



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, December 4, 2014

Time: 7:30 pm to 9:30 pm

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

I. Call to Order

7:35 pm

<u>Committee Members:</u>	Craig Foster	Jon Kean
	Tom Larmore	DeAndre Parks
	Paul Silvern	Shelly Slaugh Nahass
	Cynthia Torres	Manel Sweetmore left @ 8:27pm

Board Liaisons: Laurie Lieberman

<u>Staff:</u>	Jan Maez	Kim Nguyen
	Mark Kelly	

<u>Absent:</u>	Jose Escarce	Jordan Golden-SAMOHI
	Joan Krenik	Gordon Lee
	Peter Lippman	Kennedy Myers-Malibu HS

Public: Bruce Terry, Decision Insite

II. Approval of Minutes

7:35 pm

A motion was made by Mr. Foster and seconded by Ms. Torres to approve the November 13, 2014 minutes.

AYES: Eight (8) (Mr. Foster, Mr. Kean, Mr. Larmore, Mr. Parks, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Mr. Torres)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Three (3) (Ms. Krenik, Mr. Lee, Mr. Lippman)

III. Staff Report

A. Budget Update

8:10 pm

Ms. Maez reported that staff will present the 1st interim report at the December 11, 2014 board meeting. The report reflects an increase of revenue from the adopted budget. It is not unusual as carryovers from the prior year fund balance are now included. The projected ending balance is over \$18M. The unassigned fund balance is approximately \$5.9M.

Expected PERS, STRS and health benefit increases are included in the multi-year projection (MYP). ~~The~~ In 2016-17, the ending fund balance will be less than 10%. Revenue calculations and projections were done using Department of Finance (DOF) numbers which are higher and more optimistic than School Services of California (SSC). The MYP shows reserving a portion of the fund balance if the DOF figures are not achieved.

Ms. Maez's handouts may be found at the end of these minutes.

B. Decision Insite

7:36 pm

Mr. Terry from Decision Insite provided his annual presentation on general demographic trends, historical enrollment, and residential development research (methodology, findings and conclusions). In response to one of the questions from the committee, Mr. Terry will provide an ethnicity breakout for Santa Monica and Malibu. In addition, Mr. Terry informed the committee that the population slide was based on US Census data **for 2010 and 2014 but a private company's estimate for 2019.**

Mr. Terry's presentation may be found at the end of these minutes.

IV. Discussion/Action

V. Updates from Ad Hoc Subcommittees

A. Nominating Subcommittee (*Ms. Krenik, Ms. Torres, Mr. Larmore*)

8:40 pm

Ms. Torres reported that a number of applications have been received and are of high caliber. The last date for submission from interested applicants is December 12, 2014.

B. Retiree Unfunded Health Benefit Liability Review (*Mr. Parks, Mr. Kean, and Mr. Sweetmore*)

8:41 pm

Mr. Kean reported the subcommittee met with two representatives from CalPERS regarding the California Employers' Retiree Benefit Trust Fund. It is an irrevocable trust but there is flexibility. There is no obligation to make contributions. An account can be opened without deposit of any funds and management fees will not be charged. Fresno and Los Angeles Unified School Districts are participants in the trust. The subcommittee has requested that CalPERS send investing parameters. Ms. Maez will reach out to participant districts. There is about \$3M in cash that could be deposited. Currently this cash does not reduce the liability because it is not in an irrevocable trust. The reported growth rate ranged 6.5%-7.7% across three (3) different portfolios.

Ms. Maez reported the district has gone back out to the actuary to update data that should be done by end of the year.

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

8:50 pm

Mr. Larmore reported that the bond subcommittee is waiting to meet with Keygent.

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

8:51 pm

Mr. Silvern reported that the subcommittee had a conference call with WestEd on November 21, 2014. Criteria were laid out on what needed to be updated and changed from the original report. There was agreement that all data needed to be updated and WestEd will rerun their numbers and address the other criteria. It is expected there will be updated information in particular with education offering which will have budgeting implications. The timeline is uncertain. The revised report will reflect conditions met with revenue in a three year budget format.

VI. Receive and File (Limited Discussion)

A. Resignation from Craig Foster

B. California School Boards Association (CSBA) Report on School District Reserves

<http://www.csba.org/Newsroom/PressReleases/2014/~//media/17C26B93E72D43039E8643B9DA760B99.ashx>

VII. Public / Committee Comments:

9:00 pm

Mr. Kean informed the committee that the Education Foundation was conducting a phone-a-thon all week.

VIII. Next Meeting: Thursday, January 8, 2015 at 7:00 p.m.

IX. Adjournment: The meeting adjourned at 9:02 p.m.