



Financial Oversight Committee Meeting Minutes
Thursday, October 26, 2023
Time: 6:00 p.m. – 8:00 p.m.
Multipurpose Room, Malibu City Hall
23825 Stuart Ranch Road

I. Call to Order -- 6:01 p.m.

Committee Members:

JW Beekman
Ryan Chin
Dillon Christensen
Alex Farivar
Seth Jacobson
Michael Kremer - *participated via teleconference from address listed on agenda*
Payal Maniar
Atul Porwal
Michael Rotgin

Staff:

Melody Canady
David Chiang
Gerardo Cruz
Kim Nguyen

Board Liaison:

Jon Kean
Alicia Mignano – *participated via teleconference at 6:07 p.m.*

Absent:

Matthew Crawford
Jonathan Wong
Stacy Rouse

Public:

Carlos Diaz, DFA LLC- *participated via teleconference until 6:40 p.m.*

II. Welcome New Member

This item was tabled to the December meeting.

III. Approval of Agenda

Item VII. was moved to item V.

A motion was made by Mr. Jacobson and seconded by Mr. Chin to consider Item VII. Discussion/Action Items after Assistant Superintendent, Business and Fiscal report and to approve the meeting agenda as amended.

AYES: Nine (9) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)
NOES: None (0)
ABSENT: Two (2) (Mr. Crawford, Mr. Wong)
ABSTAIN: None (0)

IV. Approval of FOC Meeting Minutes

A motion was made by Ms. Maniar and seconded by Mr. Beekman to approve the September 19, 2023 meeting minutes as amended.

Under Item VII. A. Santa Monica RFI No. 1 Bond,

The FOC Bond Subcommittee summarized its analysis of the proposed issuance of Measure SMS GO bonds. ~~Board Liaisons recommended that t~~The FOC subcommittee on Communications ***will meet with*** support staff ~~on creating~~ ***and develop*** clear and proactive communications on this bond issuance and the savings to date.

A motion was made by Ms. Maniar and seconded by ~~Ms.~~ ***Mr.*** Rotgin to support the Series C bond issuance for SFID-1 and that the Board of Education adopt Scenario 1 (accelerated debt service with an eight-year call to refinance).

AYES: Eight (8) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)
NOES: None (0)
ABSENT: Two (2) (Mr. Crawford, Mr. Farivar)
ABSTAIN: One (1) Mr. Farivar

V. Assistant Superintendent, Business & Fiscal Report: Melody Canady -- 6:07 p.m.

Ms. Canady reported that the fraud investigation is ongoing. Mechanisms are in place to minimize future fraudulent activities. The News Release “SMMUSD Provides Fraud Investigation Public Notice” may be found at:
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/2939/2023-24/PR-FraudStatement100423.pdf>

Mr. Beekman expressed that the committee prefer to be informed before the public and press notification. Mr. Cruz reported that the district closed the books, received district auditor visit and completed the rollover projection for GASB.

VI. Discussion/Action Items

A. GASB Valuation -- 6:22 p.m.

Carlos Diaz from DFA LLC presented the GASB Statement No. 75 supplemental schedules to accompany the district’s actuarial valuation as of July 1, 2021 to facilitate preparation of GASB 75 reporting and to provide information that was not determinable as of the valuation date. GASB 75 requires a discount rate that reflects (a) the long-term expected rate of return – to the extent plan assets are projected to cover projected benefit payments and (b) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds – to the extent projected assets are not sufficient. The resulting June 30, 2023 GASB 75 rate is 3.94%.

Page 11 of the report contains the OPEB expense details. The next valuation will be July 1, 2023 with updated census and premium information.

The committee asked about salary assumption of 3%. A new valuation would update that. There is a difference between long term payroll rate and short-term salary increases. Benefits are not related to pay...but fixed to healthcare premiums.

Contributions at a certain level and frequency that will help increase discount rate...dependent on the liabilities and current active population. Information will be provided to the FOC subcommittee.

Presentation and Report may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/GASB75Disclosure100523.pdf>

VII. Subcommittee Reports -- 6:40 p.m.

A. General Budget Recommendations

(JW Beekman, Dillon Christensen, Alex Farivar, Atul Porwal)

Committee requested to schedule budget meetings.

B. Unfunded Liabilities Budget Recommendations

(Michael Rotgin, Seth Jacobson, Michael Kremer, Payal Maniar)

Committee meeting will be scheduled.

C. Bond Oversight

(Michael Kremer, Matthew Crawford, Michael Rotgin, Ryan Chin)

No report.

D. Measure R Reporting and Process Review

(Matthew Crawford, Payal Maniar, Dillon Christensen)

No report.

E. Financial Communication and Reporting

(Atul Porwal, JW Beekman, Seth Jacobson, Payal Maniar)

No report.

F. Nominations

(Ryan Chin, Dillon Christensen)

Ms. Maniar will provide the committee with a flowchart for timeline guidance.

VIII. Receive and File (*Limited Discussion*)

A. CERBT Account Update Summary as of September 30, 2023

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AccountUpdate093023.pdf>

B. Senior Exemptions from Measure R Parcel Tax

<https://drive.google.com/file/d/1xAYTsuYaJGnVp4rSM7dgm1uA-srXvazC/view?usp=sharing>

IX. Public Comments

None

X. Committee Comments

Mr. Kean reported that unification news will be coming soon. Revenue sharing agreement will be provided to the FOC for review as it becomes available.

XI. Next Meeting: Wednesday, December 6, 2023

XII. Adjournment: The meeting adjourned at 6:51 p.m.