



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Wednesday, January 11, 2023

Time: 6:00 pm to 8:00 pm

Location: Zoom

I. Call to Order

6:01 pm

Committee Members: Ryan Chin
Alex Farivar
Seth Jacobson
Michael Rotgin
Kaya Schwartz, SAMOHI student rep – *departed @ 6:52 p.m.*

Dillon Christensen
Matthew Crawford– *arrived @ 6:14 p.m.*
Michael Kremer
Payal Maniar.

Staff: Melody Canady
David Chiang
Dr. Mark Kelly

Gerardo Cruz
Bonnie Kung
Carey Upton – *departed @ 7:39 p.m.*

Board Liaison: Jon Kean

Absent: JW Beekman
Felix De Raspide Ross, Malibu student rep

Shawn Landres

Public: Jon Isom, Isom Advisors – District Bond Advisor – *departed @ 6:44 p.m.*
John Baracy, Raymond James – District Underwriter – *departed @ 6:44 p.m.*
Alex Boutyrski, Raymond James – *departed @ 6:44 p.m.*
Brandon Bassell, Raymond James – *departed @ 6:44 p.m.*
Shin Green, Eastshore Consulting, LLC – *departed @ 7:38 p.m.*

II. Approval of Agenda

6:02 pm

A motion was made by Mr. Rotgin and seconded by Mr. Kremer to approve the meeting agenda.

AYES: Seven (7) (Mr. Chin, Mr. Christensen, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Rotgin)

STUDENT ADVISORY VOTES: One (1) (Ms. Schwartz)

NOES: None (0)

ABSENT: Three (3) (Mr. Beekman, Mr. Crawford, Mr. Landres)

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

6:03 pm

A motion was made by Mr. Rotgin and seconded by Ms. Maniar to approve the December 7, 2022 meeting minutes.

AYES: Six (6) (Mr. Chin, Mr. Christensen, Mr. Farivar, Mr. Kremer, Ms. Maniar, Mr. Rotgin)

STUDENT ADVISORY VOTES: One (1) (Ms. Schwartz)

NOES: None (0)

ABSENT: Three (3) (Mr. Beekman, Mr. Crawford, Mr. Landres)

ABSTAIN: One (1) Mr. Jacobson

Mr. Jacobson abstained as he was not present for the meeting.

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

6:05 pm

A. Explore Bond Refunding Opportunity

Mr. Baracy from Raymond James and Mr. Isom from Isom Advisors presented a brief presentation of the refunding opportunities for general obligation bonds through negotiated repurchase/tax-exempt general obligation refunding and existing escrow restructuring. They answered the committee's questions regarding the potential risks involved, whether other districts were also pursuing the opportunities, and the expected timeframe for the refunding process.

The Bond Oversight subcommittee met with staff and the bond finance team regarding the refunding opportunities and supported a recommendation to further explore the opportunities subject to the terms and conditions set out by the FOC at the meeting.

Ms. Canady acknowledged that Dr. Kelly, Interim Superintendent, was present for the meeting.

The presentation may be found at the following link:

<https://drive.google.com/file/d/1-AuUH3P7ljPJ35QvWNwnz73ORfoDjL1c/view>

A motion was made by Ms. Maniar and seconded by Mr. Chin to recommend that the Board of Education further look into the bond refunding opportunities.

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Rotgin)

STUDENT ADVISORY VOTES: One (1) (Ms. Schwartz)

NOES: None (0)

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

ABSTAIN: None (0)

V. Discussion/Action Items

6:44 pm

A. Financial Framework for Unification

Mr. Green from Eastshore Consulting provided the committee an update on the unification process and territory transfer between SMMUSD and the City of Malibu. The two parties arrived at an alternative methodology to divide SMMUSD into a discrete Santa Monica USD and Malibu USD. A termsheet was executed in late 2022 to memorialize the agreed methodology, with the following additional three (3) agreements to be drafted: 1) Tax and Revenue sharing agreement, 2) Operation agreement, and 3) Joint Powers agreement.

He answered the committee's questions and provided further clarification regarding the trigger adjustments, the distribution of teachers between the two districts, the allocation of the bonded debts, the Joint Powers Agreement and the anticipated timeline of the unification process and its impact on budget preparations.

The committee requested an update be provided towards the end of the school year. Mr. Shin anticipates that there will be progress by the end of the fiscal year.

The presentation may be found at the following link:

<https://drive.google.com/file/d/1xjJJK4dmtYBm6CahsCZKt1aZHHx71Zaj/view>

Term sheet referenced in the presentation may be found at the following link:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/1792/Termsheet-FormationofMUSDandSMUSD102822.pdf>

7:38 pm

B. 1st Interim Budget Report

Ms. Canady and Mr. Cruz provided the committee with an overview of the 1st Interim Report that was presented at the December 8, 2022 Board of Education meeting. The changes in expenditures included the retroactive 10% increased salaries and the HVAC systems that were installed at the school sites.

The 1st Interim documents may be found at the following links:

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391912&MID=14502>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391911&MID=14502>
- Multi Year Projection (MYP): <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391910&MID=14502>
- Fiscal Stabilization Plan: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391909&MID=14502>
- Standard Account Code Structure (SACS) Report:
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391907&MID=14502>
- Adopted Budget Review Letter from LACOE: First Interim Budget
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=391908&MID=14502>

7:59 pm

C. FOC Vacancy Candidate Recommendation

Mr. Rotgin shared a memorandum from the Nominations subcommittee which detailed the steps taken to select Samantha McQuaid to fill the vacancy in the FOC.

The memorandum may be found at the following link:

https://drive.google.com/file/d/1frdm0GAM0189Qhq_jW82Bz31iYdpADW/view

A motion was made by Mr. Rotgin and seconded by Mr. Crawford to recommend that the Board of Education appoint Samantha McQuaid to fill the vacancy in the Financial Oversight Committee.

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Rotgin)

STUDENT ADVISORY VOTES: One (1) (Ms. Schwartz)

NOES: None (0)

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

ABSTAIN: None (0)

8:07 pm

D. Future Meeting formats

The committee reviewed the options available for meeting virtually after the Governor's State of Emergency under AB 361 sunsets on February 28, 2023. Mr. Kean will check with the District's legal counsel in regards to the policies for District appointed committees to continue meeting virtually.

The presentation slides may be found at the following link:

https://drive.google.com/file/d/1ITtDxuX7xtBj9_Dnmupl6Bpxz2skiZwF/view?usp=sharing

VI. Ad hoc Subcommittee Report

8:14 pm

A. Budget Recommendations

- i. General: *Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen*

There was no update.

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

The subcommittee requested a meeting with staff to discuss existing unfunded liabilities processes and requirements under GASB. Mr. Kean will send the previous report completed by the past FOC subcommittee.

The subcommittee defined their scope of work as the following:

- 1) find an intern to research similar districts (e.g. Beverly Hills, Manhattan Beach, La Canada Flintridge) to see their processes and procedures,
- 2) inquire from staff what the current rules and processes are in regards to GASB,
- 3) report back to the full committee with their recommendations and/or next steps.

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

The subcommittee will meet to review the RDA report. They are continuing their efforts on enforceable obligations and refinancing opportunities. The subcommittee and staff will try to set a meeting with a former FOC member.

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

The subcommittee met with staff and the bond finance team regarding the refunding opportunities. They will be ready to assist as needed.

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

The subcommittee will set initial meetings with staff to begin reviewing the District's 2023-24 Measure R Plan.

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

The subcommittee met with Gail Pinsker to discuss the possibility of assisting with reporting templates. They will also be meeting with Deanna Sinfield to assist with a template for the Special Education presentation to the FOC.

F. Nominations: *Mr. Rotgin, Ms. Maniar, Mr. Farviar, Mr. Crawford*

Update was given during agenda item V.C. FOC Vacancy Candidate Recommendation.

- VII. Receive and File (Limited Discussion)** None
- VIII. Public Comments** None
- IX. Committee Comments** None
- X. Next Meeting:** February 23, 2023 - Zoom
- XI. Adjournment:** The meeting adjourned at 8:26 p.m.