



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Wednesday, March 23, 2022

Time: 5:30 pm to 8:00 pm

Location: Zoom

https://drive.google.com/file/d/12Qzk71igd8y64kw8rQMVRlZ6E_hLS3L/view

I. Call to Order

5:32 pm

Committee Members: JW Beekman
Matthew Covington
Alex Farivar
Michael Kremer
Payal Maniar
Zoe Pollack, Malibu student rep – *departed at 6:58 pm*

Ryan Chin
Matthew Crawford
Seth Jacobson
Shawn Landres – *departed at 8:01 pm*
Michael Rotgin

Staff:
Melody Canady
Gerardo Cruz
Bonnie Kung

Jacqueline Mora – *departed @ 7:03 pm*
David Chiang

Board Liaisons: Craig Foster – *arrived at 5:58 pm*

Absent:
Renu Mevasse
Jon Kean

Keith Coleman

Public: Carlos Diaz, DFA – *departed @ 6:23 pm*

II. Approval of Agenda

5:35 pm

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

AYES: Nine (9) (Mr. Beekman, Mr. Chin, Mr. Covington, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Mr. Rotgin)

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

NOES: None (0)

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

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

5:36 pm

A motion was made by Mr. Covington and seconded by Mr. Beekman to approve the February 24, 2022 meeting minutes.

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

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

NOES: None (0)

ABSENT: One (1) (Ms. Mevasse)

ABSTAIN: Two (2) (Mr. Farivar, Mr. Landres)

Mr. Farivar and Mr. Landres abstained as they were not present at the February meeting.

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

5:41 pm

A. GASB 75 Valuation

Mr. Diaz provided the committee an executive summary of the GASB 75 Actuarial Valuation report as of July 1, 2021. Mr. Cruz explained that the District contributed through the Pay-As-You-Go method and one-time lump sum contributions. Three (3) lumpsum contributions for a total of \$5M were made over a period of three (3) years: \$1.5M for 2015-16, \$2.5M for 2016-17, and \$1M for 2017-18. Before the end of June, a lump sum contribution will be made to transfer the money currently in Fund 71; guidance from the auditors will be needed for the ending balance.

Committee discussed the balance needed in maintaining the current general fund while contributing to the trust/investment for future liabilities. Mr. Foster suggested the FOC work on crafting a charge to further examine the possibility of adopting a policy re: unfunded liabilities. The committee unanimously agreed that the Budget subcommittee will work on drafting the charge.

The committee requested additional data tracking the annual increase in the liability broken down by the various elements (such as change in discount rate and new census information).

The executive summary and OPEB 75 valuation may be found at the following links:

- Executive Summary: <https://drive.google.com/file/d/12dVeQM2TUqIJ1qKnHJBn04O7L1Q1A33Y/view?usp=sharing>
- GASB 75 Actuarial Report: https://drive.google.com/file/d/1LDKqz_F7AXhsoENgHOBM1i-6OYrKqKBX/view

V. Discussion/Action Items

6:30 pm

A. Proposed 2022-23 Measure R Annual Plan

The committee was provided a review of the 2022-23 proposed Measure R annual plan.

Mr. Crawford stated that the Measure R subcommittee worked to create a public-facing, easy-to-read format for the Measure R plan. The report had a two-part focus: 1) provide broader Measure R information to explain the process timeline of how decisions are made (~~first two pages~~) and 2) provide description and process of the funding decisions, broken out by ~~the categories~~ **category**. The template was created to remain static: just update the numbers for the funding portions and document the changes annually. Most of the changes were in salaries and benefits. The funding for Technology was reduced to further fund Arts & Music.

The committee discussed the plan's role in providing more clarity around the intent of Measure R and its compliance with the ballot language for the specific expenditures. They further discussed communicating to the public how these benefits and programs are provided through the funding supported by the community like Measure R. The committee suggested providing further clarity re: shared resources.

The committee provided input for minor edits to the numbers and language for the Physical Education, Arts & Music, and Technology categories. The edits will be reflected in the plan to be republished in the minutes.

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

B. 2nd Interim Report

7:03 pm

Ms. Canady and Mr. Cruz provided a brief overview of the Second Interim Report that was presented to the Board on March 3, 2022. The \$1.5M in expenditures for the pupil fees lawsuit and legal fees contributed to the decrease in the ending fund balance. The committee discussed budgeting for legal fees, the possibility of in-house counsel and looking into which legal costs were related to COVID-related learning losses. Staff is currently working on the Fiscal Stabilization Plan to have the changes in expenditures and/or revenues reflected in the budget.

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223464&MID=9730>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223465&MID=9730>
- Multi Year Projection (MYP):
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223466&MID=9730>
- Fiscal Stabilization Plan: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223467&MID=9730>
- Standard Account Code Structure (SAC) Report:
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223468&MID=9730>
- First Interim Budget Review Letter from LACOE:
<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=223469&MID=9730>

VI. Ad hoc Subcommittee Report

7:48 pm

A. Budget Recommendations: *Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin, Mr. Chin*

Mr. Jacobson reported that the subcommittee will work on the new charge regarding unfunded liabilities. The subcommittee will meet with staff to review the 3rd Budget Revision and discuss fiscal stabilization.

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

There was no report.

C. Bond Oversight: *Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin*

The updated debt policy will be presented at the April 21, 2022 Board meeting.

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

Mr. Crawford provided an update regarding the Measure R annual plan during item V.A. Proposed 2022-23 Measure R Annual Plan. The subcommittee will try to meet to create a report of recommendations that weren't specifically tied to the annual plan.

- E. Financial Communication and Reporting: *Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson, Mr. Chin*

With the template for the Measure R plan completed, the subcommittee is talking with Gail to possibly assist in other event-driven communications. Mr. Chin will join the subcommittee.

- F. Nomination: *Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar*

Mr. Covington reported that the vacancy was noticed. At the time of the meeting, five (5) applications were received, two (2) of which were from incumbents. The subcommittee will review the applications, conduct initial screenings and invite the top candidates for in-person interviews. The subcommittee requested that the announcement be resent as a reminder of the deadline. Staff will speak to Gail Pinsker about sending the information to the PTA council.

VII. Receive and File (Limited Discussion)

7:58 pm

- A. CERBT Asset Class Fact Sheets – 12/31/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBTAssetClassFactSheets123121.pdf>
- B. CalPERS Asset Liability Management (ALM): Focus on CalPERS Prefunding Programs Webinar – March 9, 2022
- Webinar: <https://www.calpers.ca.gov/page/about/organization/facts-at-a-glance/asset-liability-management>
 - Slides: <https://www.calpers.ca.gov/docs/affiliate-funds-alm-webinar.pdf>

VIII. Public Comments None

IX. Committee Comments

7:58 pm

Mr. Landres stated that he hoped the option for telephonic public comment will remain available when the committee returns to in-person meetings. Mr. Foster suggested that the option for virtual meetings remain available until the emergency status is removed, as the district advisory committees currently do not need to meet in-person.

A discussion of the joint meeting/study session with the Board will be agendaized for the next meeting.

- X. **Next Meeting:** Tuesday, May 24, 2022 - Zoom

- XI. **Adjournment:** The meeting adjourned at 8:02 p.m.