



## **SMMUSD Financial Oversight Committee**

**Date: Tuesday, September 19, 2023**

**Time: 6:00 pm to 8:00 pm**

**Location: Board Room, SMMUSD District Administrative Offices - 1717 4<sup>th</sup> Street, Santa Monica, CA 90401**

FOC Member Ryan Chin will be attending the meeting remotely from the following address: 560 Silver Strand Blvd., Imperial Beach, CA 91932

### **AGENDA**

#### **Public comments:**

Persons wishing to address the Committee regarding an item that is scheduled for this meeting must submit a “Request to Address” card prior to discussion of that item. Persons wishing to address the Committee regarding an item that is not scheduled on this meeting’s agenda may speak during the Public Comments section by submitting a “Request to Address” the beginning of the meeting. Cards are located with meeting materials at the back of the room. Completed cards should be submitted to the Recording Secretary.

#### **STANDARDS OF BEHAVIOR THAT PROMOTE CIVILITY AT ALL PUBLIC MEETINGS:**

Treat everyone with respect and courtesy.	Keep an open mind and, if merited, allow yourself to be persuaded to change your opinion.
Listen to others respectfully.	Acknowledge dissension as a civic right and as a tool to use to reach the best decisions.
Agree to disagree, and don’t make it personal; discuss the issue, not the person.	Accept responsibility and maintain self-control.

#### **Comentarios públicos:**

Las personas que desean dirigirse al Comité sobre algún asunto que está programado para esta reunión, deben de entregar la tarjeta “Solicitud para dirigirse a” antes de que se trate dicho tema. Las personas que deseen dirigirse al Comité sobre un asunto que no está programado en la agenda de esta reunión, pueden hablar durante el período de comentarios públicos al entregar la tarjeta “Solicitud para dirigirse” al inicio de la reunión. Las tarjetas están colocadas en la parte posterior de la sala donde se encuentran todos los materiales relacionados a la reunión. Las tarjetas llenas se deben entregar a la Secretaria de Actas.

#### **NORMAS DE CONDUCTA QUE PROMUEVEN LA CIVILIDAD EN TODAS LAS REUNIONES PÚBLICAS:**

Tratar a todas las personas con respeto y cortesía.	Mantener la mente abierta, y si la ocasión lo amerita, permitir ser persuadido a cambiar de opinión.
Escuchar a los demás de manera respetuosa.	Reconocer el disenso como un derecho cívico y como una herramienta para tomar las mejores decisiones.
Aceptar las diferencias y no tomarlas de forma personal; debatir el asunto, no la persona.	Aceptar la responsabilidad y mantener el autocontrol.

#### **I. Call to Order (5 min)**

#### **II. Welcome (5 min)**

A. New Member – Atul Porwal

B. Superintendent – Dr. Antonio Shelton

#### **III. Approval of Agenda (5 min)**

- IV. Approval of FOC Meeting Minutes (5 min)** June 6, 2023
- V. Annual CERBT Update Presentation: Darren Lathrop, CalPERS-CERBT Program (30 min)**
- VI. Assistant Superintendent, Business and Fiscal Report: Melody Canady (30 min)**
- A. Unaudited Actual Report – September 13, 2023 Board meeting  
Report: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=599155&MID=24271>  
Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=599147&MID=24271>
- VII. Discussion/Action Items**
- A. Santa Monica SFID No. 1 Bond – Isom Advisors and Raymond James (30 min)  
Presentation: <https://drive.google.com/file/d/1yS7DAw4jYwz5VJEokAQcXCycSlSVAuMC/view?usp=sharing>
- B. Nominating Subcommittee Recommendation for Membership effective October 5, 2023 (15 min)
- C. Process for FOC Student Representatives (10 min)
- D. FOC Charges and Board of Education mandates for 2023-24 (5 min)
- E. Election of Ad hoc Subcommittee Membership (15 min)
- i. General Budget Recommendations
  - ii. Unfunded Liabilities Budget Recommendations
  - iii. Bond Oversight
  - iv. Measure R Reporting and Process Review
  - v. Financial Communication and Reporting
  - vi. Nominations
- F. Conflict of Interest Pledge (5 min)
- VIII. Receive and File (Limited Discussion)**
- A. Message from Seth Jacobson – June 22, 2023
- B. CERBT Asset Class Fact Sheet – 06/30/23  
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AssetClassFactSheet063023.pdf>
- C. CERBT Account Update Summary – 06/30/23  
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AccountUpdate063023.pdf>
- D. Ed Source – August 9, 2023 “*Appeals court upholds parcel taxes based on square footage with a ceiling*”
- E. Recommendation to the Board of Education re: Reserve Policy  
<https://drive.google.com/file/d/1nQOuDe4hPMbmFc2xmFEVNLXfZERoyJkY/view>
- F. Joint Meeting Minutes / Study Session with the Board of Education: September 7, 2023
- IX. Public Comments**
- A. Public Comments is the time when members of the audience may address the Committee on items not scheduled on the meeting’s agenda. All speakers are limited to three (3) minutes. When there are a large number of speakers, the Chair may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Committee members may not engage in discussion of issues raised during “XIII. Public Comments” except to ask clarifying questions, make a brief announcement; make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment

section is limited to 20 minutes. If the number of persons wishing to address the Committee exceeds the time limit, additional time will be allowed at the discretion of the Chair.

**X. Committee Comments**

**XI. Next Meeting:**

- Thursday, October 26, 2023 – Malibu
- Wednesday, December 6, 2023
- Thursday, January 11, 2024
- Thursday, February 22, 2024
- Tuesday, March 19, 2024 – Malibu
- Tuesday, May 21, 2024
- Thursday, June 13, 2024
- TBD (July/Aug 2024) \* Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD Office Board Room, 1717 4<sup>th</sup> Street.*

**XII. Adjournment**

**Future Meetings will be held monthly in the Board Room at the District's Administrative Offices, 1717 4th Street, Santa Monica, California, unless otherwise noted.**

*In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the meeting room, to access written documents being discussed at the meeting, or to otherwise participate at the meetings, please contact the Office of Assistant Superintendent, Business and Fiscal Services at 310-450-8338 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the meeting and to provide required accommodations, auxiliary aids or services.*

# CERBT Account Update

Santa Monica-Malibu Unified School District  
Financial Oversight Committee Meeting

September 19, 2023

# CalPERS IRC Section 115 Trust Funds

## California Employers' Retiree Benefit Trust (CERBT - OPEB)

- Voluntarily prefund non-pension, other post-employment benefits (OPEB)
- Established 2007
- 605 employer participants
- ~\$18B assets
- 3 Investment Portfolio choices

## California Employers' Pension Prefunding Trust (CEPPT - Pension)

- Voluntarily prefund required pension contributions
- Established 2019
- 92 employer participants
- ~\$173M assets
- 2 Investment Portfolio choices

# OPEB Valuation Report Summary

## OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	7/1/2019	7/1/2021
Total Participants (Active + Retirees w/ Benefits + Retirees w/o Benefits = Total)	1,316 + 460 + 0 = 1,776	1,426 + 438 + 0 = 1,864
Present Value of Benefits (PVB)	\$73,274,636	\$104,220,037
<b>Total OPEB Liability (TOL)</b>	<b>\$48,696,722</b>	<b>\$64,504,274</b>
Valuation Assets	\$5,864,788	\$7,739,924
Net OPEB Liability (NOL)	\$42,831,934	\$56,764,350
<b>Actuarially Determined Contribution (ADC)</b>	<b>\$4,191,920 (fye 2023)</b>	<b>\$5,408,256 (fye 2024)</b>
Normal Cost	\$2,467,889 (fye 2023)	\$3,461,823 (fye 2024)
Amortization of Net OPEB Liability	\$1,724,031 (fye 2023)	\$1,788,911 (fye 2024)
Projected Retiree Premiums (Pay-Go Cost)	\$1,455,009 (fye 2023)	\$1,579,389 (fye 2024)
Implicit Rate Subsidy Credit	\$309,917 (fye 2023)	\$327,249 (fye 2024)
CERBT Asset Allocation Strategy	Strategy 1	Strategy 1
Discount Rate	4.09%	2.52%

# CERBT Account Summary

As of September 5, 2023	Strategy 1
Initial contribution <small>(6/23/2016)</small>	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	\$0
CERBT expenses	(\$35,104)
Investment earnings	\$2,133,265
Total assets	\$7,098,161
Money-weighted annualized net rate of return <small>(6/23/2016 – 9/5/2023 = 7.20 Years)</small>	5.63%

CERBT agreement effective date: 11/24/2015

# Investment Performance

Measurement Date (as of 9/5/2023)	Cumulative Net Contributions	Cumulative Net Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Net Rate of Return*
5 year	\$0	(\$0)	\$1,517,933	(\$28,224)	4.92%
3 year	\$0	(\$0)	\$649,916	(\$18,360)	3.25%

Measurement Date	Contributions	Disbursements	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Fiscal Year Net Rate of Return*	Cumulative Net Rate of Return*
2018-19	\$0	\$0	\$5,000,000	\$879,948	(\$10,719)	\$5,869,229	6.27%	7.27%
2019-20	\$0	\$0	\$5,000,000	\$1,089,729	(\$15,770)	\$6,073,959	3.58%	6.13%
2020-21	\$0	\$0	\$5,000,000	\$2,761,612	(\$21,688)	\$7,739,924	27.62%	10.72%
2021-22	\$0	\$0	\$5,000,000	\$1,728,836	(\$28,199)	\$6,700,637	-13.38%	5.76%
2022-23	\$0	\$0	\$5,000,000	\$2,161,672	(\$33,991)	\$7,127,681	6.48%	5.87%
as of 9/5/23	\$0	\$0	\$5,000,000	\$2,133,265	(\$35,104)	\$7,098,161	-	5.63%

\* Time & money weighted annualized net rate of return



# Funded Status Comparison

Measurement Date	Total OPEB Liability	Discount Rate	Valuation Assets	Funded Status
7/1/2015	\$36,397,922	4.00%	\$0	0%
7/1/2017	\$40,194,946	5.00%	\$4,222,447	10.5%
7/1/2019	\$48,696,722	4.09%	\$5,864,788	12.0%
7/1/2021	\$64,504,274	2.52%	\$7,739,924	12.0%

# CERBT Investment Policy

# OPEB & Pension Plan Costs Short Term Future

- Capital market assumptions are less optimistic
  - Expected returns are lower
  - Expected volatility is higher
- Asset balances are lower
- Funded statuses are down

# CERBT Portfolio Options

Portfolios	CERBT Strategy 1		CERBT Strategy 2		CERBT Strategy 3	
	2018	2022	2018	2022	2018	2022
Capital Market Assumptions as of						
Expected Return	7.59%	6.0%	7.01%	5.5%	6.22%	5.0%
Standard Deviation	11.83%	12.1%	9.24%	9.9%	7.28%	8.4%

# CERBT Portfolio Details

Asset Classification	Benchmark	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	Target Range
Global Equity	MSCI All Country World Index IMI (Net)	<b>49%</b>	34%	23%	±5%
Fixed Income	Bloomberg Long Liability Index (CERBT) Bloomberg US Aggregate Bond Index (CEPPT)	<b>23%</b>	41%	51%	±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	<b>20%</b>	17%	14%	±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	<b>5%</b>	5%	9%	±3%
Commodities	S&P GSCI Total Return Index	<b>3%</b>	3%	3%	±3%
Cash	91-Day Treasury Bill	<b>0%</b>	0%	0%	+2%

# CERBT & CEPPT Time-weighted Investment Returns

Periods Ended July 31, 2023

CERBT OPEB	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
<b>CERBT Strategy 1</b> (Inception June 1, 2007)	<b>\$15,551,910,338</b>	<b>2.83%</b>	<b>4.29%</b>	<b>2.83%</b>	<b>3.31%</b>	<b>5.08%</b>	<b>5.57%</b>	<b>6.28%</b>	<b>5.11%</b>
<b>Benchmark</b>		<b>2.82%</b>	<b>4.23%</b>	<b>2.82%</b>	<b>3.15%</b>	<b>4.88%</b>	<b>5.31%</b>	<b>5.92%</b>	<b>4.72%</b>
<b>CERBT Strategy 2</b> (Inception October 1, 2011)	<b>\$1,898,650,599</b>	<b>2.03%</b>	<b>2.50%</b>	<b>2.03%</b>	<b>0.46%</b>	<b>2.15%</b>	<b>4.35%</b>	<b>5.09%</b>	<b>6.20%</b>
<b>Benchmark</b>		<b>2.03%</b>	<b>2.46%</b>	<b>2.03%</b>	<b>0.35%</b>	<b>2.00%</b>	<b>4.17%</b>	<b>4.79%</b>	<b>5.93%</b>
<b>CERBT Strategy 3</b> (Inception January 1, 2012)	<b>\$792,281,538</b>	<b>1.46%</b>	<b>1.21%</b>	<b>1.46%</b>	<b>-1.47%</b>	<b>0.38%</b>	<b>3.49%</b>	<b>4.14%</b>	<b>4.63%</b>
<b>Benchmark</b>		<b>1.44%</b>	<b>1.17%</b>	<b>1.44%</b>	<b>-1.56%</b>	<b>0.29%</b>	<b>3.35%</b>	<b>3.85%</b>	<b>4.36%</b>
<b>CERBT Total</b>	<b>\$18,242,842,475</b>								

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

# CERBT Time Weighted Investment Results

Fiscal Year	Strategy 1 (Inception June 1, 2007)	Strategy 2 (Inception October 1, 2011)	Strategy 3 (Inception January 1, 2012)
2007-2008	<b>-4.80%</b>	N/A	N/A
2008-2009	<b>-23.03%</b>	N/A	N/A
2009-2010	<b>15.87%</b>	N/A	N/A
2010-2011	<b>24.96%</b>	N/A	N/A
2011-2012	<b>0.15%</b>	N/A	N/A
2012-2013	<b>11.78%</b>	8.87%	5.21%
2013-2014	<b>18.52%</b>	15.58%	12.86%
2014-2015	<b>-0.11%</b>	-0.34%	-0.03%
2015-2016	<b>1.04%</b>	2.95%	4.18%
2016-2017	<b>10.62%</b>	7.28%	4.16%
2017-2018	<b>8.00%</b>	6.22%	4.74%
2018-2019	<b>6.22%</b>	7.07%	7.24%
2019-2020	<b>3.58%</b>	5.46%	6.37%
2020-2021	<b>27.54%</b>	19.71%	13.60%
2021-2022	<b>-13.35%</b>	-12.54%	-10.72%
2022-2023	<b>6.46%</b>	3.60%	1.61%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

# Total Participation Cost Fee Rate

- All-inclusive cost of participation
  - CERBT: 10 basis points (bps) fee on asset balance
  - Combines administrative, custodial, and investment fees
  - Self-funded, not-for-profit
  - Zero cost to join and setup account

Asset Value on Deposit*	All-Inclusive Fee Rate	Annual Cost
\$1,000,000	10 Basis Points (0.10%)	\$1,000

\*Asset values shown assume the amount is deposited on the first day of a 12-month calendar year and remains constant the entire 12 months ending on the last day with the exact same amount. No investment gains/losses, or contribution additions/withdrawals are experienced at any time during the 12 months.

There are **no** additional fees of any kind. No set-up, joining, renewal, contribution, disbursement, termination fees. No minimum contribution amount.



# CERBT Administration

# You Control Your Participation

## Investment portfolio

- 3 investment options
- Choose a strategy based on yield, risk tolerance, and time horizon

## Voluntary contributions

- Never required
- Full control of amount and schedule

## Reimbursement/Liquidity

- Reimburse current year OPEB expense (Pay-go + Implicit subsidy)
- FYE 2024: \$1,579,389 + \$327,249 = \$1,906,638

## Choose OPEB actuary

- Discount rate
- Amortization schedule

# Financial Reporting

- CERBT provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
  - Published in February each year

CERBT FNP Fiscal Year	Availability
<a href="#">2019-20</a>	Available at <a href="https://www.calpers.ca.gov/cerbt">https://www.calpers.ca.gov/cerbt</a>
<a href="#">2020-21</a>	
<a href="#">2021-22</a>	

# Trust Support Services

Contributions

Disbursements

Online Record Keeping Portal

Account Updates

In-person Workshops and Webinars

Statements and Reporting

Strategy Change

# Prefunding Program Employers

**632 contracting employers**



State of California



160 Cities or Towns



10 Counties

83 School Employers



32 Courts



345 Special Districts &  
Public Agencies



# CERBT Experience Data

## 605 CERBT Employers

- State of California
- 155 Cities or Towns
- 10 Counties
- **83 School Employers**
- 29 Courts
- 328 Special Districts and other Public Agencies
  - (101 Water, 35 Sanitation, 32 Fire, 26 Transportation)

# CERBT K-12 School Employers (56)

- Acalanes Union High School District
- Alhambra Unified School District
- Burlingame School District
- Campbell Union Elementary School District
- Center Unified School District
- Centralia Elementary School District
- Chula Vista Elementary School District
- Dehesa Elementary School District
- Del Mar Union Elementary School District
- Enterprise Elementary School District
- Fairfield-Suisun Unified School District
- Fallbrook Union High School District
- Franklin Elementary School District
- Fremont Union High School District
- Fresno Unified School District
- Grossmont Union High School District
- Igo, Ono, Platina Union Elementary School District
- Lafayette School District
- Laguna Beach Unified School District
- Lakeside Union Elementary School District
- Las Lomitas Elementary School District
- Liberty Union High School District
- Los Angeles Unified School District
- Lowell Joint School District
- Luther Burbank Elementary School District
- Lynwood Unified School District
- Menlo Park City School District
- Metropolitan Education District
- Mill Valley School District
- Orinda Union School District
- Palo Alto Unified School District
- Palo Alto Unified School District
- Pleasanton Unified School District
- Rancho Santa Fe Elementary School District
- Redding Elementary School District
- Reed Union School District
- Rialto Unified School District
- Robla Elementary School District
- Rocklin Unified School District
- Sacramento City Unified School District
- San Bernardino City Unified School District
- San Francisco Unified School District
- San Marcos Unified School District
- San Ramon Valley Unified School District
- Santa Ana Unified School District
- **Santa Monica-Malibu Unified School District**
- Sequoia Union High School District
- Shasta Union Elementary School District
- Shasta Union High School District
- St. Helena Unified School District
- Tamalpais Union High School District
- Vacaville Unified School District
- West Contra Costa Unified School District
- Western Placer Unified School District
- William S. Hart Union High School District
- Yreka Union Elementary School District
- Yreka Union High School District



# CERBT Community College Districts (15)

- Barstow Community College District
- Butte-Glenn Community College District
- Cabrillo Joint Community College District
- Foothill De-Anza Community College District
- Glendale Community College District
- Hartnell Community College District
- Los Angeles Community College District
- Marin Community College District
- Mt. San Jacinto Community College District
- Napa Community College District
- Riverside Community College District
- San Joaquin Delta Community College District
- Santa Monica Community College District
- West Valley-Mission Community College District
- Yuba Community College District

# CERBT County Offices of Education, etc. (13)

- Eden Area ROP
- Los Angeles County Office of Education
- Metropolitan Education District
- Napa County Office of Education
- Riverside County Schools
- Sacramento County Office of Education
- San Diego County Office of Education
- San Joaquin County Schools
- Santa Clara County Schools
- Santa Cruz County Office of Education
- Shasta County Schools
- Siskiyou County Office of Education
- Trinity County Schools

# CERBT School Employers by TOL

TOL Range	Value of CERBT Assets	# of School Employers	Average Funded %
> \$1 billion	\$644,298,516	3	5%
\$500 million - \$999.9 million	\$184,521,344	1	34%
\$100 million - \$499.9 million	\$372,549,721	9	24%
\$75 million - \$99.9 million	\$51,942,376	3	20%
<b>\$50 million - \$74.9 million</b>	<b>\$228,850,843</b>	<b>9</b>	<b>41%</b>
\$25 million - \$49.9 million	\$59,275,769	8	20%
\$10 million - \$24.9 million	\$180,756,978	16	59%
\$1 million - \$9.9 million	\$94,988,720	26	54%
< \$1 million	\$16,852,406	9	156%
	<b>\$1,834,036,673</b>	<b>84</b>	<b>46%</b>

Data based on most recent actuarial valuation report submission

# Santa Monica Community College District OPEB Valuation Report Summary

## OPEB Actuarial Valuation Report by Total Compensation Systems

Valuation Date	6/30/2021
Present Value of Benefits (PVB)	\$294,003,492
Total OPEB Liability (TOL)	\$197,564,001
Valuation Assets	\$9,905,345
Net OPEB Liability	\$187,658,656
Projected Retiree Premiums for 2023-24	\$6,101,082
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	2.72%

# Santa Monica Community College District CERBT Account Summary

## Account Summary as of September 5, 2023

Initial contribution <small>(6/26/2009)</small>	\$1,496,996
Additional contributions	\$3,000,000
Disbursements	(\$0)
CERBT expenses	(\$70,074)
Investment earnings (S1)	\$4,659,461
Total assets	\$9,086,384
Money-weighted annualized net rate of return <small>(6/26/2009 – 9/5/2023 = 14.20 Years)</small>	7.09%

Agreement effective date: 6/24/2009  
In PEMHCA: Yes

# Los Angeles County Office of Education

## OPEB Valuation Report Summary

### OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	7/1/2021
Present Value of Benefits (PVB)	\$27,041,373
Total OPEB Liability (TOL)	\$22,626,035
Valuation Assets	\$12,963,210
Net OPEB Liability	\$9,662,825
Projected Retiree Premiums for 2021-22	\$1,532,379
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	5.50%

# Los Angeles County Office of Education

## CERBT Account Summary

### Account Summary as of September 5, 2023

Initial contribution <small>(7/2/2018)</small>	\$3,200,000
Additional contributions	\$8,734,000
Disbursements	(\$0)
CERBT expenses	(\$41,296)
Investment earnings (S3)	\$767,619
Total assets	\$12,660,323
Money-weighted annualized net rate of return <small>(7/2/2018 – 9/5/2023 = 5.18 Years)</small>	1.71%

Agreement effective date: 6/26/2018  
In PEMHCA: Yes

# Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Darren Lathrop	Outreach & Support Manager	<a href="mailto:Darren.Lathrop@calpers.ca.gov">Darren.Lathrop@calpers.ca.gov</a>	(916) 795-0751	(916) 291-0391
Lee Lo	Outreach & Support Analyst	<a href="mailto:Lee.Lo@calpers.ca.gov">Lee.Lo@calpers.ca.gov</a>	(916) 795-4034	(916) 612-4128
Therese Luo	Outreach & Support Analyst	<a href="mailto:Therese.Luo@calpers.ca.gov">Therese.Luo@calpers.ca.gov</a>	(916) 795-2983	(916) 213-2879
Colleen Cain-Herrback	Administration & Reporting Program Manager	<a href="mailto:Colleen.Cain-Herrback@calpers.ca.gov">Colleen.Cain-Herrback@calpers.ca.gov</a>	(916) 795-2474	(916) 505-2506
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<a href="mailto:CERBT4U@calpers.ca.gov">CERBT4U@calpers.ca.gov</a> - Questions & Document Submittal	<a href="http://www.calpers.ca.gov/cerbt">www.calpers.ca.gov/cerbt</a>
<a href="mailto:CERBTACCOUNT@calpers.ca.gov">CERBTACCOUNT@calpers.ca.gov</a> – Access to Online Record Keeping System	<a href="http://www.your-fundaccount.com/calpers/">www.your-fundaccount.com/calpers/</a> - Online Record Keeping System





**BOARD OF EDUCATION MEETING  
MINUTES – SPECIAL MEETING**

**September 13, 2023**

**iv. CONSENT ITEMS**

The board approved Item Nos. a.1-3 and b.1 listed under the Consent Calendar.

**Passed** with a motion by Dr. Tahvildaran-Jesswein and a second by Ms. Smith.

Absent Jon Kean

**Yes** Maria Leon-Vazquez

Absent Laurie Lieberman

**Yes** Alicia Mignano

**Yes** Stacy Rouse

**Yes** Jennifer Smith

**Yes** Dr. Richard Tahvildaran-Jesswein

Minutes:

Time Start: 5:35 p.m. Time End: 5:35 p.m.

**a. Curriculum and Instruction Items**

**1. Independent Contractors 2023-24**

**2. Course Approval: 11th Grade US History Hybrid ACES**

**3. Approve the Use of Sourcewell Vendor Contract 081419#CDW for the  
Purchase of Districtwide Technologies**

**b. Business and Fiscal Items**

**1. Approve 2023-24 Charges for Financial Oversight Committee (FOC)**

**c. Facilities Improvement Project Items**

**d. Personnel Items**

**e. General Consent Items**

**ITEM : II.iv.b.1. Approve 2023-24 Charges for Financial Oversight Committee (FOC)**

**Recommended Motion**

It is recommended that the Board of Education approve the following charges for the Financial Oversight Committee (FOC).

**Rationale**

The Board of Education convened a joint session with members of the Financial Oversight Committee (FOC) on September 7, 2023. During that joint meeting, the FOC presented proposed charges for 2023-24.

**Comments**

- General Budget Recommendations - This committee will review, evaluate, and assist Fiscal staff in evaluation and development of the district's annual budget and any budget-related efforts as well as provide additional analysis and guidance regarding any elements of the budgeting process.
- Unfunded Liabilities Budget Recommendations - This subcommittee will research and analyze the district's unfunded OPEB liabilities and GASB process for fiscal review and accounting.
- Bond Oversight - This subcommittee will review debt financings contemplated by the District and communicate findings to the FOC for discussion, prior to Board action. The subcommittee will also assist with FOC analysis of OPEB and/or pension funding strategies or policies, advise on the execution of any refinancing of the Successor Agency's Enforceable Obligations, and assist with any SMMUSD communication needs related to Bond subcommittee findings and activities.
- Measure R Reporting and Process Review - This subcommittee will review and assist in the preparation of the annual Measure R Budget Plan, review discussion and public comment on the Plan, and make recommendations for amendments as needed.
- Financial Communication and Reporting Subcommittee - This subcommittee will provide advice and recommendations to District staff and the Board regarding financial communications issues as needed or directed by the Board.
- Nominations Subcommittee - This subcommittee will screen and evaluate candidates interested in being nominated to the FOC based on qualifications and relevant experience. The subcommittee will incorporate input from Board Liaisons to refine the process of identifying and evaluating candidates, and make specific recommendations for consideration to the full FOC to be presented to the Board of Education for nomination to the FOC.

## **A progress report on pandemic relief**

### **School districts face a 2024 deadline to use funds. Here's how aid has been spent so far.**

CALIFORNIA schools' biggest expenditures have gone toward academic recovery efforts, which have consumed 31% of the spending so far. Above, a class in 2021. (Jason Armond Los Angeles Times)

By Howard Blume

California school districts are largely on track to spend billions of dollars in pandemic aid before their 2024 deadline — with much of the funding targeting summer and after-school learning — but questions persist over how well the money is being spent to help students make up ground academically, researchers have concluded.

The report, released earlier this month, examines the Elementary and Secondary School Emergency Relief Act (ESSER III) — the third, last and largest tranche of federal aid that went to schools to offset the harms of the COVID-19 pandemic. This round of aid totaled \$122 billion nationwide, including about \$15.1 billion for California. That's an amount equal to about 19% of what the state provides annually for its schools.

School systems had broad latitude for using the money, but there also were reporting requirements, especially in California — and these disclosures were reviewed in detail by researchers from FutureEd, a think tank at Georgetown University's McCourt School of Public Policy.

While schools used much of their previous federal pandemic aid on health and safety and distance learning, "the hope has been that ESSER III would aid academic recovery," the researchers wrote. "We found both encouraging trends and cause for concern."

Across California, the biggest expenditures have gone toward academic recovery efforts, which have consumed 31% of the spending so far. Many observers want this percentage to be higher, but the figure is well above the federal requirement of 20%.

A report Wednesday provided a stark warning that academic recovery efforts nationwide have not resulted in a swift rebound.

In a national sampling of 17,400 students, math and reading scores among America's 13-year-olds fell to their lowest levels in decades. Math scores plunged by the largest margin recorded since such testing began in the early 1970s on the National Assessment of Educational Progress, which is often referred to as the nation's report card because it tests students in a consistent manner across the country.

California break-out data were not available for this testing cycle.

Similar setbacks were reported last year when NAEP released broader results showing the pandemic's effects on America's fourth- and eighth-grade students.

In hopes of turning things around, California's 1,018 school districts serving more than 5.8 million students will have to spend or commit about \$1 billion per quarter by September 2024, but the vast majority appear able to do so, even if they got off to a slow start.

By the end of March, San Francisco Unified, with about 50,000 students, had used nearly 80% of its \$94 million in federal aid. Los Angeles Unified, with about 429,000 students, had spent about 37% of its \$2.6 billion. Long Beach Unified School District, with about 67,000 students, had spent 5% of its \$212 million.

Los Angeles district officials have said they are confident the district will spend or commit its funding to a contract or program by the deadline. In L.A. Unified the money has paid for 451

mental health staffers, 336 intervention teachers and aides for young students struggling in math and reading, 291 more specialists for students with disabilities, 242 custodians and 222 technical support workers for school staff and students. The district also ramped up tutoring and organized optional districtwide “acceleration days” for students, among other uses. Although state reporting by Long Beach reflects only \$11 million in spending from the district’s \$212-million allotment, the district plans to spend the money over the next year and a half as part of a six-year, \$500-million improvement blueprint that draws on money from various sources, the report stated.

Long Beach made sure first to spend earlier COVID-related aid.

“I put them in order, first in, first out, by expiration,” Renee Arkus, Long Beach Unified’s executive director of fiscal services, told the researchers.

But elsewhere, notably Stockton Unified, slow spending has been characterized as both a sign of dysfunction and alleged corruption. Through March, that district had spent 2% of its ESSER III money. Separately, independent auditors have raised questions over millions of dollars of possible fraud in officials’ use of pandemic stimulus funds. District officials have denied wrongdoing.

If the money is not spent effectively, it could become a lost, one-time opportunity.

The spending analysis comes as school districts throughout California are worried about financially leaner years ahead — expecting painful cutbacks and possibly layoffs when the pandemic funding expires. Los Angeles Unified, the state’s largest district, anticipates cutting back by more than 2,000 staff positions through attrition, transfers and elimination of unfilled positions.

The school system approved an \$18.8-billion budget Tuesday in what officials described as a “transition year” between having more money than could be quickly spent and a rapidly approaching future with sharply reduced resources.

Researchers noted that because pandemic aid arrived in successive waves, it’s difficult to assess how all of it was or is being spent, especially because earlier reporting requirements were more limited. For that reason, the researchers focused on the pot of money with the most detailed reporting requirements, which also was the largest and the last major distribution of federal funds.

This money began to flow in the second quarter of 2021 — well into the pandemic, which closed campuses across California in March 2020. By this point, school systems were moving away from emergency COVID protection measures and distance learning costs — or they had found other funding sources for this purpose. As a result, only about 7% of the ESSER III COVID relief has been used for COVID safety and 9% for education technology.

L.A. Unified, which spent far more on health measures than other school systems because of a groundbreaking districtwide weekly coronavirus testing effort, has pulled back on such spending. The district had earlier planned to spend \$272 million of relief funding this year on coronavirus testing, contact tracing and vaccinations. Instead, the actual spending is estimated at \$26 million.

Spending trends showed comparatively little money spent on mental health — a key concern raised nationwide by experts. Part of the problem has been a nationwide shortage of mental health professionals. Spending in this area has been rising — up from \$24 million in the final quarter of 2021 to \$105 million in the first quarter of 2023.

For academic recovery, the largest amount of funds has gone toward summer and after-school learning. Spending on tutoring rose after a slow start. Extending the school day or school year has never taken off as a primary use for this funding.

When Congress originally approved the money, it was assumed that school systems would be in such dire financial shape that a huge portion of the dollars would be needed simply to keep district budgets afloat.

Instead, in California at least, strong tax revenues propelled school funding to new highs during the last two years. Even so, about 22% of the funding spent to date has been used to “maintain operations.”

“While the federal law specifically allows such spending, the language offers little insights as to how districts are using the money,” the researchers wrote. The researchers were stymied repeatedly by such vague language in their ability to evaluate spending, although they were able to obtain more detail through contacting school officials.

The researchers gave mixed reviews to San Francisco Unified, even though the district has done well in not leaving money on the table.

By the end of March, the district had spent \$74 million of its \$94-million allotment. “But nearly all of that is in a broad category called ‘other activities that are necessary to maintain the operation and continuity of services ... and to continuing the employment of their existing staff,’ ” the report said.

To the researchers, it was unclear how well San Francisco has followed through with expanded learning recovery efforts the district had originally outlined . District officials insist they are following their plan.

District critics , however, are dissatisfied.

“Instead of taking the funds and applying them where they were needed most — to address learning loss, student well-being and the serious impacts and widening equity gap we saw ... from the pandemic — San Francisco Unified chose to plug our structural budget deficit,” said Meredith Dodson, co-founder and executive director of San Francisco Parent Coalition. The district “just used them to kick the can further down the road.”

In announcing their spending plan , officials acknowledged that most of the funds “are being used to maintain core district and school operations, to stabilize student services and resources, and to retain school site and district staff.”

Study co-author Phyllis Jordan noted that “this sort of spending is definitely an allowable use. But as the end of the spending window approaches, using this money to keep the lights on is going to leave districts with a lot of unsustainable spending. And that will mean cuts of all sorts after the funding expires.”

This issue also has come up in L.A. Unified. Andrew Thomas, director of the district’s Independent Analysis Unit, raised concerns at a recent Board of Education meeting.

“There are some real risks that we haven’t faced as much in the past as we’re facing now,” Thomas said. “One-time money is going away.”

The Associated Press was used in compiling this report.

## Appeals court upholds parcel taxes based on square footage with a ceiling

*Decision for Alameda Unified gives districts more options to design a parcel tax*

AUGUST 9, 2023 | JOHN FENSTERWALD



PHOTO: CAROL DAVIS/FLICKR

In a precedent-setting case, a California appeals court last week upheld the ability of a school district to base a parcel tax on a building's area with a ceiling on how much a property owner would have to pay.

The unanimous decision by three judges on the 1st District Court of Appeal in San Francisco follows 15 years of litigation over various iterations of Alameda Unified's effort

to design a parcel tax tied to a property's square footage instead of a flat amount. [The decision](#) gives school districts and community colleges more latitude to design a parcel tax, which is one of the few ways that they can annually supplement state funding for education. Instead of being restricted to charging a parcel tax by a uniform amount per property, regardless of whether the property includes a \$200,000 cottage or a \$10 million mansion, districts will have the option to charge by square footage with a cap on the amount.

“The decision provides districts with flexibility and clarity,” said William Tunick, the attorney representing the school district. There had not been a previous decision on a school parcel tax based on square footage at the appellate court level. As a published appellate decision, its conclusion would be binding across the state on any Superior Court that considered a similar challenge to another tax.

In [Leland Traiman v. Alameda Unified](#), the court overturned an April 2022 decision by Alameda County Superior Court Judge Julia Spain, who ruled that [Measure A](#) violated a state law that requires parcel taxes be set at a uniform rate. Measure A assesses a tax of 26.5 cents per square foot of building on a property, with a maximum assessment of \$7,999 per parcel.

The plaintiff argued — and Spain had agreed — that the cap means the district has, in effect, created two classifications of properties that are taxed differently – one for properties with buildings smaller than 30,190 square feet that paid under \$7,999 and one with a larger square footage that still paid the maximum \$7,999. Undeveloped land parcels are charged \$299.

But the appeals court ruled Measure A satisfied the legal requirement that a parcel tax should be applied uniformly for all classes of taxpayers, with no distinction between residential and commercial properties or between homes and apartments – even if it results in a different tax bill due to the size of the property.

The court pointed to a [2019 decision by the state 2nd District Court of Appeal](#), based in Los Angeles, that found that the Los Angeles County park district could charge a parcel

tax based on the square footage of developed land even though it yielded a different tax bill depending on the size of the property — a ruling that the justices in the latest decision said applied to school districts and community colleges. And nothing in statutory language, case law, legislative history or public policy indicates a school district with a parcel tax based on square footage cannot set a maximum amount per parcel, the 1st District judges said.

“This is excellent news to receive just 11 days before we open our schools for a new year,” said Pasquale Scuderi, superintendent of the Alameda Unified School District, which has about 9,000 students.

With 67% of voters in favor, Measure A barely exceeded the minimum two-thirds majority required for passage of a school board-initiated initiative. Measure A, which has been in effect while appealed, was designed to raise about \$10 million per year to bolster teachers’ pay with the goal of retaining staff in the district.

An attorney for the taxpayer who filed the suit told the [San Francisco Chronicle](#) that opponents of Measure A were considering their options, including an appeal to the state Supreme Court.

Parcel taxes are one of the few sources that school districts can use to supplement their general operating budgets. About 1 in 10 school districts have adopted them, mainly in wealthy districts around Los Angeles and the Bay Area.

Parcel taxes are an outgrowth of Proposition 13, the landmark 1978 anti-tax initiative that outlawed additional property taxes based on the assessed value of a property. Proposition 13 immediately resulted in a significant drop in property taxes paid by taxpayers and collected by local governments, including school districts. A decade later, the Legislature clarified that school districts could pass a special tax, by a two-thirds vote majority, as long as it was at a uniform rate for all taxpayers. The Legislature gave local governments the authority to exempt senior citizens from paying them.

A parcel tax is regressive since it doesn’t consider the ability of a property owner to pay it.



A parcel tax based on the size of a home or building square footage is potentially a fairer measure of an owner's wealth, and a cap on a parcel tax could make it more palatable to owners of warehouses and Amazon-size distribution centers, while potentially reducing the political opposition from owners of apartment complexes and office buildings.

In December 2022, the San Francisco-based 1st District Court of Appeal issued [another landmark decision](#), ruling that parcel tax initiatives proposed by voters — not school boards — require only a majority vote to pass, not two-thirds. This could lead to the passage of more parcel taxes organized by teachers or parent groups.

However, the California Business Roundtable, the Howard Jarvis Taxpayers Association, and the Commercial Real Estate Development Association have qualified an initiative for the November 2024 statewide ballot that would overrule that decision and require a two-thirds vote on all new tax measures. Proponents of the [California Two-Thirds Legislative Vote and Voter Approval for Fee and Charge Increases Initiative](#) have already raised \$16 million to campaign for its passage.

*To get more reports like this one, [click here](#) to sign up for EdSource's no-cost daily email on latest developments in education.*

## Comments

### Comments Policy

We welcome your comments. All comments are moderated for civility, relevance and other considerations. [Click here for EdSource's Comments Policy.](#)

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#### Paul Muench

Wow, the idea of parcel is no longer relevant to a parcel tax. Taxing by square footage seems as arbitrary as taxing by income of those people who live on the parcel.



**BOARD OF EDUCATION MEETING  
MINUTES – FORMAT “A”**

**September 7, 2023**

**F. STUDY SESSION**

These items are staff presentations and/or updates to the Board of Education.

**1. TIMESTAMP: 6 p.m. – Joint Session with the Financial Oversight Committee (FOC) (45 min)**

Minutes:

Time Start: 6 p.m. Time End: 6:36 p.m.

FOC Chair Payal Maniar reviewed the 2022-23 charges and subcommittees. JW Beekman reported from the General Budget Recommendations Subcommittee. Michael Rotgin reported from the Unfunded Liabilities Subcommittee. Mike Kramer reported from the Tax Revenue and Assessed Valuation Subcommittee and the Bone Oversight Subcommittee. Matt Crawford reported from the Measure R Subcommittee. Payal Maniar reported from the Financial Communication and Reporting Subcommittee. Michael Rotgin reported from the Nominations Subcommittee.

The board asked questions regarding Measure R and also clarified how the public could provide input on the Measure R funding plan. They also remarked on the importance and value of having the FOC assist with communicating the district's finances with the public. They asked about FOC committee membership and the application review process. Ms. Canady and the board thanked the entire FOC for their volunteerism and hard work to support the board and district.

**ITEM : II.F.1. TIMESTAMP: 6 p.m. -- Joint Session with the Financial Oversight Committee (FOC) (45 min)**



**Rationale**

As part of the requirements associated with the annual funds given to the School District from the City of Santa Monica, the Financial Oversight Committee (FOC) was appointed as an independent oversight committee regarding the financial matters of the District. This includes an annual report from the FOC to the School Board, reviewing the past year and offering its observation about the District's financial matters.

In addition, the FOC's charge was amended on June 5, 2008, Board meeting (Item A.22) to include responsibilities associated with the Measure R parcel tax, approved by the voters at the February 2008 Special Election. Measure R requires that an Independent Citizens Oversight Committee monitor proposed and actual parcel tax expenditures each year.

Therefore, in compliance with the foregoing, the Board of Education will convene a join session with members of the Financial Oversight Committee on September 7, 2023.

**Supporting Documents**

[090723 FOC 2022-23 Year End Report](#)

[090723 FOC 2022-23 Year End Presentation](#)



## SMMUSD Financial Oversight Committee Meeting Minutes

**Date:** Tuesday, June 6, 2023

**Time:** 6:00 pm to 8:00 pm

**Location:** Board Room, SMMUSD District Administrative Office –  
1717 4<sup>th</sup> Street, Santa Monica, CA 90401

### I. Call to Order

6:06 pm

Committee Members: JW Beekman  
Dillon Christensen  
Ryan Chin  
Michael Kremer  
Samantha McQuaid  
Michael Rotgin

Matthew Crawford – *arrived at 6:08 p.m.*  
Alex Farivar – *arrived at 6:14 p.m.*  
Seth Jacobson - *departed at 8:06 p.m.*  
Shawn Landres -*departed at 6:27 p.m.*  
Payal Maniar – *arrived 6:10 p.m.*

Staff: Gerardo Cruz  
Bonnie Kung

David Chiang

Board Liaison: Jon Kean

Alicia Mignano – *arrived at 6:26 p.m.*

Absent: Melody Canady Stacy Rouse  
Kaya Schwartz, SAMOHI student rep

### II. Approval of Agenda

6:06 pm

A motion was made by Mr. Landres and seconded by Mr. Kremer to approve the meeting agenda as amended to move the Financial Communication and Reporting report of Agenda Item V.B. FOC Annual Report to the Board of Education / Joint Meeting to follow Agenda Item III. Approval of FOC Meeting Minutes.

AYES: Eight (8) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. McQuaid, Mr. Rotgin)

NOES: None (0)

ABSENT: Three (3) (Mr. Crawford, Mr. Farivar, Ms. Maniar)

ABSTAIN: None (0)

### III. Approval of FOC Meeting Minutes

6:08 pm

A motion was made by Mr. Rotgin and seconded by Mr. Chin to approve the May 23, 2023 meeting minutes as amended to reflect that Mr. Kean was absent from the meeting.

AYES: Seven (7) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Kremer, Mr. Landres, Ms. McQuaid, Mr. Rotgin)

NOES: None (0)

ABSENT: Two (2) (Mr. Farivar, Ms. Maniar)

ABSTAIN: Two (2) (Mr. Beekman, Mr. Jacobson)

Mr. Beekman and Mr. Jacobson abstained as they were not present at the May meeting.

#### **IV. Assistant Superintendent, Business & Fiscal Report: Melody Canady**

6:21 pm

##### **A. 2023-24 Preliminary Budget**

Mr. Cruz gave a brief overview of the 2023-24 preliminary budget that was presented to the Board of Education at the June 1, 2023 meeting. He informed the committee that the estimated actuals and the Fourth Budget Revision will be included at the June 22, 2023 board meeting.

The committee discussed the impact of the anticipated expenses such as the after-school sports and early education programs, and the anticipated changes in the financial support the District had previously received from the City of Santa Monica and the Education Foundation. The committee expressed their concerns about the projected reserve fund levels and the cash-flow balance. The committee discussed the possibility of sending a letter to the Board addressing their concerns regarding the budget and will check with Melody for further direction.

The presentation and the preliminary budget documents may be found at the following links:

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516390&MID=20975>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516391&MID=20975>
- Multi-Year Projection:  
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516392&MID=20975>
- Unrestricted General Fund Budget:  
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516393&MID=20975>
- Second Interim Review Letter from LACOE:  
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516394&MID=20975>

#### **V. Discussion/Action Items**

7:19 pm

##### **A. Reserve Policy Recommendation**

Mr. Beekman provided the committee a readout of the draft recommendation to the Board of Education regarding the adoption of a Reserve Policy. The data will be updated to include the recent 2023-24 preliminary budget percentages. The committee discussed the District's basic aid status as well as the effects on the District's credit rating from having a reserve policy. The committee suggested that the recommendation include further explanation of SMMUSD's basic aid status and a graph of the District's historic reserve levels with other key events, such as when SMMUSD became a basic aid district.

The copy of the draft Budget subcommittee recommendation may be found at the end of these minutes.

A motion was made by Ms. Maniar and seconded by Mr. Beekman to task the General Budget subcommittee to finalize the recommendation to adopt a reserve policy based on the feedback received at the meeting and submit to the Board Liaisons for review.

AYES: Ten (10) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

NOES: None (0)

ABSENT: One (1) (Mr. Landres)

ABSTAIN: None (0)

## B. FOC Annual report to the Board of Education / Joint Meeting

7:57 pm

The committee discussed each of the respective draft subcommittee reports to be presented to the Board of Education at the joint meeting. The final versions of the subcommittee reports will be sent to the Chair and staff prior to the joint meeting.

The draft subcommittee reports may be found at the end of these minutes.

- Budget Recommendations

- General: *Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen, Ms. McQuaid*

The subcommittee will adjust the recommendation regarding the reserve policy based on the feedback received at the meeting.

- Unfunded Liabilities: *Mr. Rotgin, Mr. Jacobson, Mr. Kremer, Mr. Chin, Ms. McQuaid*

The committee clarified that the subcommittee's mandate pertained to the District's OPEB liabilities and possibly other unfunded liabilities that may be of interest to the District.

- Tax Revenue and Assessed Valuation: *Mr. Kremer, Mr. Beekman, Mr. Crawford*

The committee discussed the recommendation to sunset the subcommittee. Staff stated that it would be helpful to receive the subcommittee's input for the District's annual redevelopment audit.

- Bond Oversight: *Mr. Kremer, Mr. Crawford, Mr. Rotgin, Mr. Chin*

There were no updates.

- Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*

Mr. Cruz informed the committee that the purchase of the band trailer is still in the bidding process.

6:09 pm

- Financial Communication and Reporting: *Mr. Landres, Mr. Jacobson, Ms. Maniar, Mr. Christensen, Mr. Farivar*

It was discussed whether it would be helpful for the subcommittee to continue for the following year. It was suggested that the subcommittee continue as needed or as directed by the Board and/or staff.

- Nomination: *Mr. Rotgin, Ms. Maniar, Mr. Farivar, Mr. Crawford*

There were no updates.

#### C. Mandates for 2023-24

8:09 pm

The committee discussed possible FOC mandates for the 2023-24 school year. They discussed the possibility of the FOC helping to look at enrollment trends. It was also suggested that the Financial Communications subcommittee could work on highlighting the programs and items that are available at SMMUSD as a basic aid district.

#### D. Nomination and Election of Chair and Vice Chair for 2023-24

8:15 pm

A motion was made by Mr. Rotgin and seconded by Mr. Farivar to recommend Ms. Maniar as Chair and Mr. Kremer as Vice Chair of the Financial Oversight Committee for the 2023-24 year.

AYES: Nine (9) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Ms. Manair, Ms. McQuaid, Mr. Rotgin)

NOES: None (0)

ABSENT: Two (2) (Mr. Jacobson, Mr. Landres)

ABSTAIN: None (0)

**VI. Receive and File (Limited Discussion)**      None

**VII. Public Comments**      None

**VIII. Committee Comments**      None

6:17 pm

The committee thanked Mr. Landres for his time and valuable contributions on the committee. Mr. Landres reflected on the work that had been completed during his time on the committee.

**IX. Next Meeting:**      Thursday, September 7, 2023 - \*Please note: This is a Joint Meeting / Study Session with the Board of Education

**X. Adjournment:**      The meeting adjourned at 8:16 p.m.

**DRAFT**  
**SMMUSD (District) Financial Oversight Committee**  
**Recommendation on Adoption of a Reserve Policy**

Date: June xx, 2023

To: The Board of Santa Monica Malibu Unified School District (Board)

From: The SMMUSD Financial Oversight Committee (FOC)

**Preamble**

- The FOC's role and responsibilities include "Review the annual budget, enrollment projections, revenue and expenditure forecasts, and the District's capital program, and submit any recommendations to the Board of Education." Within the FOC, the budget subcommittee focuses on the above as its charge by reviewing the SMMUSD annual budget with staff and providing additional oversight, evaluation and recommendations related to specific elements of the budgeting process.
- During the FOC meeting on 3/21/2023 district staff presented the 2<sup>nd</sup> Interim budget for the fiscal year 2022/2023 to the FOC (attached). An update was also provided from staff about an initial and to be continued discussion between district staff and the school board with respect to the District adopting a reserve policy.
- As a follow-up to meeting discussion on the above, the budget subcommittee has drafted this memo to highlight key considerations and recommendations with respect to the development of District reserve policy.

**Data - School District Data from 2nd Interim Report**

<b>Unrestricted General Fund</b>	<b>2021-22</b>	<b>2022-23 2nd Interim</b>	<b>2023-24</b>	<b>2024-25</b>
Total Revenues	161,177,918	\$128,667,149	\$131,493,463	\$136,067,495
Total Expenditures	he 148,099,029	\$150,617,576	\$136,496,836	\$137,884,914
Increase(Decrease) Fund Balance	13,078,889	(\$21,950,427)	(\$5,003,373)	(\$1,817,419)
Ending Fund Balance	\$44,656,791	\$24,826,164	\$19,822,791	\$18,005,371
<b>Reserves as % of Total Expenditures, Transfers &amp; Uses</b>	<b>18.36%</b>	<b>11.48% (**)</b>	<b>14.52%</b>	<b>13.06%</b>
Change in % Reserves		-6.88%	+3.04%	-1.46%

Source: SMMUSD 2022-23 Second Interim Report presented at March '23 School Board Meeting

\*Ending Fund Balance at the beginning of 2022-23 displayed in 2021-22



*\*\* Expenditures in 2022-2023 are higher than normal since the retro-active increases in salaries for 2021-2022 were recognized in 2022-2023. This artificially lowers the reserves as a % of total expenditures.*

- According to the 2nd Interim Report, the fund balance at the District is anticipated to decline from \$44.7m at the start of the 2022-2023 fiscal year to \$18.0m by the end of the 2024-2025 fiscal year.
- The FOC notes that the projected 2022-2023 ending balance of 11.48% is the lowest reserve level in the past 15 years. See appendix A for an overview of historical reserve levels.

### **Reserve Balance Calculation**

When discussing a reserve policy and a reserve balance, typically the funds remaining in the unrestricted general fund are at issue. However, the reserve balance is typically expressed as a percentage of the sum of restricted and unrestricted expenditures as its purpose, amongst others, is to provide a buffer for all expenditures.

### **Data - 2020-21 Statewide Average Reserves**

The 2nd Interim Report also provided additional information on 2020-21 Statewide Reserve Averages as shown below:

<b>2020-21 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances as a Percentage of Total General Fund Expenditures, Transfers and Other Uses</b>		<b>Change from Prior Year</b>
<b>Elementary School Districts</b>	26.01%	3.31%
<b>High School Districts</b>	21.82%	4.47%
<b>Unified School Districts (State-Aid)</b>	22.36%	3.54%

*Source: Statewide Certified Data (School Services of California) as provided in the SMMUSD 2022-23 Second Interim Report presented at March '23 School Board Meeting*

### **Data - Additional Reserves Data/ Reserve Policy on Select School Districts**

- As indicated by district staff, the closest Basic Aid district (Beverly Hills) **has a reserve policy that aims for 30% reserves.**

### **Analysis**

Risks related to assumptions in the Multi-Year Projection:

1. The main drivers on the revenue side of the budget are property taxes and RDA funds. District staff have used a projected property price increase assumption of 5%. While in line with recent years of increases, there is inherent uncertainty in assumptions higher than the Prop 13 statutory escalator rate of 2%. Further, there is evidence that both the volume and prices of property transactions are declining as a result of higher borrowing costs driven by

rapidly increasing interest rates. With respect to the funds available from RDA, these have been notoriously hard to project and there is no independent, reliable source available.

2. Enrollment is the second driver of the revenue side of the budget. In recent years enrollment has slowly declined and a further downward deviation from the trend could materially affect the funding formula used to determine the available revenue.
3. Cost of living increases remain elevated and unpredictable. As demonstrated by recent significant increases in staff compensation (partially driven by higher than historical inflation trends), the expenditure side of the budget is subject to a multitude of pressures to remain competitive in attracting and maintaining the optimal quantity and quality of staff. Further, the Multi-Year Projection does not include additional potential salary schedule changes as a result of negotiations with SMMCTA, SEIU, or SMMASA, which can increase expenditures higher than projected.

For additional context, an adequate reserve fund balance benefits the District in several ways, including but not limited to:

- Ensure a continued ability to meet the District's financial obligations including payroll and benefit obligations, which comprises ~85% of annual expenditures;
- Provide a buffer for variances in timing between revenue coming into the District (which is not evenly spread throughout the year) and expenditures (which happen more evenly spread during the year);
- Provide a safety net for unexpected, significant costs (e.g. weather-related repairs; excessive legal costs, claims, judgements)
- Safeguard the District's credit rating, which drives the District's borrowing costs (Moody's notes in its 4/28/21 credit opinion on SMMUSD that the District's narrowing reserves a potential credit challenge);
- Maintain positive certification concurrence from LACOE. In their latest review letter (dated 5/9/23) provided to the Board, LACOE cited the decline of ~\$29 million, or 61.5% over three years as a concern about the projected trend of deficit spending and its impact on the District's ability to maintain minimum required REU in future years. Further, they recommended the District monitor the causes for deficit spending in order to keep it manageable and to minimize further erosion of the reserve fund balance.

### **Recommendation**

It is within this framework and based on these facts that the budget subcommittee recommends that the Board adopts and adheres to a reserve policy which maintains a minimum level of reserves and commits to timeline to achieve this target. Without such a policy the District is vulnerable to unexpected variations in both revenue or expenditure levels which may necessitate abrupt corrective action. Maintaining adequate reserve levels can prevent the need for abrupt corrective actions, including the adoption of a Fiscal Stabilization Plan, which could lead to involuntary reductions to staff levels or elimination of existing education programs.

The FOC recommends maintaining a minimum reserve fund balance equal to 16.7% of total expenditures (including the 3% state mandated reserves) - this level equals 2 months of expenses. Note that this recommendation is lower than the target level in the reserve policies of similar basic

aid school districts in California, including the 30% target at Beverly Hills. We encourage the Board to agree a timeline within which this reserve level will be achieved and recommend to target the end of the 2027-2028 timeframe, which allows for staff to develop a 4 year roadmap.

We also recommend that the reserve policy allows for temporary deviation from the floor in extraordinary circumstances, coupled with a prescribed timeframe to return to the minimum agreed upon levels.

## Appendix A: SMMUSD historical unrestricted reserve balance 2008-2023

<b>Fiscal year</b>	<b>Reserve Balance</b>	<b>Notes</b>
2022-23	11.48%	Second Interim Budget
2022-23	13.12%	First Interim Budget
2022-23	21.61%	Adopted Budget
2021-22	26.31%	
2020-21	18.36%	
2019-20	13.53%	
2018-19	13.59%	
2017-18	21.44%	
2016-17	16.92%	
2015-16	22.39%	
2014-15	23.66%	
2013-14	17.56%	
2012-13	20.95%	
2011-12	14.47%	
2010-11	17.33%	
2009-10	14.50%	
2008-09	19.13%	

**2022-23  
Financial Oversight Committee  
Year End Report for School Board of Education**

The SMMUSD Financial Oversight Committee (FOC) serves as an independent oversight committee to review matters potentially having a significant impact on SMMUSD finances. The FOC also serves as the Measure R Independent Citizens Oversight Committee, provides monitoring and review of the District budget process, the City of Santa Monica Joint Use Agreement, the City of Malibu Joint Use Agreement, the District Audit, enrollment projections, revenue and expenditure forecasts, the capital program and public education regarding district finances.

For the fiscal year 2022-2023, FOC formed 7 ad-hoc committees (subcommittees) and worked on the following charges as approved by the School Board in August 2022:

Subcommittee charges and members are included below:

**A. Budget Recommendations**

- a. General:** Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen, Ms. McQuaid
- b. Unfunded Liabilities:** Mr. Rotgin (April 2023 onward), Mr. Jacobson, Mr. Kremer, Mr. Rotgin, Mr. Chin, Ms. Maniar

**B. Tax Revenue and Assessed Valuation:** Mr. Kremer, Mr. Beekman, Mr. Crawford

**C. Bond Oversight:** Mr. Kremer, Mr. Crawford, Mr. Rotgin, Mr. Chin

**D. Measure R Reporting and Process Review:** Mr. Crawford, Mr. Landres, Ms. Maniar

**E. Financial Communication and Reporting:** Mr. Landres, Mr. Jacobson, Ms. Maniar, Mr. Christensen, Mr. Farivar

**F. Nomination:** Mr. Rotgin, Ms. Maniar, Mr. Farivar, Mr. Crawford

**General Budget Recommendations Subcommittee  
Year End Progress Report**

**Members:** Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen, Ms. McQuaid

The Budget Recommendations Subcommittee charge is to review, evaluate, and assist the fiscal staff in evaluation and development of the SMMUSD annual budget and any budget related efforts. The Subcommittee also provides additional analysis and questions regarding any elements of the budgeting process.

To assist in this process, the Budget Subcommittee and district staff agreed on a calendar of reviews and evaluations that occur prior to the budget being submitted to the School Board. Working collaboratively with staff, we have put together a series of meetings from December (22) – June (23) that allowed the Subcommittee to review budgeting and provide insights prior to review by the full Financial Oversight Committee and the School Board. This has been efficient and effective for bringing to light important areas that may require greater analysis or review.

In addition the subcommittee has worked, with assistance from district staff, on a recommendation to the board with respect to the implementation of a reserve policy. The process consisted of investigating and documenting the reserve levels and policies at comparable basic aid districts, documenting the projected reserve levels at SMMUSD, and documenting the rationale for adopting a revised reserve policy culminating in a final recommendation to the SMMUSD Board.

**TBC:** This recommendation was adopted by the FOC during its meeting on 6/6/2023 and presented to the board on XX/XX/2023. The full recommendation is as follows:

**TBC:** “The FOC recommends maintaining a minimum reserve fund balance equal to XX% of total expenditures (**in/excluding** the 3% state mandated reserves) - this level equals 2 months of expenses.”

This Subcommittee recommends that its charge be renewed for another year.

**Unfunded Liabilities - Budget Recommendations Subcommittee  
Year End Progress Report**

**Members:** Mr. Rotgin (April 2023 onward), Mr. Jacobson, Mr. Kremer, Mr. Rotgin, Mr. Chin, Ms. Maniar

The Unfunded Liabilities – Budget Recommendations Subcommittee is charged with researching and analyzing the district’s unfunded liabilities and GASB process for fiscal review and accounting.

SMMUSD administers a single-employer defined benefit Other Post-employment Benefits (OPEB) plan that provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. SMMUSD implemented GASB Statement No. 45, Accounting and Financing Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans, in 2008-09. In 2015, GASB Statement No. 75 replaced the requirements of Statement No. 45.

The future costs of providing retiree healthcare to plan participants are unknown. Participants include retirees who currently receive benefits and active employees who have not yet begun drawing benefits. Future costs depend on many factors including each participant’s years of service, the participant’s remaining years of life after retirement, future healthcare prices, and the plan’s investment returns. Public entities work with actuaries who study the OPEB plan’s membership data and make assumptions about these factors for each plan participant in order to predict the total cost of providing retiree healthcare benefits for current plan participants. Actuaries then discount this total to a present day value that represents an amount of money that is required to be invested now to have sufficient assets to pay for future benefits when they are due. This amount minus the assets on hand equals the unfunded actuarial accrued liability. An OPEB liability is not a measure of current costs, but rather a present value of what benefits will likely cost in the future.

There are numerous ways to approach the funding of retiree healthcare accounts. The District used to employ a “pay-as-you-go” approach until, on the recommendation of the FOC, the Board adopted a partial pre-funding approach. Generally, investment earnings on early pre-funded amounts results in lower aggregate dollars that the District will have to pay over time. However, this advantage needs to be weighed against benefits associated with alternative current uses of available funds. Because unfunded OPEB liabilities are ultimately paid from the operating budget, they have significant implications for the General Fund.

The Subcommittee met several times to discuss its mandate, the scope of work and a plan for executing the work. The Subcommittee requested, received information from, and met with, the Staff regarding the GASB accounting procedures, levels of existing funding and related unfunded liabilities, and the portfolios selected for the designated funds.

The Subcommittee was chaired by Mr. Jacobson until the end of April when Mr. Rotgin assumed the Chairmanship.

Due to changes in the Subcommittee and the need to gather additional information, the charge will need to be pushed into the next school year.

The continuing process will include:

- Reviewing the applicable current rules and regulations;
- Compiling data from comparable districts (similar size, demographics, etc.) with regard to OPEB benefits they provide, their related liabilities, and policies and procedures for funding such liabilities;
- Engaging in additional discussions with Staff regarding specifics of the District's accounting, liabilities, and reserves;
- Looking into options for slowing the growth of unfunded liabilities;
- Reporting findings and recommendations to the Board.



**Tax Revenue and Assessed Valuation Subcommittee  
Year End Progress Report**

**Members:** Mr. Kremer, Mr. Beekman, Mr. Crawford

*Charge Summary:*

This subcommittee researches and reviews Redevelopment (RDA) Fund calculations, the assessed valuation reports from the Cities of Malibu and Santa Monica, and the financial projections for sales tax revenue in the City of Santa Monica to help understand the budget implications of sales taxes on Prop YY and Measure GS. The subcommittee assists with any refinancing of the Successor Agency's (SA) Enforceable Obligations (EOs).

*Actions/ Progress:*

The Subcommittee chair and District staff participated on a February 2023 Zoom call with former FOC member and current Third District Consolidated Oversight Board member, Paul Silvern, to discuss the history of the Former RDA's EOs and the process for future refinancing. Also in February 2023, the Subcommittee reviewed and commented on Cooperative Strategies' redevelopment revenue audit for 2021-22. During 2022-23, the Subcommittee contacted the City of Santa Monica multiple times requesting updated revenue projections for Measures GSH and YY, but the City did not respond.

*Recommendations:*

Sunset this Subcommittee and shift advice on any execution of the SA's refinancing of the EOs to the Bond Oversight Subcommittee. The full FOC already receives annual updates from Cooperative Strategies, and staff may have more success communicating directly with the City regarding Measure GSH and YY.

**Bond Oversight Subcommittee  
Year End Progress Report**

**Members:** Mr. Kremer, Mr. Chin, Mr. Crawford, Mr. Rotgin,

*Charge Summary:*

The Bond Oversight Subcommittee reviews debt financings contemplated by the District and communicates findings to the FOC for discussion prior to Board action. Last year, the Subcommittee assisted with preparation of an update to the District's Debt Issuance and Management, which was adopted by the Board at the May 5, 2022 meeting. The Subcommittee monitors the Debt Issuance and Management Policy for as-needed updates.

*Actions/ Progress:*

In January 2023, the Subcommittee was requested to review a proposed issuance of tax-exempt refunding bonds to fund the repurchase for cancelation of certain District GO Bonds at prices which would generate refinancing savings. The Subcommittee met with the financing team and briefed the FOC. The Subcommittee prepared a memo from the FOC to the Board which summarized the economics of the proposal and suggested terms for execution.

*Recommendations:*

The Subcommittee will continue to: support staff by reviewing debt financings contemplated by the District; assist with FOC analysis of OPEB and/or pension funding strategies or policies; advise on the execution of any refinancing of the Successor Agency's Enforceable Obligations; assist with any SMMUSD communication needs related to Bond subcommittee findings and activities.

**Measure R Reporting and Process Review Subcommittee  
Year End Progress Report**

**Members:** Mr. Crawford, Mr. Landres, Ms. Maniar

*<Written Report can utilize any structure appropriate to share relevant progress. General guidelines: Black Arial 11 size font and key components would include the following:*

*Charge Summary:*

*Actions/ Progress:*

*Key Findings:*

*Recommendations:>*

**Financial Communications and Reporting Subcommittee  
Year End Progress Report**

**Members:** Mr. Landres, Mr. Jacobson, Ms. Maniar, Mr. Christensen, Mr. Farivar

**Charge Summary and Progress:**

The ad hoc subcommittee worked, both formally and informally, with Community & Public Relations office and with the Business and Fiscal Services office to help ensure the clarity of financial communications to the Board and the public and to implement the fiscal stewardship-related principles that have been incorporated into the District's broader communication strategy. One of the initiatives it worked on this year was to provide a simple reporting template to the Department of Special Education for internal special education budget related reporting and presentations.

**Recommendations:**

The subcommittee recommends that the Board of Education consider the opportunities for the Financial Oversight Committee to advise and make recommendations to District staff and the Board regarding financial communications issues that may arise from time to time.

**Nominations Subcommittee  
Year End Progress Report**

**Members:** Mr. Rotgin, Ms. Maniar, Mr. Farivar, Mr. Crawford

During the year, the Nominations Subcommittee conducted two processes to find and recommend to the Board individuals to serve on the FOC. The first process was conducted at the end of the 2022 calendar year, culminating in the beginning of 2023, to fill the open seat created by the mid-term vacancy of the seat formerly held by Renu Mevasse. The second process was run during the spring of 2023 to fill four seats, the terms of which were set to expire on June 30, 2023. Below are the interim Subcommittee reports regarding the above.

In connection with the aforementioned processes, in order to provide more consistency when analyzing applications for filling seats on the FOC, the Subcommittee discussed and recognized a number of data points and characteristics to be considered, along with other factors, when making recommendations for individuals to serve on the FOC. Such data includes relevant skills and experience, an understanding of the committee mandate, a demonstrated interest to the district, and the ability to commit the time necessary to effectively serve in such role. While considering the foregoing, the Subcommittee should consider the importance of augmenting and complimenting what the then sitting members of the FOC provide in order to bring diversity of skills, experience and thought to the Committee. In addition, while incumbents' applications will be subject to the same analyses, they should be afforded an opportunity to provide additional input to the Subcommittee based on their experience serving on the Committee including observations and lessons learned, insights gained and intentions on how they can best contribute to the Committee in leadership roles or otherwise in a subsequent term.

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**Nominations Subcommittee Report** (submitted January 11, 2023)

**MEMORANDUM**

To: Financial Oversight Committee  
From: Nominations Subcommittee (Mr. Rotgin (Chair), Mr. Crawford, Mr. Farivar, and Ms. Maniar)  
Re: Nomination for Open Seat on the Financial Oversight Committee

The Nominations Subcommittee (the "Subcommittee") recommends Samantha McQuaid to fill the open seat on the Financial Oversight Committee (the "FOC") created by the mid-term vacancy of the seat formerly held by Renu Mevasse. The term of the open seat ends on June 30, 2023.

1. Numerous public announcements were made by SMMUSD administrative staff regarding the vacancy and the process for filling the seat. On each of October 31, 2022 and November 15, 2022, an announcement was published on the District's website and sent to the SMMUSD community email list (~650 recipients). The press release was also included

in the Principals' weekly update for the week of November 14-18, 2022 to be shared in their respective weekly newsletters. The information was also sent by the staff to the local papers in Santa Monica and Malibu. In addition, on November 15, 2022, the information was shared on the District's social media sites (Instagram, Twitter, and Facebook). The application process was open for 25 days from the date of the first announcement through November 25, 2022.

2. A total of 11 applications were received representing a diversity of skills, experiences, and backgrounds.
3. All applications were thoroughly reviewed by the Subcommittee. Some of the applications were missing information (*e.g.*, resumes) and, at the request of the Subcommittee, staff reached out to those applicants with the opportunity to provide the Subcommittee with additional relevant information. On December 8, 2022, the Subcommittee met to discuss the applications and the qualifications of the individual applicants. After such review, the Subcommittee extended invitations for an interview to seven of the applicants that the Subcommittee concluded were the most qualified (such pool of candidates represented a diverse pool of candidates from a variety of backgrounds).
4. The candidates were given the option of meeting with the Subcommittee in person or by Zoom. The interviews were held over two days (December 19, 2022 and January 5, 2023): on the first day of interviews, three candidates were interviewed by the Subcommittee in person; on the second day, two candidates were interviewed via Zoom and two candidates were interviewed in person.
5. Following the final interview, the Subcommittee convened on January 5, 2023 to evaluate the applicants and concluded that three of the seven candidates interviewed best demonstrated the skills, experience, and desire to effectively serve on the FOC. Discussions ensued with regard to each of the three candidates and their perceived relative strengths and weaknesses vis-à-vis each other as potential members of the FOC. No final decision was reached on January 5<sup>th</sup>.
6. The members of the Subcommittee had several additional conversations between January 9<sup>th</sup> and January 11<sup>th</sup> to further discuss the winnowed down pool.
7. After discussing at length the needs of the committee, the merits of the individual candidates, and the different aspects that they would bring to the FOC, the Subcommittee recommends Samantha McQuaid to fill the remaining term of the open seat through June 30, 2023.
  - a. Ms. McQuaid is a parent of two kids in our school district who attend SMASH at the Kinder and 4th grade level.
  - b. A CPA from Australia, Ms. McQuaid has 20+ years of overall Financial Management experience and specializes in financial operations, compliance, regulatory reporting, annual operating budgets, and managing external auditor relationships.

- c. Since 2015, she has worked at the RAND Corporation - currently as the Associate Director, Finance and Accounting.
- d. Ms. McQuaid obtained her undergraduate Accounting degree and MBA from Charles Sturt University, Australia.

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## Nominations Subcommittee Report (May 23, 2023)

### MEMORANDUM

To: Financial Oversight Committee  
From: Nominations Subcommittee (Mr. Rotgin (Chair), Mr. Crawford, Mr. Farivar, and Ms. Maniar)  
Re: Nominations for Filling Seats on the Financial Oversight Committee with Expiring Terms

The Nominations Subcommittee (the "Subcommittee") recommends Ryan Chin, Michael Kremer, Samantha McQuaid and Atul Porwal to fill the seats on the Financial Oversight Committee (the "FOC") effective upon the June 30, 2023 expiration of the terms of four seats on the committee currently held by Mr. Chin, Mr. Kremer, Mr. Landres and Ms. McQuaid.

- 8. Numerous public announcements were made by SMMUSD administrative staff regarding the upcoming openings on the FOC and the process for filling the seats. A SMMUSD press release was sent out regarding the openings on March 20, 2023. An announcement was published on the District's website on March 20, 2023 and sent to the SMMUSD community email list (~650 recipients) on March 21, 2023. In addition, on March 20, 2023, the information was shared on the District's social media sites (Instagram, Twitter, and Facebook). The application process was open for 32 days from the date of the first announcement through April 21, 2023.
- 9. A total of nine applications were received (two of which were from current members of the committee whose terms are expiring) representing a diversity of skills, experiences, and backgrounds. In addition, we continued to view all 11 applications from the fourth quarter of 2022 as still active (one applicant from that pool affirmatively reapplied).
- 10. All applications were thoroughly reviewed by the Subcommittee. On May 4, 2023, the Subcommittee met to discuss the applications and the qualifications of the individual applicants. After such review, the Subcommittee extended invitations for an interview to three of the applicants that the Subcommittee concluded were the most qualified and that were not at such time already serving on the FOC (such pool of candidates represented a diverse pool of candidates from a variety of backgrounds).

11. The candidates that were not at such time serving as members of the FOC were given the opportunity of meeting with the Subcommittee. The interviews were held over two days (May 15, 2023 and May 17, 2023): on the first day of interviews, one candidate was interviewed by the Subcommittee; on the second day, two candidates were interviewed.
12. Two of the candidates that were already serving on the FOC (Ryan Chin and Michael Kremer) were given the opportunity to submit written responses to questions provided by the Subcommittee or, at their option, participate in a Zoom discussion concerning their past experiences on the FOC, thoughts on how they wanted to participate on the FOC in a future term and any issues about changes to the time availability for a new term. Mr. Chin submitted written comments; Mr. Kremer met with the Subcommittee via Zoom.
13. The Subcommittee determined that it was not necessary to “reinterview” Ms. McQuaid given that the Subcommittee interviewed her on January 5, 2023 (~ 4.5 months ago) when it recommended that she fill a then open seat on the FOC with just less than six months remaining in its term.
14. The Subcommittee convened on May 17, 2023 and May 23, 2023 to evaluate the applicants and concluded that Ryan Chin, Michael Kremer, Samantha McQuaid and Atul Porwal best demonstrated the skills, experience, characteristics and desire to effectively serve on the FOC. Discussions were had with regard to each of the candidates and their perceived relative strengths and weaknesses vis-à-vis each other as potential members of the FOC.
15. After discussing at length the needs of the committee, the merits of the individual candidates, and the different aspects that they would bring to the FOC, the Subcommittee recommends:
  - a. Ryan Chin and Michael Kremer to each serve an additional term on the FOC.
    - i. Mr. Chin and Mr. Kremer are currently serving on the FOC and have first hand knowledge of the workings of the committee and its needs. They have both been active members and have expressed a sincere desire to continue contributing to the committee. They understand the necessary commitment to be an effective member of the committee and have assured the Subcommittee that nothing has changed in their circumstances that would prevent them from satisfying such commitments.
  - b. Samantha McQuaid to serve an additional term on the FOC.
    - i. The Subcommittee recommended (and the full committee and Board approved) Ms. McQuaid to fill a vacancy on the FOC less than six months ago. Nothing has changed regarding the Subcommittee’s determination that she would be an appropriate member of the committee.
  - c. Atul Porwal to serve on the FOC.



- i. Mr. Porwal is a parent of three children, the two oldest of whom are currently in the district at Edison (K) and Grant (2<sup>nd</sup>).
- ii. Mr. Porwal is an active attorney with an MBA who expressed that his expertise lies at the intersection of law and finance. He is currently serving as Senior Associate General Counsel and Assistant Secretary at Snap, Inc. He is also the Secretary of the Snap Foundation, a 501 (c)(3) charitable organization. Mr. Porwal is also an Adjunct Professor at Loyola Law School. Prior to that, he was an associate at a large law firm and was an engineer at General Motors.
- iii. Mr. Porwal has a long history of non-profit and volunteer work.

APPENDIX

1. FOC Memo to SMMUSD School Board on Review of Proposed Repurchase/Tender to Refinance General Obligation (GO) Bond. January 2023.  
<https://drive.google.com/file/d/1Q6dy-vluhRUIVnaWzpDrSzvND0NHkgS4/view?usp=sharing>