



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Tuesday, October 22, 2024

Time: 6:00 pm to 8:00 pm

**Location: Parent Center, Malibu High School –
30215 Morning View Drive, Malibu, CA 90265**

Zoom Link: <https://smmk12.zoom.us/j/83032893036>

Meeting ID: 830 3289 3036

I. Call to Order : 6:06 pm

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Committee Members: Brittany Teague Ryan Chin
Dillon Christensen Matthew Crawford
Jonathan Wong Seth Jacobson
Michael Kremer Payal Maniar
Atul Porwal Michael Rotgin

Staff: Melody Canady Gerardo Cruz
Kimberley Curry Blue Carey Upton – *via Zoom*

Board Liaison: Jon Kean Alicia Mignano (*absent*)
Stacy Rouse (*absent*)

Absent: Alex Farivar

Public: Carlos Diaz & Katie Barger, Foster & Foster – *via Zoom*
John Baracy, Baird – Managing Director – *via Zoom*
John Isom – *via Zoom*

II. Approval of Agenda

6:07 pm

A motion was made by Ms. Maniar and seconded by Mr. Chin to approve the meeting agenda.

AYES: Ten (10) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Wong)

NOES: None (0)

ABSENT: One (1) Mr. Farivar

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes – 8/26/2024 & 9/18/2024

6:10 pm

8/26/2024, 9/18/2024 minute approval was delayed until the following FOC meeting to allow for suggested edits to be presented to staff for review and update. Updated 5/21/2024 minutes to be presented (under receive and file) at the next FOC meeting and posted online.

IV. Discussion/Action Items

A. GASB Valuation: *Carlos Diaz & Katie Barger - Foster & Foster, Gerardo Cruz*

2023 GASB Executive Summary:

<https://drive.google.com/file/d/1sHPiE5b3YLJ4sUB3Wox9VYvYo16ZWOXB/view?usp=sharing>

Valuation: https://drive.google.com/file/d/12zb8zYrKn_GKEWN4z6mJugH35-KBMEQJ/view?usp=sharing

Disclosure: <https://drive.google.com/file/d/1PkELNBSnYwRXvaoSRxVwxy2G-k835ES3/view?usp=sharing>

CalPERS CERBT Update:

<https://docs.google.com/presentation/d/1ousFJ2L6AA0H6Ux7fkUczxNnWXqsBffo/edit?usp=sharing&oid=109477188438738052068&rtpof=true&sd=true>

Minutes:

Carlos Diaz shared the GASB Executive Summary and provided a full report for July 1, 2023 Financial supplementals for June 30, 2024. Discussed the district move from CalPERS to SISC for employee medical insurance brokerage, valuation disclosure and CalPERS CERBT updates. Mr. Diaz answered FOC members' questions regarding employer contributions - clarifying supplemental schedule effects, liabilities and assumed value interest, service cost increases, changes in amortization period from 30 to 15 years, causing a larger amortization, and that staff make decisions on changes to rate based on recommendation of Foster & Foster. Peer District Data was requested by the subcommittee. Staff answered questions regarding funds used for benefit payments and previous contributions to funds. Staff discussed Fund 71 addition to the audit. It was clarified that Fund 71 cannot have a balance. Funds to be moved into a trust and will receive annual contributions of approximately \$1 Million. Board Liaison Jon Kean clarified that it is uncertain/ yet to be determined if/when reporting will continue after separation but will advise once clarified.

Action:

Questions to be sent to staff for additional data validation or information.

1. Mr. Rotgin suggested a follow-up call regarding missing information.
2. Mr. Kremer requested shared access to peer group data and inquired whether peer group valuation was completed by Foster & Foster. The subcommittee inquired whether additional groups be included for a better analysis.
3. Ad hoc Committee to reach out to Carlos Diaz and copy staff.
4. Mr. Crawford inquired if future significant changes to discount rate assumptions could be discussed with staff and FOC prior to finalization.

B. 2025 COP for STG Lease Buyout – *John Baracy, Jon Isom – Baird, Carey Upton*

<https://drive.google.com/file/d/1P-u9JLpPxHR6JncXfAmw9DmBUOTxPwtl/view?usp=sharing>

Minutes

1651 16th Street and Colorado Building are proposed for a lease buyout from STG. Review determined STG was not providing full amounts to district. Current lease is through 2052.

Closing costs: \$1.4 Million in refunds. Revenue documents being prepared. Seeking input level versus an inflator debt cost. 70 – 80% occupancy has a long-term lease in place. RDA funds are limited to facility only. Reserve account in place if tenants leave. Facility improvements are built into the budget.

Mr. Kremer requested if balance in Fund 40 can be used for buyout in lieu of COP to replace and reissue COP for tax exemption. Baird Group advised the closing date on COP is February 2025.

Motion:

Ms. Maniar made a motion with a second by Mr. Porwal for the full FOC to approve the general construct of the lease buyback provided Bond Oversight Ad hoc Committee to work with staff and make recommendations to the board on which option to choose, (of the allowability of Fund 40).

AYES: Ten (10) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Wong)

NOES: None (0)

ABSENT: One (1) Mr. Farivar

ABSTAIN: None (0)

C. Financial Communications Relating to November Ballot

Minutes:

- Discussion regarding the press release of upcoming bond and savings to community. New press release to include 2018 savings examples. Ad hoc committee drafted messages to educate voters on new bonds. Staff to check with Gail Pinsker to ensure she has all FOC member emails, and they are included in press release distributions. Staff to work with Gail Pinsker and the Financial Comms subcommittee to provide explanations of the district budgets and how funds can be spent (for clarification of spending restrictions).

- FOC members inquired how Financial Comms subcommittee may support school district on unification related communications. Board liaison Jon Kean advised to hold related to this and for the Financial Comms subcommittee to provide support as needed if the unification proceeds.

D. Possible Special FOC Meeting to discuss MUSD Agreements –

Minutes:

Unification subcommittee met multiple time, raised high level recommendations and risk factors. Provided update at the board meetings. Board liaison Jon Kean advised they are awaiting tax numbers from the county assessor's office. Board liaison advised that these numbers may not be available prior to LA County District Organization Committee Hearings schedules for November.

Takeaway:

- Subcommittee continues to request historical financial data and forward-looking pro-forma scenarios for stand-alone districts.

- Simple redlines of changes for further review
- FOC would meet for approval prior to final recommendation made to the board so subcommittee will reach out to staff to request special FOC meeting when information is received on the agreements.

V. Ad hoc Subcommittee Report

- A. Budget Recommendations –
 - i. General: No report
 - ii. Unfunded Liabilities : No report
- B. Bond Oversight –
Met, but no additional reports.
- C. Measure R Reporting and Process Review –
No report. Subcommittee to meet with Ed. Services
- D. Financial Communication and Reporting –
No additional report
- E. Nominations –
Ryan Chin stood in for Jonathan Wong at the Student Council meeting. Student representative process only had the Freshman vote. The upperclassmen were elected at the end of last year. Ryan was unable to meet with Principal Marae Cruce and the ASB advisor due to scheduling changes. If the ASB representatives have been selected, the process for the FOC student representative will proceed. If not, the newly presented process will be implemented. Still in need of contacting Malibu High School for their ASB representative. Goals is for full implementation in 2024-25 school year.
- F. Malibu Unification –
No report.

VI. Receive and File (*Limited Discussion*)

- A. Senior Exemptions from Measure R Parcel Tax
<https://drive.google.com/file/d/1syZXVtF5VjaUDSmk3V4Em-X6yAYInqux/view?usp=sharing>

VII. Public Comments None

VIII. Committee Comments None

IX. Next Meeting:

- Tuesday, November 19, 2024
- Tuesday, December 10, 2024
- Thursday, January 9, 2025
- 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.*

X. Adjournment: The meeting adjourned at 8:23 pm