



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, November 8, 2018

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

7:11 pm

Committee Members: Seth Jacobson

Joan Krenik arrived @ 7:40 p.m.

Tom Larmore

Debbie Mulvaney

Michael Kremer arrived @ 7:23 p.m.

Shawn Landres

Payal Manar arrived @ 7:24 p.m.

Shelly Slaugh Nahass

Staff:

Melody Canady

Kim Nguyen

Gerardo Cruz

Board Liaison:

Jon Kean

Absent:

Alex Farivar

Marc Levis-Fitzgerald

:

Laurie Lieberman

Gordon Lee

Craig Foster

Public:

Dan Keenan, Keenan and Associates

Jeffrey Mizokawa, Keenan and Associates

Pam Kazee, Director of Special Education

II. Discussion / Action Items

7:11 pm

A. Supplemental Employee Retirement Plan (SERP) – Keenan and Associates

Mr. Keenan and Mr. Mizokawa presented Supplemental Employee Retirement Plan (SERP) and answered questions from the committee. There was discussion on how SERP works with 80% of salary; the communication plan with group sessions, individual counseling sessions as well as the proposed timeline. The SERP presentation may be found at the end of these minutes.

8:01 pm

B. OPEB contribution (other post-employment benefits)

Mr. Cruz provided the committee with the OPEB contribution information as requested by the committee at the September 13, 2018 FOC meeting and September 6, 2018 Board meeting. The current value of the CERBT trust was provided. Mr. Cruz' handouts may be found at the end of these minutes. Mr. Kean requested that the committee be provided bi-annual reporting and funding of CERBT (i.e. how fund is doing and allocation as of "x" date; what should remain in Fund 71). The committee recommended that the Board develop a Board policy on strategy for future contributions and how other post-employment benefits be addressed. The committee also suggested the addition of a separate line item separate of Fund 71 and then at year-end, the extra funds can then be allocated into the CERBT as a "placeholder." Mr. Cruz' handouts may be found at the end of these minutes.

III. Approval of FOC Meeting Minutes

7:10 pm

A motion was made by Ms. Slaugh Nahass and seconded by Ms. Maniar to approve the September 13, 2018 meeting minutes.

AYES: Eight (8) (Mr. Jacobson, Mr. Kremer, Ms. Krenik, Mr. Landres, Mr. Larmore, Ms. Maniar, Ms. Mulvaney, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Three (3) (Mr. Farivar, Mr. Lee, Mr. Levis-Fitzgerald)

ABSTAIN: None (0)

IV. Ad Hoc Subcommittee Update

8:50 pm

A. Financial Benefits of Sustainability: *S. Jacobson*

Mr. Jacobson reported that he has been attending sustainability committee meetings. There are two important visioning meetings scheduled for next week. The meetings will be critical to the Board's decision on the sustainability policy. Mr. Jacobson will bring the financial savings portion of the analysis when it becomes available.

8:50 pm

B. District Budget: *J. Krenik, A. Farivar, S. Jacobson, M. Levis-Fitzgerald, S. Slaugh-Nahass*

Ms. Krenik and Ms. Slaugh Nahass are co-chairs of this sub-committee.

8:50 pm

C. Special Ed. Local Plan Area (SELPA): *P. Maniar, M. Kremer, S. Landres, D. Mulvaney*

Ms. Maniar reported that the subcommittee met with Mr. Cruz and Special Education accountant-Caryl Hall. The subcommittee received some initial information and a follow-up meeting will occur after Thanksgiving.

8:50 pm D. Bond Oversight: *G. Lee, T. Larmore, M. Kremer*

Mr. Larmore reported that the District's credit ratings were outstanding and Measures SMS and M passed with over 70% voter approval. School bonds obligation only requires 55% to pass.

V. Receive and File (Limited Discussion)

- 8:50 pm
- A. School site's budget allocation balances not used & rolled back into General Fund for 2016-2017
 - B. Special Education litigation cost
 - C. Unspent stretch grant as found in Unaudited Actual Attachments #1 through 5

VI. Public / Committee Comments

8:51 pm Ms. Kazee reported that she and Mr. Cruz looked at trends to help with Special Education needs and finances. There are plans to explore the possibility of creating our own SELPA, bringing students back from out of district placements, or bring District programs to a level that attracts student from other districts. Bringing students to our district could be a revenue generating option. FCMAT met with staff who submitted over 80 pieces of documents. Ms. Kazee hoped to get some good recommendations from FCMAT consultations. She will share them with the committee.

VII. Next Meeting: Thursday, December 6, 2018

VIII. Adjournment: The meeting adjourned at 8:35 p.m.



SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

**Santa Monica-Malibu Unified School
District**
November 15th, 2018

Keenan
Associates

Innovative Solutions. Enduring Principles.



Supplemental Employee Retirement Plan (SERP) is Keenan's early retirement incentive solution since 1984. The program is designed to:

- Address declining enrollment
- Assist in proactive staff planning
- Compensate long-term employees
- Enhance economic flexibility



Demographic Study

1. General Eligibility:

1. Employee must be at least fifty five (55) years of age
2. Employee must have at least five (5) years of service

Employee Group	Certificated	Certificated Child Development	Certificated Management	Classified	Classified Management
Total Eligible Employees	102	20	8	221	7
Average Age	61.5	62.5	60.4	62.4	61.5
Average Service	23.7	23.5	18.4	18.8	22.1

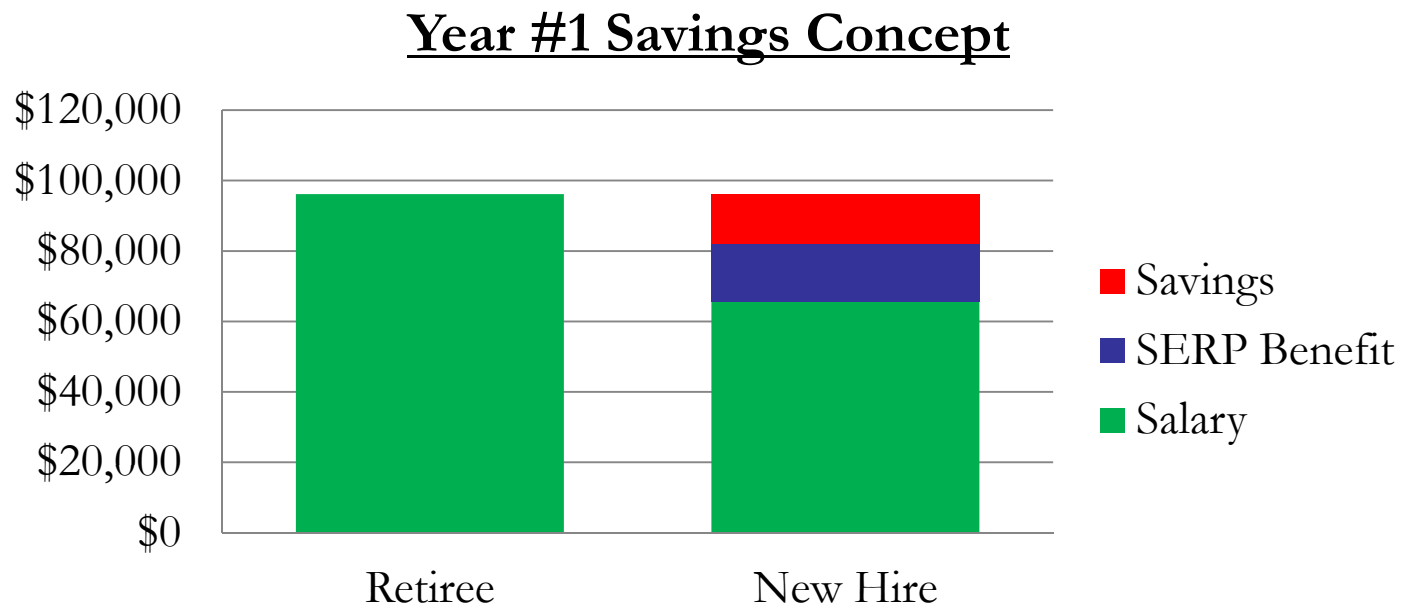
Annuity Options: Benefits

Estimated Monthly Payments

	Annuity Option	Certificated (80%)	Child Development (80%)	Certificated Mgmt. (80%)	Classified (80%)	Classified Mgmt. (80%)
1	Life Only	\$359.47	\$171.93	\$441.72	\$167.92	\$387.34
2	Joint & 50% Survivor	\$331.39	\$158.02	\$408.56	\$154.36	\$357.08
3	Life or Ten Years	\$351.22	\$167.44	\$432.95	\$163.58	\$378.45
4	<u>Five (5) Year*</u>	<u>\$1,250.89</u>	<u>\$582.87</u>	<u>\$1,579.40</u>	<u>\$570.52</u>	<u>\$1,347.87</u>
5	Six (6) Year*	\$1,062.30	\$495.00	\$1,341.28	\$484.51	\$1,144.66
6	Seven (7) Year*	\$927.81	\$432.33	\$1,171.47	\$423.17	\$999.74
7	Eight (8) Year*	\$827.12	\$385.41	\$1,044.34	\$377.24	\$891.24
8	Nine (9) Year*	\$748.96	\$348.99	\$945.65	\$341.60	\$807.03
9	Ten (10) Year	\$686.58	\$319.93	\$866.89	\$313.15	\$739.81
* Eligible for tax-deferred IRA Rollover						

How Does SERP Work?

SERP generates cost savings through the differential in salary costs for a retiring employee and a new hire. The benefit design depends on the size of differential.



SERP Analysis at 80% of Salary

Certificated

Estimated Participation

25 retirees

Non-Replaced Positions

7 Not Replaced

Average Salary per Retiree

\$93,761

Minimum Participation

20 retirees

Estimated 5 yr. Savings

\$1,596,287

Child Development

Estimated Participation

5 retirees

Non-Replaced Positions

All Replaced

Average Salary per Retiree

\$43,690

Minimum Participation

Contingent on Certificated

Estimated 5 yr. Savings

-\$37,613

Certificated Mgmt.

Estimated Participation

4 retirees

Non-Replaced Positions

1 Not Replaced

Average Salary per Retiree

\$118,384

Minimum Participation

Contingent on Certificated

Estimated 5 yr. Savings

\$390,139

SERP Analysis at 80% of Salary

Classified

Estimated Participation

53 retirees

Non-Replaced Positions

8 Not Replaced

Average Salary per Retiree

\$42,764

Minimum Participation

25 retirees

Estimated 5 yr. Savings

\$1,603,682

Classified Mgmt

Estimated Participation

4 retirees

Non-Replaced Positions

1 Not Replaced

Average Salary per Retiree

\$101,030

Minimum Participation

Contingent on Classified

Estimated 5 yr. Savings

\$555,656

Group Sessions

Through initial communications, eligible employees are notified of Group Session opportunities:

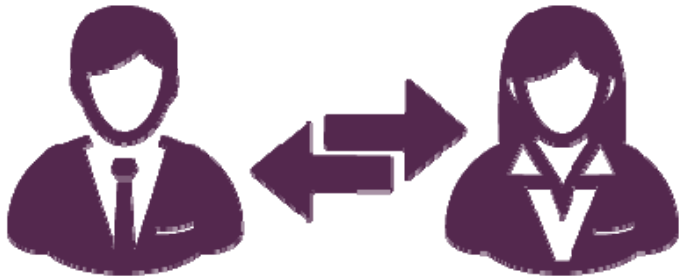


Group Sessions

- On-Site Presentations
- Education on Offering
- 9 Annuity Options (Choice is up to Employee)
- Discuss the Decision Making Assistance Options
- Reminders of Important Deadlines
- Sign-Up Assistance for Individual Counseling

Individual Counseling Session

Eligible participants are urged to schedule a one-on-one Q&A session with one of our SERP counselors:



Individual Counseling

- Facilitated by actual retirees
- On-Site or by Telephone
- 30-minute Session
- Counselors are previous SERP participants
- Overview of Paperwork
- Personalized Attention

SERP Communication Plan

Keenan Financial Services can assist in coordinating representatives and presentations from the following:



Pension Assistance

- Group Sessions on Pension Benefits
- Education on Individual Meeting Options
- Highlight Online Tools for Estimation of Benefits

Timeline - Proposal

November 2018

- Development and Board Approval

January 2019

- Confirm participants and prepare final analysis

July 2019

- Plan Effective Date .

December 2018

- Group and Individual Counseling Sessions

January 2019

- Final Savings Analysis Presented to Board

August 2019

- First Benefit Payment



ANY QUESTIONS?

OPEB CONTRIBUTION

Financial Oversight Committee

Thursday, November 8, 2018

II. Discussion/Action Item B.

September 6, 2018 Board Meeting

Jon: "Melody, for the OPEB for that extra million, is that a contribution on top of our pay as you go?"

Melody: "Yes, that's a contribution on top of the pay as you go."

Jon: "To the CERBT or to pay down?"

Melody: "To pay down. I was listening to the board."

3:13:51 - <https://www.youtube.com/watch?v=shRXEJQBca4&t=10297s>

Contribution to Fund 71 (Retiree Benefit Fund) – Reduce Long-term Retirement Liability

2015-16	1.2M
2016-17	0.8K
2017-18	1.0M
2018-19	?
Total	3.0M

Contribution to CERBT (OPEB Trust) – Investment

2015-16	1.5M
2016-17	2.5M
2017-18	1.0M
2018-19	?
2015-16 – 2017-18	0.5 Interest
Total	5.5M



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$5,530,169.63	\$5,530,169.63
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	118,064.81	118,064.81
Administrative Expenses	(693.71)	(693.71)
Investment Expense	(507.23)	(507.23)
Other	0.00	0.00
Ending Balance	\$5,647,033.50	\$5,647,033.50
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$5,647,033.50	\$5,647,033.50

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	348,363.826	348,363.826
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	348,363.826	348,363.826
Period Beginning Unit Value	15,874695	15,874695
Period Ending Unit Value	16,210160	16,210160