



## SMMUSD Financial Oversight Committee Meeting Minutes

**Date:** Tuesday, December 7, 2021

**Time:** 6:00 pm to 8:00 pm

**Location:** Zoom

<https://drive.google.com/file/d/17HSRd4ovMqX8C5jTvb5Po8FIFV2j4oU0/view>

### I. Call to Order

6:02 pm

Committee Members: JW Beekman  
Alex Farivar  
Michael Kremer  
Payal Maniar  
Michael Rotgin

Matthew Covington  
Seth Jacobson  
Shawn Landres  
Renu Mevasse  
Zoe Pollack, Malibu student rep

Staff: Melody Canady  
David Chiang

Gerardo Cruz  
Bonnie Kung

Board Liaison: Keith Coleman

Jon Kean – *departed @ 7:15 pm*

Absent: Matthew Crawford

Craig Foster

### II. Approval of Agenda

6:03 pm

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

AYES: Nine (9) (Mr. Beekman, Mr. Covington, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: One (1) (Ms. Pollack)

NOES: None (0)

ABSENT: One (1) (Mr. Crawford)

ABSTAIN: None (0)

### III. Approval of FOC Meeting Minutes

6:05 pm

A motion was made by Mr. Covington and seconded by Mr. Jacobson to approve the October 28, 2021 meeting minutes as amended.

Under V.B. Update On Refunding Bonds:

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

Mr. Kremer noted that the committee did not receive the requested comparison of the taxable vs. tax-exempt refunding option and Ms. Canady clarified that the District did not receive the analysis.

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

STUDENT ADVISORY VOTES: One (1) (Ms. Pollack)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: One (1) (Mr. Beekman)

Mr. Beekman abstained as he was not present for the discussion.

#### IV. Discussion/Action Items

6:12 pm

##### A. 1<sup>st</sup> Interim Budget Report

Ms. Canady and Mr. Cruz provided the committee with a preview of the 1<sup>st</sup> Interim Budget report that will be presented at the December 9, 2021 Board meeting.

The following 1<sup>st</sup> interim documents may be found in the following link:

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=192798&MID=9314>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=191122&MID=9314>
- Multi Year Projection (MYP): <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=191123&MID=9314>
- Fiscal Stabilization Plan: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=191124&MID=9314>
- Standard Account Code Structure (SACS) Report:  
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=191125&MID=9314>
- Adopted Budget Review Letter From LACOE: First Interim Budget:  
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=191126&MID=9314>

Ms. Canady reported that the District had a positive certification for its budget at the time of reporting. There is currently a \$26.6M two (2)-month reserve, which is 17.51% of the budget. For basic aid districts, the recommendation is to be at the 20-25% range. The district is interested in having a reserve policy, which the staff is hoping to bring forward to the FOC for a later discussion.

The committee raised the question whether the budget was sustainable without the COVID funds and Mr. Cruz answered that the multi-year projections indicated that the current budget trends were sustainable. The Fiscal Stabilization Plan required by LACOE is in the preliminary levels of discussion within the district cabinet. LACOE recommends a \$2M decrease in expenditures in the next two fiscal years. The committee ~~suggested setting a timeline for the plan and that providing any further information~~ **requested be provided** to the Financial Communications subcommittee ~~would be helpful~~ **in order** to better assist in communicating the plan to the public.

Mr. Cruz informed the committee that there was no finding this year for the Food Services Department tracking and enrollment numbers. The committee discussed the impact of SB 634 and universal school meals on the district-provided lunches.

The presentation to the Board of Education on May 20, 2021 by Dr. Mora detailing the allocation of the COVID-19 funds (Agenda Item II.G.1) will be provided to the committee.

B. Update on FOC Recommendations on the District's Debt Policy

This item was discussed during Agenda Item V.C. Bond Oversight Ad hoc Subcommittee report.

**V. Ad hoc Subcommittee Report**

7:30 pm

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

Mr. Jacobson reported that the subcommittee met with staff to review the 1<sup>st</sup> Interim Budget. The subcommittee is looking forward to helping with the 2<sup>nd</sup> Interim Budget to streamline some of the data and provide any assistance regarding the Budget stabilization efforts. Mr. Jacobson stated it would be beneficial to coordinate with the Financial Communications subcommittee at a later meeting.

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

Mr. Farivar reported that the subcommittee was in the process of scheduling a meeting. The subcommittee will follow up with the point of contact for the city for any updates. Mr. Cruz requested that the meeting occur in January so that the new projections can be incorporated into the 2<sup>nd</sup> Interim Budget, as of January 31<sup>st</sup>.

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

Mr. Kremer reported that the subcommittee met with the staff and board liaisons to review the suggested changes for the debt policy. The subcommittee responded with a few additional changes, which was reviewed by the District's bond counsel (Jones Hall). Bond counsel updated the policy, which was shared with the FOC for review and discussion. The subcommittee will meet to further discuss and provide a report to the full committee at the January meeting.

Mr. Kremer explained that the Bond Refunding "101" document was included for the committee as it ties into the debt policy suggested changes on refunding. Metrics were applied to the bond maturity level to show how it changes the outcome of the transaction.

The First Reading of the SMMUSD BP 3470 and the Bond Refunding "101" document may be found at the following links:

- First Reading – SMMUSD BP 3470:  
<https://drive.google.com/file/d/1zqYYmyYvEllpJDMP8NUHaxVtxjavnOck/view?usp=sharing>
- Bond Refunding "101": [https://drive.google.com/file/d/1pECWk\\_ybIbVi\\_G2ncy0FMgQMmEXMU7t2/view?usp=sharing](https://drive.google.com/file/d/1pECWk_ybIbVi_G2ncy0FMgQMmEXMU7t2/view?usp=sharing)

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

Ms. Maniar reported that the subcommittee met with Dr. Mora and discussed the Measure R process, timeline and existing documentation. Dr. Mora will send the subcommittee a more detailed description of the various components and existing line items within the Measure R budget. The subcommittee will work on making recommendations and hopes to have updates at the next meeting. Mr. Landres stated that the subcommittee will need to be very focused in their requests and how they are hoping to provide support to the staff. The range of expectations regarding the level of communication about Measure R was discussed.

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

Mr. Landres reported that the subcommittee was planning to meet the 3<sup>rd</sup> week of January. Ms. Maniar stated the importance of being intentional about the subcommittee's scope of work so that they can deliver something tangible.

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

Mr. Covington reported that the subcommittee conducted a review of the six (6) active applications from the previous round. Two (2) candidates were selected to proceed to the interview process. One (1) applicant declined due to a prior commitment to another committee. The subcommittee will interview the other candidate and decide on the next steps.

Mr. Landres requested that the subcommittee confirm the proper procedures for filling the vacancy in the FOC. The subcommittee will look into the appropriate process and proceed accordingly.

**VI. Receive and File (Limited Discussion)**

7:47 pm

A. CERBT Account Update Summary – 9/30/21

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/CERBTAccountUpdateSummary093021.pdf>

B. Exhibit A – Costs of Issuance by Vendor

<https://drive.google.com/file/d/1x2bxgcyhG-tK1Fke7Wx06bSwBQvB1U-h/view?usp=sharing>

C. 2021 Refunding General Obligation Bonds Escrow Efficiency Calculations

[https://drive.google.com/file/d/1J-iNqQSNVf7AMunw99ep3Ql8LVX\\_49jM/view?usp=sharing](https://drive.google.com/file/d/1J-iNqQSNVf7AMunw99ep3Ql8LVX_49jM/view?usp=sharing)

D. Draft Audit Report – 20/21

[https://drive.google.com/file/d/1v9N\\_OMSsJBuQmRaIYklDlk3VpJlp9rM/view?usp=sharing](https://drive.google.com/file/d/1v9N_OMSsJBuQmRaIYklDlk3VpJlp9rM/view?usp=sharing)

E. Draft Measure R Audit Report – 20/21

[https://drive.google.com/file/d/1325JpCBsTz2YSsNKEWtGRUtqcDXuNyU\\_/view?usp=sharing](https://drive.google.com/file/d/1325JpCBsTz2YSsNKEWtGRUtqcDXuNyU_/view?usp=sharing)

**VII. Public Comments** None

**VIII. Committee Comments** None

**IX. Next Meeting:** Thursday, January 6, 2022 - Zoom

**X. Adjournment:** The meeting adjourned at 7:48 p.m.