

SMMUSD Financial Oversight Committee Date: Thursday, September 22, 2022 Time: 6:00 pm to 8:00 pm Via Zoom by phone at: 669-900-6833 or online at: https://zoom.us/j/87194305360?pwd=bWl2Umh6akdwdEV5b3Z6VFJ2NHI6UT09 Meeting ID: 871 9430 5360 / Passcode: Oversight1 - Per Assembly Bill 361 Issued By Governor Gavin Newsom and SMMUSD Board of Education Resolution No. 22-02

AGENDA

Assembly Bill 361 (9/2021) added section 54953(e) to the Government Code, authorizing a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act during a declared state of emergency under specific scenarios. The law remains in effect until January 1, 2024. Due to the state of emergency proclaimed by Governor Newsom in response to the COVID-19 pandemic and its highly contagious variants, and as authorized by per AB 361 and SMMUSD Board of Education Resolution No. 22-02, the September 22, 2022 FOC meeting will be held virtually. Members of the public can observe the FOC meeting and give public comment virtually by submitting a Google survey "sign up".

The intent is not to limit public participation, but rather to protect public health by following the Governor's Stay at Home executive order and the LA County's Safer at Home order. Persons wishing to address the Committee regarding an item that is scheduled for this meeting must submit a Google survey "sign up" 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 the Google survey "sign up" at the beginning of the meeting.

Instructions for public comments

- 1. Submit a Google survey "sign up" at <u>https://forms.gle/KHFk8zsmDaPnP5wj6</u>. This survey will take the place of the "speaker chits" available at meetings.
- 2. Speakers will fill in their name and select if they wish to address the committee regarding a specific agenda item or during General Public Comments.
- 3. Speakers are asked to attend the FOC meeting virtually through the call-in number at the top of the agenda.
- 4. When it is time for the speakers to address the committee, their name will be called.
- 5. As with all meetings, once discussion begins on an agenda item, any speakers who sign up after that time will be given one minute to speak.

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;	Accept responsibility and maintain self-control.
discuss the issue, not the person.	

Instrucciones para comentarios del público

1. Una encuesta de Google "registrarse" <u>https://forms.gle/VnzEy8qbCC1oWvtV8</u>. Esta encuesta ocupará el lugar de las "fichas" disponibles en las reuniónes.

- 2. Los miembros del público las completarán con su nombre y seleccionarán si desean dirigirse a la junta con respecto a un punto específico de la orden del día o durante los comentarios públicos generales.
- 3. Se pide a las personas que deseen hacer comentarios que asistan a la reunión de la junta virtualmente a través del enlace que contiene la invitación de llamada de conferencia en la parte superior de la agenda.
- 4. Cuando llegue el momento de que el público se dirija a la junta directiva, se mencionará su nombre.
- 5. Al igual que las demás reuniónes, una vez que comience el debate sobre un punto de la orden del día, los oradores que se inscriban después de ese momento, tendrán un minuto para hablar.

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

Tratar a todas las personas con respeto y	Mantener la mente abierta, y si la ocasión lo amerita,
cortesía.	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	Aceptar la responsabilidad y mantener el autocontrol.
forma personal; debatir el asunto, no la	
persona.	

I. Call to Order (5 min)

II. Welcome (5 min)

- A. New Member: Dillon Christensen
- B. Student Members: Felix De Raspide Ross Malibu High, and Kaya Schwartz SAMOHI

III. Approval of Agenda (5 min)

- **IV.** Approval of FOC Meeting Minutes (5 min) June 16, 2022
- V. Annual CERBT Update Presentation: Karen Lookingbill, CalPERS-CERBT Program (30 min)

VI. Assistant Superintendent, Business and Fiscal Report: Melody Canady (30 min)

 A. Unaudited Actual Report – September 14, 2022 Board meeting Report: <u>https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=339693&MID=12988</u> Presentation: <u>https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=338962&MID=12988</u>

VII. Discussion/Action Items

- A. FOC Charges and Board of Education mandates for 2022-2023 (5 min)
- B. Election of Ad hoc Subcommittee Membership (15 min)
 - A. Budget Recommendations
 - B. Tax Revenue and Assessed Valuation
 - C. Bond Oversight
 - D. Measure R Reporting and Process Review
 - E. Financial Communication and Reporting Subcommittee
 - F. Nominations
- C. Conflict of Interest Pledge (5 min)

VIII. Receive and File (Limited Discussion)

- A. CERBT Account Update Summary 06/30/22 https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBTAccountUpdate063022.pdf
- B. CERBT Asset Class Fact Sheets 06/30/22 https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AssetClassFactSheet063022.pdf
- C. Joint Meeting Minutes / Study Session with the Board of Education: August 11, 2022

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 27, 2022 Zoom
- Wednesday, December 7, 2022
- Wednesday, January 11, 2023
- Thursday, February 23, 2023
- Tuesday, March 21, 2023
- Tuesday, May 23, 2023
- Thursday, June 15, 2023
- TBD (July/Aug 2023) * <u>Please note</u>: This is a Joint Meeting / Study Session with the Board of Education *SMMUSD Office Board Room, 1651 16th Street.*

XII. Adjournment

Future Meetings will be held monthly in the Board Room at the <u>District's Administrative</u> <u>Offices, 1651 16th Street, Santa Monica, California, unless otherwise noted</u>.

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

September 22, 2022

September 22, 2022



Discussion Overview

- CERBT Account Summary
- CERBT Investment Policy
- OPEB Funding Policies
- Trust Administration
- Contacts and Communication



CERBT Account Summary



OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	7/1/2021
Present Value of Benefits (PVB)	\$104,220,037
Total OPEB Liability (TOL)	\$64,504,274
Valuation Assets	\$7,739,924
Net OPEB Liability	\$56,764,350
Projected Retiree Premiums for 2022-23	\$1,553,579
Implicit Subsidy for 2022-23	\$321,902
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	2.52%



CERBT Account Summary

As of September 13, 2022	Strategy 1
Initial contribution (6/23/2016)	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	\$0
CERBT expenses	(\$29,408)
Investment earnings	\$1,795,889
Total assets	\$6,766,481
Money-weighted annualized net rate of return (6/23/2016 – 9/13/2022 = 6.2 Years)	5.73%
C	In PEMHCA: Yes ERBT agreement effective date: 11/24/2015



Cash Flow Summary by Fiscal Year

Fiscal Year	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
2015-16	\$1,500,000	\$0	\$1,500,000	(\$8,990)	(\$24)	\$1,490,986	-	-
2016-17	\$2,500,000	\$0	\$4,000,000	\$224,277	(\$1,830)	\$4,222,447	11.56%	10.90%
2017-18	\$1,000,000	\$0	\$5,000,000	\$536,176	(\$6,006)	\$5,530,170	6.71%	8.04%
2018-19	\$0	\$0	\$5,000,000	\$879,948	(\$10,719)	\$5,869,229	6.24%	7.26%
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	-13.35%	5.76%
as of 9/13/22	\$0	\$0	\$5,000,000	\$1,795,889	(\$29,408)	\$6,766,481	-	5.73%



Funded Status Comparison

Measurement Date	Total OPEB Liability	CERBT Assets	Funded Status
6/30/2015	\$36,397,922	\$0	0%
6/30/2017	\$40,194,946	\$4,222,447	11%
6/30/2019	\$48,696,722	\$5,864,788	12%
7/1/2021	\$64,504,274	\$7,739,924	12%



CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.3%	5.9%	5.5%
Risk	12.1%	9.9%	8.4%



CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	49% ±5%	34% ±5%	23% ±5%
Fixed Income	Bloomberg Capital Long Liability Index	23% ±5%	41% ±5%	51% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	20% ±5%	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	3% ±3%	3% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%	0% +2%



CERBT investment results - time weighted

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

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.



CERBT Investment Returns Outperform Benchmarks

Periods Ended July 31, 2022

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$13,707,208,616	5.97%	-1.18%	5.97%	-9.35%	6.52%	6.41%	7.29%	5.23%
Benchmark		5.93%	-1.34%	5.93%	-9.58%	6.23%	6.12%	6.92%	4.82%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,841,247,699	5.23%	-0.64%	5.23%	-9.39%	5.00%	5.40%	6.02%	6.74%
Benchmark		5.19%	-0.74%	5.19%	-9.53%	4.79%	5.17%	5.69%	6.47%
CERBT Strategy 3 (Inception January 1, 2012)	\$782,129,463	4.63%	-0.25%	4.63%	-8.33%	3.99%	4.60%	4.80%	5.22%
Benchmark		4.59%	-0.34%	4.59%	-8.40%	3.83%	4.42%	4.46%	4.94%
CERBT Total	\$16,330,585,778								

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.



OPEB Funding Policy



Employer Controls the OPEB Funding Policy

- Chooses appropriate investment strategy
 - Based on investment time horizon
- Decides if, when, and how much to contribute
 - Voluntary and never required
- Decides if and when to seek reimbursement
 - Pay-go costs
 - Implicit rate subsidies
- Chooses outside consulting actuary



Financial reporting



Financial Reporting

- CEPPT is reported in compliance with GASB 84
- 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
<u>2018-19</u>	Available at
<u>2019-20</u>	https://www.calpers.ca.gov/cerbt
<u>2020-21</u>	
2021-22	February 2023



Participation Costs



CERBT Total Participation Cost Fee Rate

- Total <u>all-inclusive</u> cost of CERBT participation is 10 basis points of assets under management
 - CERBT is a self-funded trust
 - CERBT does not profit
 - Employer account charged daily
 - Rate can be changed without prior notice and may be higher or lower in the future



CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points
2018-2019	10.00 basis points
2019-2020	10.00 basis points
2020-2021	10.00 basis points
2021-2022	10.00 basis points
2022-2023	10.00 basis points



CERBT Experience Data



598 CERBT Employers

- State of California
- 154 Cities or Towns
- 10 Counties
- 82 School Employers
- 29 Courts
- 321 Special Districts and other Public Agencies

 (99 Water, 35 Sanitation, 33 Fire, 25 Transportation)



CERBT K-12 School Employers (54)

- Acalanes Union High School District
- Alhambra Unified School District
- Campbell Union Elementary School District
- Center Unified 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
- Lowell Joint School District
- Los Angeles Unified 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
- 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

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- 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	\$126,996,627	1	24%	
\$100 million - \$499.9 million	\$375,941,623	9	24%	
\$75 million - \$99.9 million	\$56,212,324	4	15%	
\$50 million - \$74.9 million	\$223,254,316	8	45%	
\$25 million - \$49.9 million	\$49,242,707	7	20%	
\$10 million - \$24.9 million	\$181,353,850	17	56%	
\$1 million - \$9.9 million	\$88,685,898	24	70%	
< \$1 million	\$4,506,389	9	163%	
	\$1,750,492,250	82	60%	

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 2022-23	\$5,680,511
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	2.72%



Santa Monica Community College District **CERBT** Account Summary

Account Summary as of September 13, 2022			
Initial contribution (6/26/2009)	\$1,496,996		
Additional contributions	\$3,000,000		
Disbursements	(\$0)		
CERBT expenses	(\$62,782)		
Investment earnings (S1)	\$4,227,584		
Total assets	\$8,661,798		

Money-weighted annualized net rate of return (6/26/2009 - 9/13/2022 = 13.22 Years)

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



7.29%

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 2022-23	\$1,464,911
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	5.50%



Los Angeles County Office of Education CERBT Account Summary

Account Summary as of September 13, 2022			
Initial contribution (7/2/2018)	\$3,200,000		
Additional contributions	\$8,734,000		
Disbursements	(\$0)		
CERBT expenses	(\$30,858)		
Investment earnings (S3)	\$656,176		
Total assets	\$12,559,318		
Money-weighted annualized net rate of return (7/2/2018 – 9/13/2022 = 4.2 Years)	2.00%		
	Agreement effective date:6/26/2018		

In PEMHCA: Yes



Questions? Where to Get Trust Fund Information?

Name	Title	E-mail		Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov		(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov		(916) 795-1387	(916) 501-2219
Jasper Jacobs	Outreach & Support Analyst	Jasper.Jacobs@calpers.ca.gov		(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov		(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov		(916) 795-3878	(916) 397-0756
Program E-mail Addresses		Prefunding Programs Webpages			
CERBT4U@calpers.ca.gov – Questions & Document Submittal		www.calpers.ca.gov/CERBT			
CEPPT4U@calpers.ca.gov – Questions & Document Submittal		www.calpers.ca.gov/CEPPT			
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System					





September 1, 2022

I. CONSENT ITEMS

The board approved Item Nos. 1.i-v, 2.i-vi, 3.i-iii, 4.i-vi, and 5. i-ii listed under the Consent Calendar.

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

Absent Mr. Craig Foster

Yes Mr. Jon Kean

Yes Ms. Maria Leon-Vazquez

Yes Ms. Laurie Lieberman

Yes Ms. Jennifer Smith

Yes Dr. Richard Tahvildaran-Jesswein

Minutes:

Time Start: 7:58 p.m. Time End: 8:01 p.m.

1. Curriculum and Instruction Items

- i. Approval of Independent Contractors 2022-23
- ii. Overnight Field Trip(s) 2022-23
- iii. Conference and Travel Approval/Ratification-2022/2023
- iv. Consolidated Application
- v. Special Education Contracts 2022-23
- 2. Business and Fiscal Items
 - i. Award of Purchase Orders PO List
 - ii. Approve Charges for Financial Oversight Committee (FOC) -- 2022-23
 - iii. Award of Contract REQ/P #23.02 Request for Qualifications and Proposal for Asbestos Hazard Emergency Response Act (AHERA) Inspection and Management Plan Services to Ninyo & Moore
 - iv. Renew Contract Alliance of Schools for Cooperative Insurance Programs (ASCIP)
 - v. Approval of The Regents of the University of California Contact Number 2019001564 for Elevator, Escalator, Chairlift and Platform Lift Maintenance & Repair and related services and Acceptance and Authorization for Use of The Regents of the University of California Contact Number 2019001564 for Elevator, Escalator, Chairlift and Platform Lift Maintenance & Repair and Related Services – Kone, Inc.
 - vi. Adopt Resolution No. 22-04 Declaring the Futility of Publicly Bidding Unforeseen Soil and Asphalt Conditions Work at McKinley Elementary School (Bid # 23.01) and Approving a Change Order #01
- 3. Facilities Improvement Project Items
 - i. Contract Amendment #04 to Agreement Franklin Elementary School -Makerspace and Playfields Project – Architectural and Engineering Services – dsk Architects – Measure SMS
 - ii. Change Order #12 Grant Elementary School HVAC Project Construction Contract Bid #21.01.SMS.R1 – Pardess Air Inc. – Measure SMS
 - iii. Accept Work as Complete Lincoln Middle School HVAC Project -Construction Contract Bid #21.05 SMS – Archico Design Build, Inc. – Measure SMS
- 4. Personnel Items

- i. Certificated Personnel Elections, Separations
- ii. Classified Personnel Merit
- iii. Classified Personnel Non-Merit
- iv. Increase in Staffing (FTE) Grant Elementary
- v. Increase in Staffing (FTE) Will Rogers Learning Community
- vi. Increase in Staffing (FTÉ) Special Education
- 5. General Consent Items
 - i. Child Development Services Parent Handbooks -- 2022-23
 - ii. Adopt Resolution No. 22-05 Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency by Governor Newsom Dated March 4, 2020, and Authorizing Remote Teleconference Meetings for the Period of October 1, 2022, through October 31, 2022

ITEM : II.I.2.ii. Approve Charges for Financial Oversight Committee (FOC) -- 2022-23

Recommended Motion

It is recommended that the Board of Education approve the following charges for the Financial Oversight Committee (FOC) for 2022-23.

Rationale

The Board of Education convened a joint session with members of the Financial Oversight Committee (FOC) on <u>August 11, 2022</u>. During that joint meeting, the FOC presented proposed charges for 2022-23.

Comments

- <u>Budget Recommendations</u> 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. This subcommittee will also work on a new charge to include research and analysis of the district's unfunded liabilities and GASB process for fiscal review and accounting.
- <u>Tax Revenue and Assessed Valuation</u> This subcommittee will review and report relevant updates and information regarding the Cities of Santa Monica and Malibu's redevelopment funds, assessed valuation report, and sales tax revenue impacting YY and GSH funds. The subcommittee will continue to assist with RPTTF revenue distributions and any refinancing of the Successor Agency's Enforceable Obligations.
- <u>Bond Oversight</u> 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 continue to monitor the district's Debt Issuance and Management Policy for updates as needed.
- <u>Measure R Reporting and Process Review</u> This subcommittee will review and assist in optimizing reporting, communication, and public engagement around the Measure R annual plan.
- <u>Financial Communication and Reporting Subcommittee</u> This subcommittee will provide assistance and guidance regarding approaches to finance-related communications with the public and will serve as a resource to the Community & Public Relations Office with respect to planning for and responding to key fiscal events.



August 11, 2022

E. STUDY SESSION

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

1. Joint Meeting with Financial Oversight Committee (FOC) (30 min) Minutes:

Time Start: 6:05 p.m. Time End: 6:47 p.m.

Public Comments:

• Ann Thanawalla and Nikki Kolhoff addressed the board regarding this item.

Mr. Kean remarked on and clarified points made during public comments. The FOC thanked Mr. Craig Foster, who is not running for reelection on the board, for serving as a board liaison to the FOC for many years. The board thanked the FOC members for their thorough and well-organized report. The 2022-23 charges are scheduled to return for action at the next board meeting.

Printed : 8/5/2022 1:19 PM PT

ITEM : II.E.1. Joint Meeting with Financial Oversight Committee (FOC) (30 min) 🥜

Rationale

As part of the requirement 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 observations about the District's financial matters.

In addition, the FOC's charge was amended at the 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 joint session with members of the Financial Oversight Committee on August 11, 2022.

Supporting Documents

FOC 2021-22 YE Presentation for BOE FOC 2021-22 Year End Report



SMMUSD Financial Oversight Committee Meeting Minutes Date: Thursday, June 16, 2022 Time: 6:00 pm to 8:00 pm Location: Zoom https://drive.google.com/file/d/1xCiEoxWfRBDFjKbQ-LhR7QYtz_E3kkmS/view

I. Call to Order

6:03 pm	Committee Members:	Matthew Covington Michael Kremer Payal Maniar Michael Rotgin	Alex Farivar Shawn Landres – <i>departed at 6:14 pm</i> Renu Mevasse
	<u>Staff</u> :	Melody Canady David Chiang	Gerardo Cruz Bonnie Kung
	<u>Absent</u> :	JW Beekman Matthew Crawford Keith Coleman Jon Kean	Ryan Chin Seth Jacobson Craig Foster
	Public:	1 / 1	rategies LLC – departed at 6:58 pm tive Strategies LLC – departed at 6:58 pm

II. Approval of Agenda

6:04 pm A motion was made by Mr. Landres and seconded by Ms. Maniar to approve the meeting agenda as amended to move Agenda Item V.A. Recommendation to Adopt Measure R Annual Plan and Agenda Item V.B. FOC Annual report to the Board of Education / Joint Meeting – Financial Communication and Reporting to follow Agenda Item III. Approval of FOC Meeting minutes.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)NOES: None (0)ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

6:05 pm A motion was made by Ms. Maniar and seconded by Mr. Rotgin to approve the May 24, 2022 meeting minutes.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)NOES: None (0)ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)ABSTAIN: None (0)

IV. Assistant Superintendent, Business and Fiscal Report: Melody Canady

6:10 pm A. 2020-21 Redevelopment Audit Results – Cooperative Strategies, LLC

Mr. Lopez and Mr. Beckelheimer from Cooperative Strategies, LLC provided an overview of the District's 2020-21 redevelopment audit report.

The redevelopment audit report and future projections may be found at:

- Report: <u>https://www.smmusd.org/cms/lib/CA50000164/Centricity//Domain/300/FinReports/2020-21RDVauditResults.pdf</u>
- RDA Consolidated Future Projections: https://drive.google.com/file/d/10zKOC8FQW5U8VuUxv0Xy3nKyYqkAyNMR/view?usp=sharing

The committee expressed their concern over gaining transparency in how the projections are calculated by the county. Cooperative Strategies will follow up with counsel to inquire where they are obtaining the information from the county. The committee recommended that district staff follow up with Cooperative Strategies for guidance regarding the legislative portion and who can provide transparency regarding the calculations. Ms. Canady informed the committee that a formal public records request was submitted for the ERAF calculations but not much information was received. The committee suggested conferring with similar basic aid districts to see what they are doing and jointly seek counsel for better insight for the projections.

B. 2022-23 Preliminary Budget

7:04 pm Staff gave an overview of the 2022-23 Adopted Budget that was presented at the June 2, 2022 Board of Education meeting.

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

- Presentation: <u>https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272020&MID=10978</u>
- Attachment: <u>https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272019&MID=10978</u>
- Multi-year Projection: https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272022&MID=10978
- Unrestricted General Fund Budget: https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272018&MID=10978
- Fiscal Stabilization Plan: https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272017&MID=10978

• Second Interim Budget Review Letter from LACOE: https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=272016&MID=10978

Mr. Cruz reported that Food Services will not need a \$1M interfund transfer for the current year as the reimbursement rates for both the federal and state level were significantly increased. For the Multi-Year Projection, the Y & GSH revenue projections received by the City of Santa Monica were significantly less than the revenues previously received. Staff will send the information received to the Tax Revenue subcommittee for further follow-up and clarification. The district is working towards enrollment-driven FTE adjustments and

monitoring the vacated positions and turnover numbers for classified staff. The ending fund balance is anticipated to be a surplus of \$5.7M.

V. Discussion/Action Items

6:05 pm A. Recommendation to Adopt Measure R Annual Plan

A motion was made by Ms. Landres and seconded by Mr. Rotgin to recommend that the Board of Education approve the 2022-23 Measure R annual plan as presented.

The Measure R annual plan may be found at: <u>https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/measurer/MeasureR-AnnualPlan2223.pdf</u>

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin) NOES: None (0) ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson) ABSTAIN: None (0)

7:37 pm B. FOC Annual report to the Board of Education / Joint Meeting

A template will be sent for the subcommittee chairs to complete prior to the Joint Meeting with the Board of Education on August 11, 2022.

• Budget Recommendations: Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin, Mr. Chin

There were no updates.

• Tax Revenue and Assessed Valuation: Mr. Farivar, Mr. Kremer, Mr. Crawford, Mr. Beekman

The report will be updated with the expected changes regarding GSH and YY. Mr. Kremer gave a brief overview of the opportunities for refinancing enforceable obligations. The draft presentation will be incorporated into the final report. The committee recommended Ms. Canady schedule a meeting with the City of Santa Monica to discuss the presentation. Staff will update the board liaisons with the presentation along with the RDA audit to seek their advice on next steps.

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

• Bond Oversight: Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin

There were no updates.

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

There were no updates.

6:08 pm • Financial Communication and Reporting: Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson, Mr. Chin

Mr. Landres provided an update on the amended language in the subcommittee's annual report to the Board of Education. The amended report may be found at the end of these minutes.

A motion was made by Mr. Landres and seconded by Ms. Maniar to amend the Financial Communications annual report to the Board of Education with the updated language.

AYES: Seven (7) (Mr. Covington, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)NOES: None (0)ABSENT: Four (4) (Mr. Beekman, Mr. Chin, Mr. Crawford, Mr. Jacobson)ABSTAIN: None (0)

• Nomination: Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar

Dillon Christensen was approved by the Board for appointment to the FOC on June 2, 2022. He will attend the Joint meeting with the Board of Education in August.

- C. Mandates for 2022-23
- 8:06 pm The Budget subcommittee is working on a recommendation for a new charge regarding the district's unfunded liabilities. The recommendation will be presented to the board liaisons prior to the joint meeting in August. The current subcommittees will continue onto the next school year and further discussion will be tabled until the September meeting.
- VI. Public Comments None

VII. Committee Comments

- 8:03 pm The committee and staff thanked Mr. Covington for his time and service on the FOC.
- VIII. Next Meeting: Thursday, August 11, 2022 * <u>Please note</u>: This is a Joint Meeting / Study Session with the Board of Education
- **IX.** Adjournment: The meeting adjourned at 8:11 p.m.

FOC Tax Revenue Subcommittee Refinancing of Successor Agency Enforceable Obligations 6.15.2022 draft

RDA Operations Post Redevelopment Dissolution

- The City of Santa Monica assumed the role of Successor Agency (SA) to the original Redevelopment Agency; a separate legal entity from the City
- The SA is supervised by the Third District Consolidated Oversight Board (OB) comprised of representatives from <u>local taxing agencies</u> receiving property tax distributions from the Redevelopment Property Tax Trust Fund (RPTTF)
- The OB has a fiduciary responsibility to holders of Enforceable Obligations (EOs) and to the local taxing agencies
- The actions of the OB are subject to review or approval by the State of California Dept. of Finance (DOF)
- Tax increment revenues are deposited into the RPTTF, and the fund is administered by the LA County Auditor-Controller
 - Statutory (AB 1290) Passthroughs -- the District is required to deposit 56.7% of AB 1290 payments into its Fund 40 for expenditure on facility costs and 43.3% into the General Fund for LCFF purposes (included in LCFF Basic Aid calculations)
 - Residual Distributions -- deposited into the District's General Fund for LCFF purposes

RPTTF Distributions in FYs 2020, 2021 and 2022

- District totals:
 - ➢ FY 2020 = \$19.12mm
 - ➢ FY 2021 = \$26.97mm
 - ➢ FY 2022 = \$24.62mm
- Taxing Agencies' Shares of Residual Distribution in FY 2021-22
 - ➢ City of SM: 15.2%
 - County TEs: 36.8%
 - > SMMUSD: 15.4%
 - > SMC: 3.8%
 - ➢ LACOE: 0.4%
 - ➢ ERAF: 28.4%

	FY 2019-20	FY 2020-21	FY 2021-22
1. Property Tax Deposits:	\$141,759,955	\$163,287,617	\$157,371,472
2. Administrative Costs:	(\$2,673,348)	(\$2,613,993)	(\$2,648,000)
3. Statutory (AB 1290) Passthroughs:			
City	(\$3,772,370)	(\$4,340,404)	(\$4,171,339)
County Taxing Entities	(\$18,842,951)	(\$21,331,589)	(\$21,287,535)
Special District	(\$13,658)	(\$15,462)	(\$15,430)
K-12 School	(\$7,881,005)	(\$8,921,870)	(\$8,903,444)
Community College	(\$1,924,740)	(\$2,178,945)	(\$2,174,445)
County Office of Education	(\$220,234)	(\$249,321)	(\$248,806)
ERAF	(\$2,148,085)	(\$2,431,788)	(\$2,426,766)
Total:	(\$34,803,044)	(\$39,469,379)	(\$39,227,766)
4. Total RPTTF Balance Available to			
Fund Enforceable Obligations (EOs):	\$104,283,563	\$121,204,245	\$115,495,705
5. Enforceable Obligations (EOs):	(\$33,137,416)	(\$14,293,000)	(\$13,257,390)
6. SA Administrative Costs:	(\$326,103)	(\$264,251)	(\$186,000)
7. Balance Available for Distribution:	\$70,820,044	\$106,646,994	\$102,052,315
8. Residual Distribution:			
Cities	(\$11,709,900)	(\$17,505,699)	(\$15,511,843)
County Taxing Entities	(\$26,872,097)	(\$43,153,895)	(\$37,578,346
Special Districts	(\$19,478)	(\$31,280)	(\$27,239)
K-12 Schools	(\$11,239,188)	(\$18,049,010)	(\$15,717,055)
Community Colleges	(\$2,744,894)	(\$4,408,025)	(\$3,838,503)
County Office of Education	(\$314,081)	(\$504,383)	(\$439,217
ERAF	(\$17,920,404)	(\$22,994,701)	(\$28,940,112)
Total:	(\$70,820,043)	(\$106,646,994)	(\$102,052,316
9. Ending RPTTF Balance:	\$0	(\$0)	(\$0
Total to SMMUSD:>>	\$19,120,193	\$26,970,880	\$24,620,499

Enforceable Obligations (EOs) of the Successor Agency

- As of June 30, 2022, the EO balance is an estimated \$126.263 million
- There are five (5) outstanding EOs: two publicly offered, tax allocation bonds; a direct loan with Bank of America; and two promissory notes held by unspecified investors
- <u>Bonds</u> -- the payment schedule and prepayment features of the bonds are known. Both series of bonds have fixed rates are currently callable
- <u>BofA Loan</u> -- the payment schedule has been estimated using City audits. The interest rate is floating at LIBOR + 1.25% (now 2.75% based on 1-mo LIBOR of 1.50%). Loan should be subject to prepayment at par given floating rate
- <u>Promissory Notes</u> -- the payment schedule has been estimated using City audits. The interest rates are fixed at 6.82%. Prepayment terms are TBD

ROPS Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Balance as of 7/1/2022	Interest Rate	Final Payment Date	Prepayment Feature
1	2011 Earthquake RDA Bonds	Bonds Issued After 12/31/10	06/07/2011	07/01/2042	\$41,050,000	5.000%- 5.875%	07/01/2042	7/1/2021 at par
2	2006 Earthquake RDA Bonds	Bonds Issued on or Before 12/31/10	04/27/2006	07/01/2029	\$26,055,000	4.500%- 5.000%	07/01/2029	7/1/2016 at par
13	Bank of America Term Loan	Third-Party Loans	05/08/2008	07/15/2028	\$16,666,655	LIBOR + 1.25%	07/15/2028	TBD
24	Arizona and 4th Notes	Miscellaneous	10/13/2010	01/01/2042	\$18,175,502	6.82%	01/01/2042	TBD
40	Arizona and 4th- Reimbursement Agreement	Miscellaneous	06/23/2010	01/01/2042	\$18,175,502	6.82%	01/01/2042	TBD
					\$120,122,658			

6.15.2022 draft

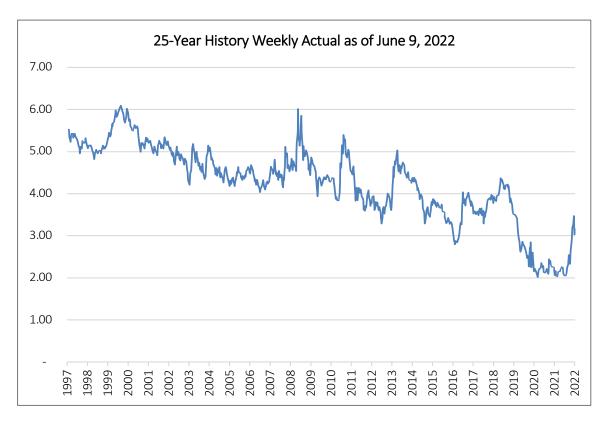
Refinancing an Enforceable Obligation

- The payment schedules of the EOs are shown below. The portfolio has an average borrowing cost of 5.66%
- An economic refinancing of an EO would reduce the EO payments and thereby increase each Taxing Agency's Residual Distribution
- By law, the SA may issue tax allocation refunding bonds to refinance an EO if the transaction will result in (1) total debt service savings and (2) no extension of term. The refunding must be authorized by the OB and DOF, but approvals are likely given that the State and Taxing Agencies would all share in the savings
- The refinancing timeframe is 60-90 days longer than typical because the OB must approve the transaction before DOF approval can be requested. The DOF can take up to 60 days to respond

		Avg. Rate :>>	4.55%		Avg. Rate :>>	5.48%		Avg. Rate :>>	6.82%		Avg. Rate :>>	2.75%		Avg. Rate :>>	5.66%
	Sei	ries 2006A TAB	s	S	eries 2011 TABs		AZ & 4th Promissory Notes				BofA Loan		Total E	nforceable Oblig	ations
FYE 6/30	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
Totals: >>	26,055,000	5,077,638	31,132,638	41,050,000	33,476,000	74,526,000	36,351,003	30,077,871	66,428,874	16,666,655	1,499,998	18,166,653	120,122,658	70,131,507	190,254,165
2023	3,245,000	1,201,908	4,446,908	-	2,262,000	2,262,000	904,284	2,448,302	3,352,586	3,030,303	458,333	3,488,636	7,179,587	6,370,543	13,550,130
2024	3,390,000	1,055,883	4,445,883	-	2,262,000	2,262,000	965,956	2,384,527	3,350,483	3,030,303	375,000	3,405,303	7,386,259	6,077,409	13,463,668
2025	3,545,000	903,333	4,448,333	-	2,262,000	2,262,000	1,031,834	2,316,403	3,348,237	3,030,303	291,666	3,321,969	7,607,137	5,773,401	13,380,538
2026	3,705,000	743,808	4,448,808	-	2,262,000	2,262,000	1,102,205	2,243,632	3,345,837	3,030,303	208,333	3,238,636	7,837,508	5,457,772	13,295,280
2027	3,870,000	577,083	4,447,083	-	2,262,000	2,262,000	1,177,375	2,165,898	3,343,273	3,030,303	125,000	3,155,303	8,077,678	5,129,980	13,207,658
2028	4,050,000	399,063	4,449,063	-	2,262,000	2,262,000	1,257,672	2,082,863	3,340,535	1,515,140	41,666	1,556,806	6,822,812	4,785,592	11,608,404
2029	4,250,000	196,563	4,446,563	-	2,262,000	2,262,000	1,343,446	1,994,165	3,337,611	-	-	-	5,593,446	4,452,727	10,046,173
2030	-	-	-	2,255,000	2,262,000	4,517,000	1,435,069	1,899,417	3,334,486	-	-	-	3,690,069	4,161,417	7,851,486
2031	-	-	-	2,365,000	2,150,000	4,515,000	1,532,940	1,798,208	3,331,148	-	-	-	3,897,940	3,948,208	7,846,148
2032	-	-	-	2,485,000	2,031,000	4,516,000	1,637,487	1,690,097	3,327,584	-	-	-	4,122,487	3,721,097	7,843,584
2033	-	-	-	2,610,000	1,907,000	4,517,000	1,749,164	1,574,612	3,323,776	-	-	-	4,359,164	3,481,612	7,840,776
2034	-	-	-	2,760,000	1,754,000	4,514,000	1,868,457	1,451,251	3,319,708	-	-	-	4,628,457	3,205,251	7,833,708
2035	-	-	-	2,925,000	1,592,000	4,517,000	1,995,885	1,319,477	3,315,362	-	-	-	4,920,885	2,911,477	7,832,362
2036	-	-	-	3,095,000	1,420,000	4,515,000	2,132,005	1,178,716	3,310,721	-	-	-	5,227,005	2,598,716	7,825,721
2037	-	-	-	3,275,000	1,238,000	4,513,000	2,277,407	1,028,355	3,305,762	-	-	-	5,552,407	2,266,355	7,818,762
2038	-	-	-	3,455,000	1,058,000	4,513,000	2,432,727	867,740	3,300,467	-	-	-	5,887,727	1,925,740	7,813,467
2039	-	-	-	3,645,000	869,000	4,514,000	2,598,639	696,170	3,294,809	-	-	-	6,243,639	1,565,170	7,808,809
2040	-	-	-	3,845,000	669,000	4,514,000	2,775,866	512,899	3,288,765	-	-	-	6,620,866	1,181,899	7,802,765
2041	-	-	-	4,055,000	457,000	4,512,000	2,965,180	317,130	3,282,310	-	-	-	7,020,180	774,130	7,794,310
2042	-	-	-	4,280,000	235,000	4,515,000	3,167,405	108,009	3,275,414	-	-	-	7,447,405	343,009	7,790,414
6.15	.2022 d	raft													Dago E

T-E Rates Have Risen Significantly from Record Lows but Remain Attractive

- The <u>Bond Buyer GO Bond Index</u> consists of 20 different GO Bonds maturing in 20 years. The average credit ratings are Moody's "Aa2" and S&P "AA"
- As of June 9, 2022, the Index rate was 3.16%, which falls between the 5- and 10-year averages and below the 25-year average of 4.25%
- Since 1997, the GO Bond Index has been below 3.16% only 12.4% of the time, indicating that T/E rates remain relatively low
- The Index rate will be reset higher on June 16 due to recent bond market movements



BB GO Bond Index	
25-year average	4.25%
10-year average	3.42%
5-year average	3.01%
2-year average	2.28%
1-year average	2.35%
Minimum	2.02%
Maximum	6.09%

Option 1 – Refunding Structured for <u>Proportional</u> FY Savings

Assumptions

- All EOs can be prepaid at par upon 30 days notice
- A refunding of the EOs is anticipated to be assigned credit ratings of AAA from S&P and Fitch
- Interest rates as of 6/15/2022 (10-year par call feature)
- Transaction costs are ~0.50% of refunded principal
- Closing date of 12/1/2022
- Discount Rate of 3.75%

Projected Savings Metrics	2006 Bonds	2011 Bonds	AZ & 4 th Prom. Notes	BofA Loan	Total
Refunded Principal	\$26,055,000	\$41,050,000	\$35,446,719	\$16,666,655	\$119,218,374
Total Savings	\$1,955,163	\$10,918,542	\$13,441,375	\$61,383	\$26,376,462
Avg. Annual Savings	\$279,309	\$545,927	\$672,069	\$10,230	\$1,318,823
NPV Savings	\$1,716,063	\$7,235,664	\$13,441,375	\$78,616	\$18,885,110
NPV Savings/ Refunded Principal	6.6%	17.6%	27.8%	0.5%	15.8%
Borrowing Cost Reduction	1.94%	1.61%	3.06%	0.26%	2.01%

		Avg. Rate :>>	2.61%		Avg. Rate :>>	3.87%		Avg. Rate :>>	3.76%		Avg. Rate :>>	2.49%		Avg. Rate :>>	3.65%
	Se	eries 2006A TABs		S	eries 2011 TABs		AZ & .	4th Promissory N	otes		BofA Loan		Total E	nforceable Oblig	ations
FYE 6/30	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings
Totals: >>	30,531,684	28,576,521	1,955,163	73,395,000	62,476,458	10,918,542	64,285,021	50,843,646	13,441,375	17,937,487	17,876,104	61,383	186,149,191	159,772,729	26,376,462
2023	3,845,954	3,569,021	276,933	1,131,000	1,068,958	62,042	1,208,733	927,646	281,087	3,259,470	2,929,354	330,115	9,445,156	8,494,979	950,177
2024	4,445,883	4,167,750	278,133	2,262,000	1,922,500	339,500	3,350,483	2,655,250	695,233	3,405,303	3,465,250	(59,947)	13,463,668	12,210,750	1,252,918
2025	4,448,333	4,167,250	281,083	2,262,000	1,923,000	339,000	3,348,237	2,647,000	701,237	3,321,969	3,384,750	(62,781)	13,380,538	12,122,000	1,258,538
2026	4,448,808	4,169,000	279,808	2,262,000	1,923,250	338,750	3,345,837	2,646,500	699,337	3,238,636	3,296,250	(57,614)	13,295,280	12,035,000	1,260,280
2027	4,447,083	4,167,500	279,583	2,262,000	1,923,250	338,750	3,343,273	2,643,250	700,023	3,155,303	3,215,000	(59,697)	13,207,658	11,949,000	1,258,658
2028	4,449,063	4,167,500	281,563	2,262,000	1,923,000	339,000	3,340,535	2,642,250	698,285	1,556,806	1,585,500	(28,694)	11,608,404	10,318,250	1,290,154
2029	4,446,563	4,168,500	278,063	2,262,000	1,922,500	339,500	3,337,611	2,643,250	694,361	-	-	-	10,046,173	8,734,250	1,311,923
2030	-	-	-	4,517,000	3,836,750	680,250	3,334,486	2,641,000	693,486	-	-	-	7,851,486	6,477,750	1,373,736
2031	-	-	-	4,515,000	3,835,000	680,000	3,331,148	2,635,500	695,648	-	-	-	7,846,148	6,470,500	1,375,648
2032	-	-	-	4,516,000	3,838,250	677,750	3,327,584	2,631,750	695,834		-	-	7,843,584	6,470,000	1,373,584
2033	-	-	-	4,517,000	3,836,000	681,000	3,323,776	2,629,500	694,276	-	-	-	7,840,776	6,465,500	1,375,276
2034	-	-	-	4,514,000	3,833,250	680,750	3,319,708	2,628,500	691,208		-	-	7,833,708	6,461,750	1,371,958
2035	-	-	-	4,517,000	3,839,750	677,250	3,315,362	2,623,500	691,862	-	-	-	7,832,362	6,463,250	1,369,112
2036	-	-	-	4,515,000	3,834,750	680,250	3,310,721	2,619,500	691,221	-	-	-	7,825,721	6,454,250	1,371,471
2037	-	-	-	4,513,000	3,833,500	679,500	3,305,762	2,616,250	689,512	-	-	-	7,818,762	6,449,750	1,369,012
2038	-	-	-	4,513,000	3,835,500	677,500	3,300,467	2,613,500	686,967	-	-	-	7,813,467	6,449,000	1,364,467
2039	-	-	-	4,514,000	3,835,250	678,750	3,294,809	2,606,000	688,809	-	-	-	7,808,809	6,441,250	1,367,559
2040	-	-	-	4,514,000	3,837,500	676,500	3,288,765	2,603,750	685,015	-	-	-	7,802,765	6,441,250	1,361,515
2041	-	-	-	4,512,000	3,836,750	675,250	3,282,310	2,596,250	686,060	-	-	-	7,794,310	6,433,000	1,361,310
2042	-	-	-	4,515,000	3,837,750	677,250	3,275,414	2,593,500	681,914	-	-	-	7,790,414	6,431,250	1,359,164
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Option 2 – Refunding Structured for <u>Accelerated</u> FY Savings

Assumptions

- All EOs can be prepaid at par upon 30 days notice
- A refunding of the EOs is anticipated to be assigned credit ratings of AAA from S&P and Fitch
- Interest rates as of 6/15/2022 (10-year par call feature)
- Transaction costs are ~0.50% of refunded principal
- Closing date of 12/1/2022
- Discount Rate of 3.75%

Projected Savings Metrics	2006 Bonds	2011 Bonds	AZ & 4 th Prom. Notes	BofA Loan	Total
Refunded Principal	\$26,055,000	\$41,050,000	\$35,446,719	\$16,666,655	\$119,218,374
Total Savings	\$1,805,538	\$8,728,292	\$10,352,479	\$82,799	\$20,969,108
Avg. Annual Savings	\$257,934	\$436,415	\$517,624	\$13,800	\$1,048,455
NPV Savings	\$1,763,298	\$6,782,159	\$9,460,956	\$72,724	\$18,079,137
NPV Savings/ Refunded Principal	6.8%	16.5%	26.7%	0.4%	15.2%
Borrowing Cost Reduction	1.93%	1.52%	2.96%	0.26%	1.97%

		Avg. Rate :>>	2.62%		Avg. Rate :>>	3.96%		Avg. Rate :>>	3.86%		Avg. Rate :>>	2.49%		Avg. Rate :>>	3.69%
	Se	eries 2006A TABs		S	eries 2011 TABs		AZ & 4	th Promissory N	otes		BofA Loan		Total E	nforceable Oblig	ations
FYE 6/30	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings	Refunded D/S	Refunding D/S	Savings
Totals: >>	30,531,684	28,726,146	1,805,538	73,395,000	64,666,708	8,728,292	64,285,021	53,932,542	10,352,479	17,937,487	17,854,688	82,799	186,149,191	165,180,083	20,969,108
2023	3,845,954	2,052,146	1,793,808	1,131,000	1,072,458	58,542	1,208,733	922,542	286,191	3,259,470	3,193,688	65,782	9,445,156	7,240,833	2,204,323
2024	4,445,883	4,443,250	2,633	2,262,000	1,838,500	423,500	3,350,483	1,581,500	1,768,983	3,405,303	3,402,750	2,553	13,463,668	11,266,000	2,197,668
2025	4,448,333	4,447,500	833	2,262,000	1,838,500	423,500	3,348,237	1,581,500	1,766,737	3,321,969	3,319,750	2,219	13,380,538	11,187,250	2,193,288
2026	4,448,808	4,448,250	558	2,262,000	1,838,500	423,500	3,345,837	1,581,500	1,764,337	3,238,636	3,234,000	4,636	13,295,280	11,102,250	2,193,030
2027	4,447,083	4,445,250	1,833	2,262,000	1,838,500	423,500	3,343,273	1,581,500	1,761,773	3,155,303	3,150,500	4,803	13,207,658	11,015,750	2,191,908
2028	4,449,063	4,448,250	813	2,262,000	1,838,500	423,500	3,340,535	1,581,500	1,759,035	1,556,806	1,554,000	2,806	11,608,404	9,422,250	2,186,154
2029	4,446,563	4,441,500	5,063	2,262,000	1,838,500	423,500	3,337,611	2,126,500	1,211,111	-	-	-	10,046,173	8,406,500	1,639,673
2030	-	-	-	4,517,000	1,838,500	2,678,500	3,334,486	3,329,250	5,236	-	-	-	7,851,486	5,167,750	2,683,736
2031	-	-	-	4,515,000	1,838,500	2,676,500	3,331,148	3,330,500	648	-	-	-	7,846,148	5,169,000	2,677,148
2032	-	-	-	4,516,000	3,768,500	747,500	3,327,584	3,327,250	334	-	-	-	7,843,584	7,095,750	747,834
2033	-	-	-	4,517,000	4,517,000	-	3,323,776	3,319,500	4,276	-	-	-	7,840,776	7,836,500	4,276
2034	-	-	-	4,514,000	4,513,250	750	3,319,708	3,317,250	2,458	-	-	-	7,833,708	7,830,500	3,208
2035	-	-	-	4,517,000	4,512,750	4,250	3,315,362	3,315,000	362	-	-	-	7,832,362	7,827,750	4,612
2036	-	-	-	4,515,000	4,510,000	5,000	3,310,721	3,307,500	3,221	-	-	-	7,825,721	7,817,500	8,221
2037	-	-	-	4,513,000	4,509,750	3,250	3,305,762	3,304,750	1,012	-	-	-	7,818,762	7,814,500	4,262
2038	-	-	-	4,513,000	4,511,500	1,500	3,300,467	3,296,250	4,217	-	-	-	7,813,467	7,807,750	5,717
2039	-	-	-	4,514,000	4,509,750	4,250	3,294,809	3,292,000	2,809	-	-	-	7,808,809	7,801,750	7,059
2040	-	-	-	4,514,000	4,509,250	4,750	3,288,765	3,286,500	2,265	-	-	-	7,802,765	7,795,750	7,015
2041	-	-	-	4,512,000	4,509,500	2,500	3,282,310	3,279,500	2,810	-	-	-	7,794,310	7,789,000	5,310
2042	-	-	-	4,515,000	4,515,000	-	3,275,414	3,270,750	4,664	-	-	-	7,790,414	7,785,750	4,664
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Option 1 – Distribution of Proportional Savings

- Total projected savings of \$26,376,462
- The District's share of the total savings is estimated at \$4,061,975
- District average FY General Fund revenue increase of \$203,099 from FY 2023 through FY 2042
- \$1,956,665 received in the next 10 years (FY 2023 through FY 2032)

Option 2 – Distribution of Accelerated Savings

- Total projected savings of \$20,969,108
- The District's share of the total savings is estimated at \$3,229,243
- District average FY General Fund revenue increase of \$322,087 from FY 2023 through FY 2032
- \$3,220,874 received in the next 10 years (FY 2023 through FY 2032)

	15.2%	36.8%	15.4%	3.8%	0.4%	28.4%			15.2%	36.8%	15.4%	3.8%	0.4%	28.4%	
FYE 6/30	City of SM	County TEs	SMMUSD	SMC	LACOE	ERAF	Total Savings	FYE 6/30	City of SM	County TEs	SMMUSD	SMC	LACOE	ERAF	Total Savings
Totals: >>	4,009,222	9,706,538	4,061,975	1,002,306	105,506	7,490,915	26,376,462	Totals: >>	3,187,304	7,716,632	3,229,243	796,826	83,876	5,955,227	20,969,108
2023	144,427	349,665	146,327	36,107	3,801	269,850	950,177	2023	335,057	811,191	339,466	83,764	8,817	626,028	2,204,323
2024	190,444	461,074	192,949	47,611	5,012	355,829	1,252,918	2024	334,046	808,742	338,441	83,511	8,791	624,138	2,197,668
2025	191,298	463,142	193,815	47,824	5,034	357,425	1,258,538	2025	333,380	807,130	337,766	83,345	8,773	622,894	2,193,288
2026	191,563	463,783	194,083	47,891	5,041	357,920	1,260,280	2026	333,341	807,035	337,727	83,335	8,772	622,821	2,193,030
2027	191,316	463,186	193,833	47,829	5,035	357,459	1,258,658	2027	333,170	806,622	337,554	83,293	8,768	622,502	2,191,908
2028	196,103	474,777	198,684	49,026	5,161	366,404	1,290,154	2028	332,295	804,505	336,668	83,074	8,745	620,868	2,186,154
2029	199,412	482,788	202,036	49,853	5,248	372,586	1,311,923	2029	249,230	603,400	252,510	62,308	6,559	465,667	1,639,673
2030	208,808	505,535	211,555	52,202	5,495	390,141	1,373,736	2030	407,928	987,615	413,295	101,982	10,735	762,181	2,683,736
2031	209,099	506,239	211,850	52,275	5,503	390,684	1,375,648	2031	406,927	985,191	412,281	101,732	10,709	760,310	2,677,148
2032	208,785	505,479	211,532	52,196	5,494	390,098	1,373,584	2032	113,671	275,203	115,166	28,418	2,991	212,385	747,834
2033	209,042	506,102	211,793	52,260	5,501	390,578	1,375,276	2033	650	1,574	659	162	17	1,214	4,276
2034	208,538	504,881	211,282	52,134	5,488	389,636	1,371,958	2034	488	1,181	494	122	13	911	3,208
2035	208,105	503,833	210,843	52,026	5,476	388,828	1,369,112	2035	701	1,697	710	175	18	1,310	4,612
2036	208,464	504,701	211,207	52,116	5,486	389,498	1,371,471	2036	1,250	3,025	1,266	312	33	2,335	8,221
2037	208,090	503,796	210,828	52,022	5,476	388,799	1,369,012	2037	648	1,568	656	162	17	1,210	4,262
2038	207,399	502,124	210,128	51,850	5,458	387,508	1,364,467	2038	869	2,104	880	217	23	1,623	5,717
2039	207,869	503,262	210,604	51,967	5,470	388,387	1,367,559	2039	1,073	2,598	1,087	268	28	2,005	7,059
2040	206,950	501,038	209,673	51,738	5,446	386,670	1,361,515	2040	1,066	2,582	1,080	267	28	1,992	7,015
2041	206,919	500,962	209,642	51,730	5,445	386,612	1,361,310	2041	807	1,954	818	202	21	1,508	5,310
2042	206,593	500,172	209,311	51,648	5,437	386,002	1,359,164	2042	709	1,716	718	177	19	1,324	4,664

* Based on the Taxing Agencies' Shares of the RPTTF's FY 2021-22 Residual Distribution

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Next Steps

- Schedule a near-term meeting with City Finance staff to discuss executing a refunding of all prepayable Enforceable Obligations
- If necessary, contact the Oversight Board to request action
- Continue this Subcommittee's engagement into FY 2022-23 to assist as needed on ROPS matters

Financial Communication and Reporting Subcommittee End of Year Updates

The Financial Communications ad hoc subcommittee has worked collaboratively with the Community & Public Relations Office to identify specific ways that the District can both clarify its financial communications to the public and incorporate fiscal stewardship-related principles into the District's broader communication strategies. The Subcommittee commends the Measure R Subcommittee for its work to clarify the Measure R reporting process and has incorporated the District's updated approach into the formulation of the findings and recommendations listed below. The Subcommittee recommends the following steps, which it understands the Community & Public Relations Office already has begun to implement:

- The District's general goals statement should indicate that *fiscal stewardship* is a means to achieving a *strong community that supports the mission of the district to provide a comprehensive, rigorous and equitable education to all children in the district.*
- *Fiscal stewardship* should be added as one of the District's core communications principles.
- The fiscal reporting calendar should be included in the District-wide communications calendar.
- The <u>recently improved communications approach to updated</u> Measure R reporting process should <u>be adapted become a model</u> for other annual reporting, such as special education, pension obligations, and tax receipts, among others.
- The Financial Oversight Committee should serve as a resource to the Community & Public Relations Office with respect to the following types of fiscal events:
 - Regular events that can be calendared on a quarterly or annual basis (including, but not limited to budget revisions, audit reports, Measure R, pension obligations, special education, etc.)
 - One-time and/or episodic events that can be planned (including, but not limited to bond issues, property transactions, capital project updates, early retirement incentive programs, etc.)
 - Unplanned events (including, but not limited to ERAF funds being taken back abruptly, etc.)

The Subcommittee recommends that its charge be renewed for one more year in order to facilitate the implementation of these recommendations and that subsequently the Community & Public Relations Office remain in close coordination with the Business Office and consult as needed with the Financial Oversight Committee as a whole.