

**Malibu Unification Negotiations Committee
Meeting Minutes**

**Tuesday, June 28, 2016
Malibu City Hall, 23825 Stuart Ranch Road, Malibu, CA**

- I. Call to Order / Roll Call
 - *The committee called the meeting to order at 7:01 p.m. All committee members were present:*

<i>Tom Larmore</i>	<i>Laura Rosenthal</i>
<i>Debbie Mulvaney</i>	<i>Makan Delrahim (by teleconference until arrival at 8:24 pm)</i>
<i>Paul Silvern</i>	<i>Manel Sweetmore</i>

- II. Approve June 21, 2016 Meeting Minutes
 - *Mr. Larmore and Mr. Silvern offered corrections to the draft minutes.*
 - *By consensus, the committee approved the corrected minutes. (Attached)*

- III. Follow-up Business from June 21, 2016 Meeting
 - A. Status report on Procopio contract (Mr. Larmore/Mr. Delrahim)
 - *Mr. Delrahim reported he was working with AMPS leadership to finalize language in the agreement, aiming to avoid changes that would require the contract to be signed again by the Superintendent.*
 - *Members of the Santa Monica Team expressed frustration with the delay in executing the Procopio contract.*
 - *Members of the Malibu Team stated they shared the frustration. Mr. Sweetmore explained that AMPS fundraising was going slower than expected, and that individuals on the AMPS board were concerned about being held personally responsible for the legal fees. Ms. Orlansky reported that a memo (reviewed and approved by Mr. Larmore and Mr. Delrahim) outlined the MUNC's bond-related assignments/questions was sent to Procopio (Mr. Lemmo, Partner) who was expected to provide a cost estimate the next day.*
 - *Mr. Silvern stated his expectation that Mr. Larmore and Mr. Delrahim would have authority to approve Procopio's assignments and cost estimates without having to seek approval from AMPS leadership each time. Committee members from both teams expressed concurrence with this process.*
 - *Mr. Delrahim stated his confidence that the contract would be resolved by Friday.*
 - *Ms. Orlansky pointed out that given the timing in finalizing the contract, it was possible Mr. Lemmo would no longer be able to complete the bond-related work by the July 5 meeting.**

*(*See minutes for Agenda Item III.D for the committee's agenda changes.)*

 - B. Status report on School Services of California, Inc. (SSC) contract (Silvern/Sweetmore)
 - *Mr. Silvern reported the contract had been signed by all parties.*

 - C. Status of videotape of SSC's June 14 presentation (Rosenthal)
 - *Ms. Rosenthal reported that City of Malibu staff is finalizing the videotape, which should be ready for distribution by the end of next week. SSC will be given the opportunity to review the final tape prior to distribution.*

- *By consensus, the Committee agreed to post the final video on the MUNC page on the SMMUSD website.*

D. Update of agenda planning document (Orlansky)

- *The committee reviewed and discussed the schedule of meetings and agenda, as outlined in the handout for this item.*
- *By consensus, the committee made a number of changes and additions to their agenda planning that included:*
 - *Cancel the July 5 meeting.*
 - *Make no changes to the meeting locations decided earlier for July 14, July 19, and July 26.*
 - *Schedule three additional committee meetings from 7-9 PM on August 2 in Santa Monica, August 9 in Malibu, and August 16 in Santa Monica.*
 - *Move the bond-related session with Procopio to July 26.*
 - *Check into whether Ms. Maez and the representative from the Alliance of Schools for Cooperative Insurance Programs (ASCIP) are available from 6-7 PM on July 19 to explain SMMUSD's insurance coverage; if so, the MUNC meeting on July 19 will be extended from two to three hours (6-9 PM).*
 - *Target August 2 for the discussion with Procopio about environmental liability (Topic 4). To prepare for this meeting, Ms. Orlansky will draft a memo to Procopio with the committee's environmental liability-related assignments. After the memo is approved by Mr. Delrahim and Mr. Larmore, it will be sent to Procopio for a cost estimate.*
- *Ms. Orlansky stated she would incorporate the committee's scheduling additions and changes into a revised agenda planning document. (See Agenda Planning V4, attached.)*

IV. Intro/Worksession on Topic 3: Operating Budget Impacts

A. Educate MUNC members on the issues and sub-issues identified for Topic 3.

- *The committee reviewed four documents related to this agenda item:*
 1. *Financial Oversight Committee's (FOC) July 15, 2015 original memorandum report to the Board re: unification implications related to annual operating budgets (Unrestricted General Fund) for SMMUSD vs. separate Malibu and Santa Monica Districts. (Attachments include excerpt from WestEd LCFF-based financial analysis update for a Malibu District and District's financial analysis for SMMUSD and a Santa Monica District)*
 2. *Excerpt from District CFO's presentation to the Board of Ed re: impact of Minimum State Aid on revenue estimates.*
 3. *District's Nov. 2015 revised financial analysis for SMMUSD and separate Malibu and Santa Monica Districts, reflecting new information about impacts of Minimum State Aid (includes WestEd financial projection update to reflect Minimum State Aid calculation for a Malibu District and comparisons with FOC's July 15, 2015 original analysis).*
 4. *District CFO and FOC Chair's November 19, 2015 presentation to the Board of Education summarizing revised financial implications of SMMUSD vs. separate Malibu and Santa Monica Districts.*
- *Mr. Silvern provided an overview of the documents provided to the committee, and walked the group through the sequence of events and major issues. The issues presented by Mr. Silvern and discussed by the full committee (through a combination of Q&A and comments) included:*

- SMMUSD Board’s assignment to the FOC in 2014, and the analyses and fiscal projections by WestEd and the District’s CFO (Ms. Maez) that provided the background for the FOC’s report to the Board on July 15, 2015.
 - In response to the Board’s direction to look for any potential “deal breakers” (defined as financial issues sufficiently material to preclude support by the Board for separation), the FOC identified the need for a new MUSD parcel tax that is roughly equivalent to the parcel tax that now applies to SMMUSD.
 - For SMUSD (post-separation), there was a projected reduction in the per student (ADA) funding, but it was well under \$100 per student. This was determined not to be a deal breaker because the forecasted year-end cash balances showed healthy year-end fund balances (reserves) to draw against for at least three years into the future. .
 - How FOC’s initial finding (communicated in the July 2015 memo to the Board) that separation would not pose a significant adverse impact to either new district had to be modified after “unaudited actual” revenue data became available in August. Specifically, the infusion of revenue attributed to the dissolution of Santa Monica’s redevelopment agency (RDA) triggered the receipt of additional state aid for SMMUSD. A recalculation of the revenue forecasts then showed a significant reduction in the per student funding for a Santa Monica-only district vs. per student funding for an unseparated SMMUSD, and that this delta would increase over time.
 - That the significant adverse impacts to a potential SMUSD led to the formation of MUNC, and that the new 2016-17 SMMUSD budget, scheduled for adoption on June 29, includes implications for separate districts that more resembles the July 2015 estimates but is still not quite at the Minimum State Aid threshold. Additional analysis and projections will be provided to the MUNC as part of SSC’s work.
 - How RDA-related revenue was difficult to predict and may continue to be a factor in per student funding calculations for the next 20 years, and how possible property tax fluctuations could tip a separate SMUSD in and out of qualification as a Basic Aid vs. State Aid district.
 - That a potential new revenue source for Santa Monica (a ½ cent sales tax increase) is being considered by the Santa Monica City Council, that a portion of this revenue (if the measure were to be adopted) would be allocated to the schools, and how this revenue is not factored into the LCFF calculation.
- The committee talked about how falling in and out of meeting the criteria for a Basic Aid district makes it difficult to plan beyond the immediate future, and how different strategies for responding to various scenarios need to be evaluated.
 - The committee discussed its expectation that SSC would provide a model for testing what and how changes are impacted. Mr. Sweetmore suggested he and Mr. Silvern discuss SSC’s projected new numbers with SSC prior to SSC submitting its written report on July 8.

V. Review of Bond-Related Information Compiled by Bond Oversight Committee (Mulvaney)

- Ms. Mulvaney provided an overview of the handout for this agenda item, which was an excerpt (page 10) from the Bond Oversight Committee report to the Board of Education, “Measure BB, Budget, Expenditure, Remaining, and Status, As of June 30 2015.”

- *Ms. Mulvaney stated she would provide a more current version of the handout when it became available.*
- *During the question and answer period that followed, it was explained that bonds are not specified for specific project at the time of issue, and that overages from projects initially funded by BB will be covered by ES*
- *Mr. Silvern stated the committee must determine if remaining bond funds previously allocated for projects at a specific school should remain with that school's new district.*

VI. Public Comments

- *None.*

VII. Topics for Next Agenda

The Committee canceled the July 5 meeting. The next meeting will be held on Thursday, July 14, in Malibu and will consist of a briefing from Mr. Ricketts and Mr. Miyashiro from SSC.

VIII. Adjournment

- *The committee adjourned the meeting at 8:53 p.m.*

Upcoming Meeting Dates and Locations:

July 5, 2016 at District Offices – *Canceled*

July 14, 2016 at Malibu City Hall

July 19, 2016 at District Offices

July 26, 2016 at Malibu City Hall

August 2, 2016 at District Offices

August 9, 2016 at Malibu City Hall

August 16, 2016 at District Offices