



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, January 10, 2013

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

The meeting was called to order at 7:00p.m. by Mr. Larmore.

Committee Members: Patricia Hoffman Tom Larmore
 Daniel McGee Shelly Slaugh Nahass
 Paul Silvern Cynthia Torres
 David Vukadinovich

Board Liaisons: Laurie Lieberman arrived @ 7:02pm

Student Members: Emma London, Malibu HS arrived @ 7:05pm

Staff: Jan Maez Kim Nguyen

Absent: Jose Escarce Craig Foster
 Gordon Lee Nimish Patel
 Elliot Baumohl, SAMOHI

Public: Gerardo Cruz Valerie McMasters-Shaw left @ 7:12pm
 Alice Chung left @ 7:02pm

II. Approval of Minutes November 29, 2012 meeting

A motion was made by Mr. McGee and seconded by Mr. Vukadinovich to approve the November 29, 2012 Minutes. The motion passed (Mr. Silvern abstained). Mr. Foster and Mr. Lee were absent.

III. Discussion/Action Items

- A. District Audit Report: Ms. Valerie McMasters-Shaw from Christy White Accountancy presented the 2011-12 district audit. She stated that the report contained one minor finding and no audit adjustments. The Ed Foundation had been asked to provide their audit report to Christy White Accountancy since their fundraising amounts exceeded the numbers requiring disclosure in the District's report. The Measure R audit report should be completed within the following week and will be agendaized for the February 13, 2013 FOC meeting. A motion was made by Mr. Silvern and seconded by Ms. Hoffman that the FOC recommend that the Board of Education accepts the district audit as presented by Ms. McMasters-Shaw. The motion passed unanimously. Mr. Foster and Mr. Lee

were absent. A motion was made by Mr. Silvern and seconded by Ms. Hoffman to commend Ms. Maez and her staff for their work that resulted in a very clean audit. The motion passed unanimously. Mr. Foster and Mr. Lee were absent.

IV. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

- A. Budget Update: Senior staff and representatives from CTA and SEIU were registered to attend the Governor's Budget Workshop scheduled on January 16, 2013. The district budget workshop is scheduled for Saturday, February 9th. A survey was developed for the same groups who participated in the budget pathways to gather input and priorities. Ms. Maez indicated that a representative from LACOE will be asked to come talk to the Board at the beginning of the budget workshop regarding how the County evaluates budgets. Mr. Silvern requested that the School Services report that shows reserve levels for school districts around the State be circulated when it becomes available. Ms. Torres requested a budget timeline similar to Palo Alto Unified School District be posted on the District's website.
- B. Bond Rating Update: Ms. Maez reported that she, the Superintendent, and Boardmember Lieberman had a successful meeting with Moody's and Standard & Poor's on December 7, 2012 retaining the District's AA1 and AA ratings. Ms. Maez distributed a copy of the press release of the bond refunding saving taxpayers over \$2.8M. This refunding was to reduce the interest rate. Ms. Maez also distributed a memo from Keygent Advisors regarding the background on Capital Appreciation Bonds and Negative Press/Proposed Legislation for California K-14 Education General Obligation Bonds.
- C. Measure BB/ES Update: Ms. Maez stated that the last issuance of Measure BB is scheduled to take place in March 2013 in the amount of \$83M. The timeline for the first series of Measure ES has not yet been determined. Mr. Silvern requested that a copy of the offering statement be placed in Dropbox when it becomes available. Measure BB projects are all moving forward and there has been headway with the issues the District has had with Malibu. The district has done a lot of work to ensure compliance with what is considered as reasonable lighting.

Although status of FOC appointments were not agendized, Ms. Lieberman provided the FOC an update that she, Nimish Patel and Maria Leon-Vazquez constitute the Bond subcommittee to fill FOC vacancies and have scheduled interviews on January 16, 2013.

V. Update from Ad Hoc Committees

- A. Superintendent Advisory Committee (SAC) (C. Foster, D. Vukadinovich): Mr. Vukadinovich reported that the December 17, 2012 committee meeting was set up as an exercise similar to a classroom. The focus was on elementary schools. The Ed Foundation reported that they received \$125,250 and during the week of the FOC meeting, an email update was sent that \$455,000 was received. On February 23, 2013, Bloomingdales will be hosting a cocktails reception where 10% on sales that day will be donated to the Ed Foundation.

- B. Per Pupil Budgeting (*C. Foster, P. Hoffman, S. Slaugh Nahass*): Ms. Slaugh Nahass and Ms. Hoffman reported that they will meet soon. The committee recommended a change in the name of the ad hoc subcommittee to reflect its modified focus on state funding. Mr. Silvern suggested that it might be helpful if the scope of work was broadened to include the formula changes in the control of local funding.
- C. Detailed Budget Review (*T. Larmore, G. Lee, D. McGee, C. Torres*): Ms. Torres reported that the ad hoc subcommittee will meet with Ms. Maez to talk about financial comparisons with peer districts that are being used with CTA at the bargaining table. The first list contain Districts that are within 10% of enrollment range and closest in revenue per ADA and free/reduced lunches. The second list of Districts is those SMMUSD compete with in the labor market although not within the 10% range. The Districts are different than those listed on the FOC list from last year's comparisons.
- D. Malibu Unification (*C. Foster, T. Larmore, P. Silvern, D. Vukadinovich, E. Baumohl, E. London*): Mr. Larmore reported that the subcommittee had not met pending the final report from WestEd. Members of Advocates for Malibu Public Schools (AMPS), some members of the Board and members of the Union met on January 9, 2013 to review the WestEd report. The report in its final form was limited to the law establishing criteria for unification and had not yet been given to the District for distribution. It was clear in the report that there continue to be some unanswered questions. The County committee and State Board will decide whether the nine (9) criteria are substantially met. They also determine if the application moves forward and if so, the area of election. It was anticipated that a difficult issue will be how debt/bonds be divided because there are varying interpretations on how it should be handled and the complexity is significant. Financial viability and instructional/educational issues were also a part of the report.

VI. Documents Distributed, Receive and File (Limited Discussion):

- A. Department of Finance Governor's Budget Summary 2013-14
- B. York, Anthony. "Brown plans extensive changes for school funding in 2013" Los Angeles Times 2 Jan. 2013 <<http://www.latimes.com/news/local/la-me-brown-education-20130102,0,2969868.story>>
- C. City of Santa Monica and City of Malibu Master Facilities Use Agreements
- D. Prop Y and YY agreement
- E. 2012 FOC Public School Finance Education Presentation
- F. FOC Statement of Purpose

VII. Public Comments: Ms. Alice Chung was introduced as the Director of Child Development Services.

VIII. Next Meeting: Wednesday, February 13, 2013

IX. Adjournment: It was moved by Mr. Silvern and seconded by Mr. Vukadinovich to adjourn at 8:12pm. The motion passed unanimously. Mr. Foster and Lee were absent.