax-ExemptRefunding051221.pdf>
 - F. SFID 2 General Obligation Bonds 2021 Taxable (BABs) Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/SFID2GOBondsTaxableRefunding051221.pdf>
 - G. SFID 2 General Obligation Bonds 2021 Tax-Exempt Refunding – 4/16/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/SFID2GOBondsTax-ExemptRefunding051221.pdf>
 - H. Expenditure by Project for 2019-20 - Measure M and SMS as of 02/28/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/ExpenditurebyProject19-20.pdf>

VI. Public Comments None

VII. Committee Comments

8:16 pm Mr. Jacobson will have discussion with staff about convening the Budget subcommittee in June.

VIII. Next Meeting: Thursday, June 10, 2021 – Zoom

IX. Adjournment: 8:17 p.m.

Date: May 11, 2021

To: The Financial Oversight Committee

From: The Nominations Sub-Committee

RE: Nominations for Open Committee Seats

Your Nominations Sub-Committee is pleased to submit this report on the 2021 nominations process and the people we recommend be recommended to the Board of Education for appointment to the Financial Oversight Committee.

Outside of simply identifying qualified candidates, the sub-committee's goal for this year was to expand the size and diversity of the candidate pool. This process partially achieved this goal, with a significantly larger number of applications but not as much diversity as we should strive for. This should remain an ongoing goal for the FOC in order to meet the language in our charter regarding mirroring the community we serve.

The Process

This year, there were three seats open on the standard schedule: the seats currently filled by Alex Farivar and Payal Maniar and the seat formerly filled by Gordon Lee. The announcement by Marc Levis-Fitzgerald that he would be resigning created an additional vacancy to fill, bringing the total to four.

In total, ten applications were submitted, including two current FOC members whose terms are expiring. The Sub-Committee reviewed all of the applications for relevant knowledge and experience and decided to offer interviews to five candidates. It was decided not to interview the current FOC members applying for reappointment, based primarily on two factors: 1) These candidates' relevant knowledge and experience were detailed in their applications and were competitive with the other top candidates; and 2) The Sub-Committee was already familiar with these candidates' areas of interest and approach to participation on the FOC (the main topics of discussion in the interviews) from shared experience on the Committee.

District Staff scheduled the five interviews quickly and efficiently. Four interviews proceeded as scheduled, with one candidate asking to reschedule at the last moment. **All four of the candidates interviewed were qualified for service on the FOC and would likely make excellent committee members.**

After the interviews, the Sub-Committee discussed the relative merits of each of the four interviewees and the two current FOC member applicants. Given the late cancellation from the fifth candidate, the relative strength of their application and resume, and the candidate's lack of clear connection to the SMMUSD community, the Sub-Committee decided not to offer an alternative interview slot.

With four positions to fill, we decided to recommend four applicants to move forward to the full FOC for nomination to the Board of Education.

The four recommended candidates are the following:

Recommended Candidates

JW Beekman: A Santa Monica resident and parent of three children currently attending SMMUSD, he is the Chief Financial Officer for Universal Music Publishing, a global company with 900 employees and more than \$1.4 billion in annual revenue. He has extensive experience preparing and reviewing budgets, financial reports, and audits, as well as expertise in cost management and financial planning. Mr. Beekman stated that his primary interest was to increase community confidence in the District's financial decision-making. He's also interested in issues of tax revenue and bonded debt and the financial implications of Malibu unification.

Alex Farivar: A Santa Monica resident with two children too young to yet attend SMMUSD schools, he is currently a Product Manager for Snap, Inc., designing software tools for global advertisers. His past experience includes leadership positions in two different educational technology businesses and experience in corporate finance. In his six years on the FOC Mr. Farivar has been an active participant in a number of sub-committees, most recently serving as the Chair of the Tax Revenue and Assessed Valuation Sub-Committee.

Payal Maniar: A Santa Monica resident with two children currently attending SMMUSD, she is currently Head of Business Development and Growth at Hopps, an AI-driven web startup. She has past experience in corporate finance and financial services strategy with various companies both large and small. Ms. Maniar has extensive experience in volunteer leadership roles with SMMUSD. In her three years on the FOC, she has been integral to the Committee's work on the financial aspects of special education, working collaboratively with District staff to effectuate improvements in that area, and has also served actively on the Budget Sub-Committee.

Michael Rotgin: A Santa Monica resident and parent of three children currently attending SMMUSD, he is a Partner and Chief Operating Officer for Shelter Capital Partners, a venture capital firm currently focusing on investments in educational technology. In this role, he is required to understand and analyze financial reports, audits, and financial plans, as well as often serving on Boards of Directors for small and volatile companies. He also has past experience working within government agencies, having held staff positions in the judicial and legislative branches and a short term role with a presidential transition team. Mr. Rotgin stated that his top interest in involvement with the FOC was to bring his skills and experience to the district, and believes that Malibu unification is the biggest financial issue currently facing the district.

Your Nominations Sub-Committee believes that these are the best candidates from a high quality candidate pool. If additional vacancies arise during the year, the FOC will be in an excellent position to quickly bring in interested, highly-qualified candidates. We would like to thank everyone who applied for their time and efforts, and their interest in serving the SMMUSD community.