



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

**Financial Oversight Committee**

**Minutes**

**March 8, 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*], Carolyn Galantine, Craig Hamilton, Patricia Hoffman, Denny Kernochan, Mike Phillips, Cheryl Stecher [*Vice-Chair*], Cynthia Torres.

(*Board Liaison*) Julia Brownley. (*Staff*) Winston Braham. (Public) Jim Jaffe.

Absent: Chris Harding, (*Board Liaison*) Kathy Wisnicki.

**I. Call to Order**

The meeting was Called to Order at 7:05 p.m. by Chair Silvern.

**II. Approval of the Minutes**

The Minutes, as amended, were approved from the February 22, 2005 meeting. Motion carried.

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

A. Governmental/Legislative Issues: Mr. Braham gave an update on the Governor's Budget, as best known. There is not much new, but the Governor is softening his stance on PERS and STRS. The Los Angeles County Office of Education (LACOE) is still requiring 2% set aside for this for the budget certification process related to our 2<sup>nd</sup> Interim and FY 2005-06 and FY 2006-07 projections. Staff attended the LACOE Governor's Budget workshop, *2005-06 Proposed State Budget and Related Finance Legislation*, and a copy of the handout will be distributed to members at the next FOC meeting.

The District is moving forward on the budget process and will submit the 2<sup>nd</sup> Interim Report for approval at the March 17, 2005 Board Meeting. LACOE gave us a special dispensation, but we must submit the 2<sup>nd</sup> Interim by March 15 to LACOE to comply with their deadline.

B. Follow-Up Discussion of City Contract: The status of the City of Santa Monica Contract was discussed. Mr. Braham informed members that, pending full agreement of the Contract, the City will provide a letter by March 14, 2005, certifying City commitment of \$6 million for inclusion in the budget to LACOE. Payments to the District have not been made, pending finalizing the Agreement, per the direction of the City Attorney.

C. 2004-05 General Fund Expenditure Freeze: Mr. Braham distributed February 23, 2005 District memo, *2004-05 General Fund Expenditure Freeze*, to members and explained the purpose and intent. The intent of this freeze (and deferral of certain expenditures) is to effect a fairly significant savings. In addition, he expounded on several other measures being explored to re-classify or move funding streams to balance the budget within functional/legal requirements.

- D. Retention of Arbitrage Consultant: The District has about \$95 million in outstanding General Obligation (GO) Bonds, and will retain Muni Financial to prepare the Arbitrage Report and related information for the District to be in compliance with Securities & Exchange Commission (SEC) requirements. The request for said expenditure will be adopted by our Board on 3/17/05.
- E. Workers' Compensation Program Historical Overview: A copy of the report by Keenan & Associates, *Workers' Compensation Program Historical Overview and Loss Control Action Plan for Improvement*, was distributed to members. Mr. Braham explained that the District has been a member of the Schools Linked for Insurance Management (SLIM) Joint Powers Authority (JPA) since 1985. We have a approximately \$4 million open Workers' Compensation costs this year, and the *Loss Control Action Plan for Improvement* is a plan to better control the expenses for Workers' Compensation.
- F. Hazard Mitigation: Mr. Braham explained that the District is developing a federally-required Hazard Mitigation Plan with Santa Monica College as part of a multi-jurisdictional plan intended to supplement Federal Emergency Management Agency (FEMA) support in the event of an emergency.
- IV. Review and Discussion of Pending Board of Education Agenda Items:
  - A. 2005-06 Proposed FTE/Labor Costs: A copy of the March 17, 2005 Board Agenda item, *2005-06 Proposed FTE/Labor Costs* was distributed to members. Mr. Braham stated that this was based on current FTEs and included step & column adjustments. A report on Certificated Teachers Salary Costs by Site will follow.
- V. **Old Business:**
  - A. Process for Capital Programs/Resources: Mr. Hamilton gave an update on the first meeting of the Ad Hoc Facilities Committee, and said that the next meeting is scheduled for March 14, 2005.
- VI. **New Business:**
  - A. Welcoming of New FOC Members: The new members, Carolyn Galantine, Denny Kernochan and Mike Phillips, were welcomed to the FOC. A copy of the March 3, 2005 Board item A.13, *Appointment of Additional Members to the Financial Oversight Committee*, was distributed to members, along with a copy of the February 23, 2005 memo to the Board from Mr. Silvern and Ms. Torres, *Financial Oversight Committee Membership Application Recommendations*.
  - B. Clarification of FOC Meeting Schedule: The FOC meeting schedule was reviewed and the dates of April 12, May 10, and June 14, 2005 were confirmed. However, an additional meeting in May might be needed on May 24, 2005 for the annual report to the Board and Budget preparation.
  - C. Identification and Review of Key Projects with Significant Fiscal Impact: Mr. Braham suggest that the FOC might take on the role of an independent filtering group, as part of an open and impartial process, regarding requests to the District for financial information, and specifically, the ongoing citizen effort to separate Santa Monica-Malibu into two districts. After discussion, it was decided that Mr. Silvern and Mr. Braham would discuss this support role in further detail.
  - D. School Services of California Fiscal Report Dated February 18, 2005: *The Fiscal Report* was

distributed to members.

E. Other Items, as Needed:

**VII. Public Comments:**

Jim Jaffe

**VII. Agenda Planning for the Next Meeting:**

, Tuesday, April 12, 2005

**VII. Adjournment.** Meeting adjourned at 9:10 p.m.