



**Santa Monica-Malibu Unified School District
Board Committee**

Financial Oversight Committee

Minutes - Amended

February 7, 2005

Time: 7:00 to 9:00 p.m.

**Location: Testing Room of the School District's Administrative Offices
1651 16th Street, Santa Monica, CA**

Attendance: (*Committee Members*) Paul Silvern [*Chair*], Craig Hamilton, Chris Harding, Patricia Hoffman, Cheryl Stecher [*Vice-Chair*], Cynthia Torres. (*Board Liaison*) Julia Brownley, Kathy Wisnicki. (*Staff*) Winston Braham, John Deasy, Dawn Smithfield. (*Public*) Gleam Davis, Shari Davis, Jim Jaffe, Louise Jaffe.

I. Call to Order

The meeting was Called to Order at 7:09 p.m. by Chair Silvern.

II. Approval of the Minutes

A motion was made by Ms. Hoffman and seconded by Mr. Harding to approve the Minutes, as amended, from the January 25, 2005 meeting. Motion carried.

III. Staff Report: Winston A. Braham, Chief Financial Officer

A. Governmental/Legislative Issues:

- B. Status of City Contract and Follow-Up to Mr. Harding's Response:** Superintendent Deasy informed members that the Board of Education asked that the FOC review the Draft Agreement. The Board would like to agendize the FOC's recommendations for the February 17, 2005 Board Meeting, which could be in the form of proposed language or bullet points. Mr. Silvern will seek input from members in order to draft that letter to the Board, and he will represent the FOC at that Board Meeting. The Santa Monica City Council will take action on the Draft Agreement at their meeting on February 22, 2005.

IV. Review and Discussion of Pending Board of Education Agenda Items

- A. Planning for the 2005-06 Budget (including Budget Calendar):** Mr. Braham explained that the revisions requested by the Board are included in this document, which includes an overview, delineation of responsibilities, and a Budget Planning Calendar containing a schedule of important dates. This calendar has also been included on the District's website under "I want to know about" as *Budget 05-06 Planning Calendar PDF*. Committee members were glad to receive such detailed, explicit information.

In addition, Mr. Braham mentioned that the Los Angeles County Office of Education (LACOE) is presenting a workshop on the Governor's Proposed 2005-06 State Budget on February 18, 2005. This will be attended by District staff and members of PTA/community organizations, at the invitation of Mr. Braham, and is open to other interested parties.

- B. District Investment Policy: This was originally submitted to the Board as a discussion item on February 3, 2005, and is being submitted as an action item for the February 17, 2005 Board Meeting and will include the Board's suggestion to include "callable" language on District investments. Mr. Braham explained that he created this document using the guide of prudent management and compliance with applicable Education Codes, State and Federal laws. The document also includes "No Sweat" language, which was recently adopted in a Board policy. Mr. Braham suggested that the document will guide financial reports to FOC members, including cash available and how it has been managed, report against a benchmark, flow of funds and how cash is held. Members appreciated the document for future planning purposes.

Mr. Braham mentioned that, to his knowledge, Federally-mandated General Obligation (G.O.) Bonds [in our case, \$95.0 million existing G.O. Bonds] Arbitrage calculations, rebates and Securities & Exchange Commission (S.E.C.) Disclosures are outstanding and must be accomplished immediately if we are to avoid very strict 50% Internal Revenue Service/statutory imposed penalty on any gains not report for every year that the bonds have been in existence. These calculations and disclosures are to be done, preferably every year, but at a minimum, every (5) years. Note: Tax-exempt status can be suspended or completely withdrawn for failure to declare these rebates/proceeds against tax-exempt bonds. He has solicited the Arbitrage Services proposals and will shortly complete this task.

V. Old Business

- A. Process for Capital Programs/Resources:

VI. New Business

- A. Report on FOC Applicant Interviews: Mr. **Harding Hamilton**, Ms. Torres and Ms. Hoffman interviewed (5) applicants on February 1, 2005, asking each applicant what they would do and how they would contribute to the FOC. All the applicants had specific financial knowledge. Additional applications were received from the District's outreach efforts. More interviews are scheduled for February 8, 2005. Given the fact that there are only (3) spots available on the Committee, it was asked if there are other ways to engage these types of people to help the FOC. The Board Secretary will be notified that the FOC will submit their recommendations to the Board for approval at the March 3, 2005 Board Meeting.
- B. Revision of FOC Meeting Schedule: It was agreed that the previously scheduled meeting dates, which were picked according to Superintendent Deasy's schedule, would be deleted and the following meeting dates were set: March 8th, April 12 and May 10th at 7:00 p.m. In addition, it was agreed to have a special FOC meeting on February 22, 2005 at which District staff will not be able to attend due to a special Board Meeting at the same date and time. There may be a possibility of a second FOC meeting during some months.
- C. Identification and Review of Key Projects with Significant Fiscal Impact: Due to a lack of time, this item was tabled to the next meeting.
- D. Other Items, as Needed: A request was made to schedule the FOC/Board of Education Joint Meeting with the Board Secretary.

VII. Public Comments:

Gleam Davis, Shari Davis, Jim Jaffe, Louise Jaffe

VIII. Agenda Planning for the Next Meeting:

, Tuesday, February 22, 2005

IX. Adjournment. Meeting adjourned at 9:07 p.m.