



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Thursday, October 28, 2021

Time: 6:00 pm to 8:00 pm

Location: Zoom

https://drive.google.com/file/d/1_eOV3WnP36b9SwVIHZ_xRoG1kl8MbxSp/view?usp=sharing

I. Call to Order

6:04 pm

<u>Committee Members:</u>	Matthew Crawford	Matthew Covington
	Alex Farivar	Seth Jacobson – <i>arrived @ 6:11 pm</i>
	Michael Kremer	Shawn Landres
	Payal Maniar	Renu Mevasse
	Michael Rotgin	Zoe Pollack, Malibu student rep

<u>Staff:</u>	Melody Canady	Gerardo Cruz
	David Chiang	Bonnie Kung

<u>Absent:</u>	JW Beekman	Jon Kean
	Craig Foster	Keith Coleman
	Denise Rosa, SAMOHI student rep	

<u>Public:</u>	Carlos Diaz, DFA – <i>departed @ 6:35 pm</i>
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Staff provided an update regarding Assembly Bill (AB) 361. The FOC may continue to meet virtually as authorized by AB 361 and the resolutions adopted by the Board of Education. The monthly resolutions adopted by the Board of Education covers all the District Advisory Committees and the FOC.

II. Approval of Agenda

6:07 pm

A motion was made by Mr. Kremer and seconded by Mr. Crawford to approve the meeting agenda as amended to defer discussion of Agenda Item V.C. Review of FOC Recommendations on the District’s Debt Policy to a later date.

AYES: Eight (8) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

6:10 pm

A motion was made by Mr. Rotgin and seconded by Ms. Mevasse to approve the September 21, 2021 meeting minutes.

AYES: Eight (8) (Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

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

6:11 pm

A. GASB 75 Valuation

Mr. Diaz provided the committee a presentation of the GASB 75 supplemental schedules. As of June 30, 2021, the District's OPEB net liability is \$60.8M, compared to \$52.4M in June 30, 2020. Mr. Diaz explained that the biggest factor for the increase of the liability is the decrease in the municipal bond rates over the past 3 years.

Mr. Cruz clarified that it was an intentional decision for the District to not contribute to the trust due to the structural deficit prior to the COVID-19 funds. He informed the committee that for the 2021-22 fiscal year, the District will likely contribute from Fund 71 per the guidance of the auditors. Mr. Cruz also clarified that the payments outside the trust were the 1.25% payroll deductions from every district employee.

Mr. Diaz explained that the assumptions used are reevaluated at each valuation, using census information to determine any adjustments.

DFA will request the data needed from staff to start the final report.

The presentation and its documents may be found at the following links:

- Presentation: https://drive.google.com/file/d/110_wXx5pKKIIYhNM40dnJMP7G96_4K11/view?usp=sharing
- Documents: <https://drive.google.com/file/d/1XqaOIFYxFrIr69M0wy9XENM6W00aMEh2/view?usp=sharing>

V. Discussion/Action Items

6:35 pm

A. Conflict of Interest Pledge

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

6:35 pm

B. Update On Refunding Bonds

Ms. Canady provided a brief update on the 2021 Refunding General Obligation Bonds.

The committee asked for clarification regarding the District's decision to proceed with taxable refunding rather than waiting for the approval of tax-exempt advanced refunding. Ms. Canady stated that the staff made the decision to move forward based on the rates at the time. Mr. Kremer inquired if a comparison of taxable vs tax-exempt refunding options was provided to

the District before the sale. Ms. Canady responded that said analysis was provided to her before the bond sale.

The committee requested the following information:

- Financing cost broken out by vendor
- Negative arbitrage of each series refunded
- Comparison of the tax-exempt vs. taxable funding for the refunding bonds

The Post-Pricing Book for the 2021 Refunding General Obligations Bonds may be found at: <https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/Post-PricingBook2021RefundGOBonds090121.pdf>

C. Review of FOC Recommendations on the District's Debt Policy

This item was amended from the agenda. The Bond Oversight subcommittee will meet with staff and board liaisons, and provide an update to the FOC at a later meeting.

6:50 pm

D. Update on Nominations

Ms. Maniar reported that the members for the Nominations subcommittee have been established. They will reach out to the active applicants from last spring and will provide the committee with updates at the next meeting.

6:52 pm

E. Future Meetings Dates

Due to scheduling conflicts, the December 2, 2021 meeting has been moved to December 7, 2021. In order to allow sufficient time for staff to prepare the financial reports, the May 11, 2022 meeting has been moved to May 24, 2022. Staff will meet with the Budget Recommendations subcommittee prior to presenting the reports to the Board. The reports will be presented to the FOC at the meeting following the Board presentation.

A copy of the meeting calendar may be found at the end of these minutes.

VI. Ad hoc Subcommittee Report

6:55 pm

A. Budget Recommendations: *Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin*

Mr. Jacobson is the Chair of this subcommittee. The subcommittee plans to meet in the upcoming week. They will provide updates at the next meeting.

B. Tax Revenue and Assessed Valuation: *Mr. Farivar, Mr. Crawford, Mr. Kremer, Mr. Beekman*

Mr. Farivar is the Chair of this subcommittee and Mr. Beekman joined the subcommittee. The subcommittee plans to meet in the upcoming weeks.

C. Bond Oversight: *Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin*

Mr. Kremer is the Chair of this subcommittee. The subcommittee will try to coordinate a meeting before the discussion with the board liaisons and staff to discuss the Debt Policy.

D. Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*

Mr. Crawford is the Chair of this subcommittee. The subcommittee met to discuss the scope and initial thoughts of the subcommittee. They discussed their starting strategy and is working to schedule time with staff.

E. Financial Communication and Reporting Subcommittee: *Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson*

Mr. Landres is the Chair of this subcommittee. With the overlap of members in the Measure R subcommittee and its limited timeframe, a decision was made to focus on Measure R. Once it is completed, the subcommittee will focus on financial communications.

F. Nomination: *Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar*

Mr. Covington is the Chair of this subcommittee and Mr. Farivar joined the subcommittee. Staff will provide the subcommittee with the applications from last spring. The subcommittee will proceed with interviews and make recommendations at the next meeting.

VII. Receive and File (Limited Discussion)

7:01 pm

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

https://drive.google.com/file/d/1EgtCd1eFUgKv0e_e1LLb869TjPfnvnDR/view?usp=sharing

VIII. Public Comments None

IX. Committee Comments

7:03 pm

Mr. Landres inquired about the Board of Education's plans to return to in-person meetings and the possibility of the FOC making its own findings, if needed, to continue meeting virtually in compliance with AB 361. The committee discussed the importance of accessibility for public comments as live public comments may be given during the meetings per the stipulations of AB 361. The link to provide public comment is available on the agenda.

X. Next Meeting: Tuesday, December 7, 2021

XI. Adjournment: The meeting adjourned at 7:07 p.m.

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](#)