



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, June 18, 2015

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

7:00 pm

Committee Members: Jon Kean
Tom Larmore
Marc Levis-Fitzgerald
Shelly Slaugh Nahass
Cynthia Torres
Seth Jacobson arrived @ 7:09 p.m.
Laurie Lieberman arrived @ 7:14 p.m.
Joan Krenik
Gordon Lee
Debbie Mulvaney
Paul Silvern arrived @ 8:05 p.m.
Manel Sweetmore arrived @ 7:06 p.m.

Board Liaisons: Craig Foster

Staff: Jan Maez Kim Nguyen

Absent: None

Public: Jose Escarce, Board Member
Linda Greenberg arrived @ 7:22 p.m.
Kathleen Rawson arrived @ 7:22 p.m.

II. Approval of Minutes

7:01 pm

A motion was made by Mr. Larmore and seconded by Ms. Torres to approve the May 14, 2015 minutes.

AYES: Seven (8) (Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Ms. Slaugh Nahass, Ms. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Three (3) (Mr. Jacobson, Mr. Silvern, Mr. Sweetmore)

ABSTAIN: None (0)

III. Staff Report

7:02 pm

A. Budget Update

Ms. Maez addressed the committee with an abbreviated presentation of the 2015-16 preliminary budget from the June 11, 2015 Board meeting. Ms. Torres requested a copy of LCAP plan.

The 2015-16 Preliminary Budget board presentation may be found at <http://www.smmusd.org/fiscal/BudgetDocs/2015-16PreliminaryBudget.pdf>

- 7:33 pm B. Dannis, Woliver and Kelley (DWK) Proposal and proposed AMPS reimbursement agreement

Ms. Maez informed the committee that the proposal consisted a breakdown of three (3) phases. In addition, the direction staff received from the Board was that an agreement from AMPS to reimburse the district for costs needed to be in place prior to the district entering into an agreement with DWK. The proposed AMPS reimbursement agreement was provided to AMPS leadership which provides \$5,000 initial deposit. The committee had a spirited discussion of the DWK proposal and reimbursement agreement.

Mr. Larmore opined that \$5,000 may not be a sufficient retainer amount and that there should be a fairly sizeable deposit that would be held by the District. As invoices are billed by DWK, payments would be reimbursed by AMPS. In the event that payment is not received from AMPS, then the District will use funds from the deposit to pay the invoices.

IV. Discussion/Action

- 8:06 pm A. 2015-16 Meeting Calendar

Ms. Slaugh Nahass suggested to have an August FOC meeting to discuss FOC charges for 2015-16, election of FOC Chair and Vice Chair, and adhoc subcommittee membership. The following are scheduled meeting dates for 2015-16:

- Thursday, August 27, 2015
- Thursday, September 10, 2015
- Thursday, October 8, 2015
- Thursday, November 12, 2015
- Thursday, December 3, 2015
- Thursday, January 14, 2016
- Thursday, February 11, 2016
- Thursday, March 10, 2016
- Thursday, April 21, 2016
- Thursday, May 12, 2016
- Thursday, June 16, 2016
- *TBD (July 2016) *Please note: This is a Joint Meeting / Study Session with the Board of Education - SMMUSD District Office Board Room, 1651 16th Street.

V. Updates from Ad Hoc Subcommittees

8:10 pm

A. FOC Nominating Subcommittee (*Ms. Krenik, Mr. Larmore, Ms. Slaugh Nahass*)

Ms. Slaugh Nahass informed the committee that ten (10) applications were reviewed and considered [(4) newly submitted applications, (4) previously submitted from the last vacancies, and (2) were from incumbents]. The nominating subcommittee only interviewed new applicants who did not previously apply. The committee the subcommittee's recommendation of Mr. Alex Farvar, Mr. Gordon Lee and Mr. Manel Sweetmore.

A motion was made by Mr. Silvern and seconded by Mr. Sweetmore to recommend to the Board of Education the appointment of Mr. Alex Farvar, Mr. Gordon Lee and Mr. Manel Sweetmore to the Financial Oversight Committee.

AYES: Eleven (11) (Mr. Jacobson, Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Ms. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

8:18 pm

B. Retiree Unfunded Health Benefit Liability Review (*Mr. Kean, Mr. Levis-Fitzgerald*)

Mr. Kean informed the committee that there was discussion of a few additional categories to include SMMUSD developing a strategy for full liability with a long term plan; risk and volatility; and language from CALPERS as a low risk investment. A motion was made by Ms. Krenik and seconded by Mr. Silvern to accept the recommendation of joining the CERBT trust, selecting investment strategy #1, have an annual review at the FOC level, and establishing a long term plan for full liability.

AYES: Eleven (11) (Mr. Jacobson, Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Ms. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

8:42 pm

C. Bond Review for Malibu Unification (*Mr. Larmore, Mr. Jacobson, Mr. Lee, Ms. Slaugh Nahass, Mr. Sweetmore*)

The committee discussed other assets, liabilities and bond debt addressed in the draft memorandum. A motion was made by Ms. Krenik and seconded by Mr. Silvern to submit the memorandum from the Bond Review for Malibu Unification subcommittee as part of the FOC annual report to the Board at the July 15, 2015 board meeting.

AYES: Eleven (11) (Mr. Jacobson, Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Ms. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

8:59 pm

D. Budget Review for Malibu Unification (*Mr. Silvern, Ms. Krenik, Ms. Mulvaney, Mr. Sweetmore, Ms. Torres*)

Mr. Silvern provided the committee with a summary of the Budget Review for Malibu Unification report. The subcommittee did not find any deal breakers. One exception was that Malibu will need to pass its own parcel tax or special legislation to maintain the level of revenue / taxes it currently receives. Using a baseline drive from the 2nd interim budget report, Malibu will become a basic aid district that will keep all property taxes in excess of the funds received from the Local Control Funding Formula (LCFF). Malibu-only district would be solvent under the Education Code for the first year and two subsequent years. Santa Monica-only district will keep a larger share of Prop Y sales tax, City of Santa Monica and joint occupancy lease revenues from all Santa Monica properties. Several exhibits will be attached to the report for reference purposes.

A motion was made by Mr. Larmore and seconded by Ms. Slaugh Nahass to submit the memorandum from the Budget Review for Malibu Unification subcommittee as part of the FOC annual report to the Board at the July 15, 2015 board meeting.

AYES: Eleven (11) (Mr. Jacobson, Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Ms. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

VI. Santa Monica-Malibu Education Foundation (SMMEF) Update

9:05 pm

Ms. Greenberg introduced Kathleen Rawson, Chief Executive Officer of Downtown Santa Monica who is also SMMEF Chair. Ms. Rawson provided the FOC with a brief background of SMMEF that began with a revision to board policy in 2011 that created a centralized fundraising model. A memorandum of understanding was entered between SMMUSD and SMMEF as it relates to centralized fundraising and fundraising goals. Ms. Rawson also provided statistics of participation and from parents, staff, and corporate donors. This year, PTA donations ranged from \$350 to \$25,000.

In response to Mr. Jacobson's suggestion for coverage of Malibu schools and programs in future SMMEF e-newsletters, Ms. Greenberg informed the committee that she has been working with the district's community and public information officer on an annual communication plan.

VII. Advocates for Malibu Public Schools (AMPS) Update

9:10 pm Mr. Sweetmore reported that AMPS has been busy analyzing to the reimbursement agreement and is supportive of it but was trying to figure out timing and clean-up of the document. AMPS is also working on obtaining high level legal advice on indemnification and how to get that done.

VIII. Receive and File (Limited Discussion)

1. Rating Report from Standard & Poor's Ratings Services <http://www.smmusd.org/fiscal/pdf/SMMUSDSPRatingReport061015.pdf>
2. Rating Report from Moody's Investors Service <http://www.smmusd.org/fiscal/pdf/MoodysRatingReport060415.pdf>
3. Measure ES Final Offering Statement Series B Preliminary Official Statement
[http://www.aviacommunications.com/DocumentHosting/7090_Santa_Monica-Malibu_USD_2012_GOB_SerB_\(POS\).pdf](http://www.aviacommunications.com/DocumentHosting/7090_Santa_Monica-Malibu_USD_2012_GOB_SerB_(POS).pdf)

IX. Public / Committee Comments

X. Next Meeting: Wednesday, July 15, 2015 *Please note: This is a Joint Meeting / Study Session with the Board of Education - SMMUSD District Office Board Room

XI. Adjournment: A motion was made by Ms. Torres and seconded by Mr. Lee to adjourn at 9:12 p.m. The motion passed unanimously.