

TO: BOARD OF EDUCATION

STUDY SESSION

07/16/14

FROM: SANDRA LYON / JANECE L. MAEZ

RE: JOINT SESSION WITH THE FINANCIAL OVERSIGHT COMMITTEE

STUDY SESSION ITEM NO. S.01

As part of the requirements associated with the annual funds given to the School District from the City of Santa Monica, the Financial Oversight Committee (FOC) was appointed as an independent oversight committee regarding the financial matters of the District. This includes an annual report from the FOC to the School Board, reviewing the past year and offering its observations about the District's financial matters.

In addition, the FOC's charge was amended at the June 5, 2008, Board meeting (Item A.22) to include responsibilities associated with the Measure R parcel tax, approved by the voters at the February 2008 Special Election. Measure R requires that an Independent Citizens Oversight Committee monitor proposed and actual parcel tax expenditures each year.

Therefore, in compliance with the foregoing, the Board of Education will convene a joint session with members of the Financial Oversight Committee on July 16, 2014, for the purpose of addressing the following items:

- I. Comments from the FOC as presented by Chair Tom Larmore regarding the annual report.
- II. Discussion between the Board of Education and the FOC regarding FOC Focus for FY 2014-15.

Ms. Maez thanked the FOC members for their work and dedication to the district. The FOC members introduced themselves. Mr. Larmore, the FOC Chair, walked through the committee's report. The board and FOC then discussed new charges for the FOC. The board agreed that the FOC would examine the following:

- *Retiree health benefits liability*
- *Financial strategy to address the cap on reserves*
- *Issues associated with split unification, including the allocation of existing Measure BB bond indebtedness between two districts, new Measure ES bonds, and future bonds; CEQA indemnification costs; the continuation of the Measure R parcel tax in Malibu; the potential role of state legislation in regards to the split unification process; a division of assets and workforce; and LCFF calculations. It was decided that the FOC could assist the district in developing a scope of work for an independent contractor to help the district answer many of these questions. Mr. Foster, FOC member and President of AMPS, said AMPS would cover the cost of such an independent contractor. Mr. Larmore suggested that the FOC return in October with a scope of work for the independent contractor for the board to consider and plan to move forward. Dr. Escarce suggested staff create a matrix identifying and prioritizing all of the district's questions and issues regarding split unification and determine where the FOC and/or independent consultant could assist reduce uncertainty. It was also decided that Ms. Maez, the independent contractor, and the FOC would report back to the board with findings. Ms. Lieberman and Dr. Escarce, board liaisons to the FOC, will work with the FOC unification subcommittee.*