



**SMMUSD Financial Oversight Committee Minutes**

**Date: Thursday, September 12, 2019**

**Time: 7:00 pm to 9:00 pm**

**Location: Testing Room, SMMUSD Admin Offices  
1651 16th Street, Santa Monica, CA 90404**

**I. Call to Order**

7:03 pm

Committee Members: **Matthew Covington**

Alex Farivar  
Michael Kremer  
Marc Levis-Fitzgerald  
Debbie Mulvaney

**Matthew Crawford**

Seth Jacobson  
Shawn Landres arrived @ 8:13p.m.  
Payal Maniar  
Shelly Slauch Nahass

Staff:

Melody Canady

Kim Nguyen

Board Liaison:

Jon Kean departed @ 8:43p.m.

Laurie Lieberman departed @ 9:12p.m.

Absent:

Gordon Lee

Craig Foster

Public:

John Baracy, Raymond James via conference call ended @ 8:43p.m.  
Alisa Perry, CalPERS – CERBT departed @ 7:53p.m.

**II. Welcome New Members and Student Representatives**

7:03 pm

The committee welcomed Mr. Covington and Mr. Crawford. Mr. Jacobson reported that two (2) students were suggested as potential representatives for Malibu High School and one (1) student for SAMOHI. Mr. Kean informed the committee that in theory, the Associated Student Treasurer should be attending the FOC meetings as part of their duties.

**III. Approval of Agenda**

7:05 pm

A motion was made by Ms. Mulvaney and seconded by Mr. Kremer to approve the meeting agenda as amended.

Item VI. Superintendent Report was postponed to the October 10, 2019 meeting.

Item VII. Annual CERBT Update Presentation was moved to the beginning of the agenda.

AYES: Nine (9) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mulvaney, Ms. Slauch Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Landres, Mr. Lee)

ABSTAIN: None (0)

#### IV. Approval of FOC Meeting Minutes

7:06 pm

A motion was made by Ms. Mulvaney and seconded by Mr. Kremer to approve the June 13, 2019 and June 25, 2019 meeting minutes as amended.

On the June 13, 2019 meeting minutes:

Under Item I. Call to Order, Mr. Kean was present.

Under Item IV.A. Food Services Pilot Program End of Year Update, “Mr. Marchini provided the committee with **an** end of year update...”

Under Item IV.C. FOC Statement of Purpose, “The committee was provided a copy of the FOC statement of purpose, dated August 1, 2012...”

Under Item IV.D.1. FOC Nomination Process, “The committee discussed the nomination process **which will going-forward**, include **that all** applications and resumes **will** be submitted to the full committee membership **for review**. The nomination subcommittee will interview applicants and recommend all qualified candidates ~~to~~ **which shall** include the number of **total** openings ~~and alternates~~ **including returning members plus one alternate.**”

Under Item IV.G. Malibu Joint Use Agreement, “The **fee for the** horse equestrian park

Under Item V.A. Update on ERAF status and negotiations with LACOE and/or the Auditor/Controller, “...the District was not ~~noticed~~ **notified** until...” and “...redevelopment **agency** wind-down process...”

Under Item V.C. Budget Update, “Breakdown of **the** 336 student...”; “...Confirm **the** County Interest Rate...”; “~~Shawn confirmed to use~~ **Mr. Landres wanted to confirm the District was using** figures...”

On the June 25, 2019 meeting minutes:

Under Item II. Discussion/Action Items, “...the Board of Education may appoint **members** with or without the committee’s recommendation.”

AYES: Nine (9) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mulvaney, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Landres, Mr. Lee)

ABSTAIN: None (0)

**V. GO Bond Program Update (2012 Series D GO Bonds and GO Bonds Refunding Opportunity)**

7:53 pm

John Baracy from Raymond James joined the meeting via conference call. Mr. Baracy provided the committee with a historical assessed valuation, estimated Measure ES tax rate, current market themes of supply and FOMC rate decisions, and tax exempt rates. A summary of all orders will be sent to the committee. Isom Advisors are in favor of the refunding; however, the committee requested that Isom Advisors prepare their own written reports. The committee also wanted to confirm the \$30 commitment to the public and requested a document that stacks up all bond obligations. There was committee discussion of Brexit in October impacting the economy and access to supplies for construction.

Mr. Baracy's presentation and the 2019 Taxable Advance GO Refunding handout may be found at the end of these minutes.

A motion was made by Ms. Mulvaney with a friendly amendment by Mr. Landres and seconded by Mr. Landres that the FOC recommends moving forward with the refinancing of 2012 Series D with an efficiency rate of over 50% ratio and to float the remaining Measure ES with attention to the total payment obligations incurred of all issued bonds.

AYES: Nine (9) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Mr. Levis-Fitzgerald, Ms. Maniar, Ms. Mulvaney, Ms. Slauch Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Lee)

ABSTAIN: None (0)

**VI. Superintendent Report: Ben Drati**

7:05 pm

This item was postponed to the October 10, 2019 meeting.

**VII. Annual CERBT Update Presentation**

7:11 pm

Alisa Perry from California Public Employees' Retirement System (CalPERS) – California Employers' Retiree Benefit Trust (CERBT) Fund program provided the committee with an annual update. The discount rate is based on funding behavior, plan condition, and a blended rate between municipal bond rate and the expected rate of investment return for the investment vehicle used to pay for the benefits.

Ms. Perry's presentation may be found at <http://www.smmusd.org/fiscal/BudgetDocs/CERBTAccountUpdate091217.pdf>.

## **VIII. Chairman Report: Seth Jacobson**

7:51 pm Mr. Jacobson encouraged the committee to inform staff far in advance if members are unable to attend a meeting. This is to ensure that meetings are held with a quorum. There is a process for public participation. The chit is to be completed and submitted to the FOC Chair by members of the public who would like to address the committee. Topics on the agenda will be heard after staff report or presentation.

## **IX. Staff Report: Assistant Superintendent, Business and Fiscal Services Melody Canady**

Ann Thanawalla addressed the committee regarding this item.

### **A. Student Fees Class Action settlement and anticipated fiscal impact**

8:43 pm Ms. Canady reported that until the final settlement language is received, staff will not have information on the fiscal impact of the class action lawsuit. It was reported to staff that some volunteers were asked to pay for their own tuberculosis (TB) testing and fingerprinting.

### **B. District Auditor RFP**

8:44 pm Ms. Canady brought to the committee's attention that staff will be issuing a request for proposal (RFP) and sought committee participation in the selection process of new District auditor(s).

### **C. District TRAN borrowing**

8:44 pm Ms. Canady reported the District TRAN borrowing was finalized in the amount of \$23,505,000. SMMUSD was in Series A-1 group with Beverly Hills USD. The Preliminary Official Statement and Official Statement for Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates Series A were submitted to the committee under Agenda Item XII. Receive and File.

### **D. Unaudited Actual Report**

8:45 pm Ms. Canady provided the committee with the unaudited actual budget presentation from the September 5, 2019 Board of Education meeting. The committee requested clarification on the breakdown of Special Education expenses on Slide #6 and supplemental taxes on Slide #11 - Line 8, column I.

The unaudited actual report may be found:

<http://www.smmusd.org/fiscal/BudgetDocs/UnauditedActuals1819.pdf>

The unaudited actual presentation may be found:

<http://www.smmusd.org/fiscal/BudgetDocs/UnauditedActuals1819Present.pdf>

## **X. Discussion/Action Items**

### **A. Conflict of Interest Pledge**

9:12 pm The conflict of interest pledge is an annual document that must be signed by all members. The pledge was circulated for member signatures and will be electronically provided to all members after all members have signed the pledge.

### **B. Board of Education direction for 2019-2020**

9:13 pm The committee received the 2019-20 FOC Charges approved at the August 15, 2019 Board meeting. The Board's meeting minutes may be found at the end of these minutes.

## **XI. Election of Ad hoc Subcommittee Membership**

The subcommittee membership are as follows:

- 9:14 pm
- A. Financial Benefits of Sustainability: *Mr. Jacobson, Mr. Covington, Mr. Crawford*
  - B. Special Ed. Local Plan Area (SELPA): *Ms. Manar, Mr. Kremer, Mr. Levis-Fitzgerald*
  - C. Bond Oversight: *Mr. Lee, Mr. Covington, Mr. Crawford, Mr. Kremer*
  - D. Nomination: *Mr. Farivar, Mr. Jacobson, Mr. Levis-Fitzgerald, Ms. Manar*

The committee asked for clarification with the following charges: calculation of redevelopment agency (RDA) funds, calculation of ERAF funds, review of assessed valuation reports, and review of Prop YY and GS projections that may necessitate an amendment to the FOC charges. The committee may be asked to submit budget recommendations.

## **XII. Receive and File (Limited Discussion)**

- 9:20 pm
- A. Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes - SMMUSD Cash Flow
  - B. July 18, 2019 – Board of Education Joint Meeting Minutes
  - C. Preliminary Official Statement for Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates Series A dated 8/7/2019  
<http://www.smmusd.org/fiscal/BudgetDocs/POS080719toFOC080819.pdf>
  - D. Official Statement for Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates Series A dated 8/21/2019  
<http://www.smmusd.org/fiscal/BudgetDocs/082119TRANSSeriesA.pdf>
  - E. Moody's Investors Service Rating Action dated 08/20/19  
<http://www.smmusd.org/fiscal/BudgetDocs/MoodysInvestorsRtgAction082019.pdf>
  - F. Moody's Investors Service Credit Opinion dated 08/21/19  
<http://www.smmusd.org/fiscal/BudgetDocs/SPGlobalRtg-GenlOblig082119.pdf>
  - G. S&P Global Ratings RatingsDirect Summary: SMMUSD, California: Appropriations; General Obligations dated 08/21/19  
<http://www.smmusd.org/fiscal/BudgetDocs/MoodysInvestorsCreditOpinion082119.PDF>

- H. The Preliminary Official Statement dated September 4, 2019 for General Obligation Bonds of School Facilities Improvement District No. 1 (Santa Monica) Series A  
<http://www.smmusd.org/fiscal/BudgetDocs/MeasureSMS-SeriesA-SFID1-PrelimOfficialStmt.pdf>
- I. The Preliminary Official Statement dated September 4, 2019 for General Obligation Bonds of School Facilities Improvement District No. 2 (Malibu) Series A  
<http://www.smmusd.org/fiscal/BudgetDocs/MeasureM-SeriesA-SFID2-PrelimOfficialStmt.pdf>
- J. Measure SMS SFID No. 1 (Santa Monica) and Measure M SFID No. 2 G.O. Bonds, Election of 2018 Series A - Bond Purchase Agreements and Final Scale & Comparables

**XIII. Public / Committee Comments**      None

**XIV. Next Meeting:**              Thursday, October 10, 2019 – Malibu City Hall, Multipurpose Room

**XV. Adjournment:**              The meeting adjourned at 9:20 p.m.