



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, September 11, 2014

Time: 7:30 pm to 9:30 pm

**Location: Testing Room, SMMUSD Administrative Offices
1651 16th Street, Santa Monica, CA 90404**

I. Call to Order

7:35 pm

<u>Committee Members:</u>	Craig Foster	Joan Krenik
	Jon Kean	Gordon Lee
	Peter Lippman	DeAndre Parks
	Paul Silvern	Manel Sweetmore
	Cynthia Torres	Shelly Slaugh Nahass

Board Liaisons: Laurie Lieberman departed @ 9:25pm

Student Reps: Jordan Golden-SAMOH I departed @ 9:25pm

<u>Staff:</u>	Jan Maez	Kim Nguyen
---------------	----------	------------

<u>Absent:</u>	Tom Larmore	Jose Escarce
	Kennedy Myers-Malibu	

Public: Rochelle Fanali, PTA Council President departed @ 9:25pm

7:35 pm

II. Welcome New Members

The FOC welcomed new members Mr. Kean and Mr. Sweetmore to the committee.

7:44 pm

III. Welcome Student Representatives

The FOC welcomed student representative Ms. Golden to the committee.

IV. Approval of Minutes

7:45 pm

A motion was made by Mr. Silvern and seconded by Mr. Lippman to approve the July 31, 2014 minutes.

AYES: Ten (10) (Mr. Foster, Ms. Krenik, Mr. Kean, Mr. Lee, Mr. Lippman, Mr. Parks, Mr. Silvern, Ms. Slaugh Nahass, Mr. Sweetmore, Ms. Torres)

STUDENT ADVISORY VOTE: One (1) Mr. Golden

NOES: None (0)

ABSTAIN: None (0)

ABSENT: One (1) Mr. Larmore

V. Staff Report

7:45 pm

The committee was provided an overview of the unaudited actual report that was presented to the Board at the August 28, 2014 Board Meeting. Ms. Maez reviewed differences between the estimated actual reports. In response to Mr. Silvern, Ms. Maez informed the committee that no updates have been received from the firm auditing receipts of redevelopment funds. One of the large designated fund balance shown on past multi-year reports is an amount reflecting future deficits. The capital facility fund is the fund being used for expenditures in Malibu to address environmental concerns. Typically, expenses in this fund have been limited. Ms. Maez pointed out that the fund balance is completely reserved for Measure BB. The District relies on developer fee account to fund this capital facility fund. This augments the bond money from Measure BB. The District's reserves have risen even during the recession and the goal is to be at about 10% of expenditures. Although this is favorable in terms of bond ratings, it is a delicate balance for the District between the obligation to educate and building a reserve balance. The District is dependent on Local Control Funding Formula (LCFF) and closure of the gap to move out of our deficit situation. If the State falls on difficult times and/or they do not fund the gap; that reserve could quickly disappear at the current deficit rate. The restricted section of the budget fluctuates. The balance is largely due to Common Core money (over \$1M) that has a two year plan. In response to Mr. Silvern's question about state legislature that requires a district to spend down their reserves, Ms. Maez informed the committee that in the November election, voters will be casting their votes on the "Rainy Day Fund." If passed, Districts could only retain twice (6%) reserve levels. Districts will be limited on the reserve amount set aside for economic uncertainties but that will not go into effect unless the Rainy Day Fund passes in the November 2014 election and that the State uses it.

Ms. Maez's handouts can be found at the end of these minutes. The unaudited actual report can be found online at: <http://www.smmusd.org/fiscal/BudgetDocs/unauditedactuals1314.pdf>.

VI. Discussion/Action

9:24 pm

A. 2014-15 charges and scope of work

Ms. Slauch Nahass informed the committee that she and Ms. Krenik met with Ms. Maez to discuss the subcommittees that would best serve the District and to be presented to the Board at the October 16, 2014 Board meeting. After a lengthy discussion of possible charges and scope of work for 2014-15, the FOC agreed to three (3) subcommittees: retiree health benefits, budget issues for unification and bond issues for unification.

9:24 pm

B. Ad hoc committee membership

Retiree Health Benefits subcommittee will comprise of Mr. Parks (Chair), Mr. Kean, and Mr. Sweetmore.

Budget issues for Unification subcommittee will comprise of Mr. Silvern (Chair), Mr. Foster, Ms. Krenik, Mr. Lippman, and Ms. Torres.

Bond issues for Malibu Unification subcommittee will comprise of Mr. Larmore (Chair), Mr. Foster, Mr. Lee, Ms. Slaugh Nahass, and Mr. Sweetmore.

8:06 pm

C. AMPS Review of the 9 Criteria for Unification

Following Mr. Foster's presentation of an overview of the work of AMPS and WestEd done to date, the committee briefly discussed the questions surrounding pros, cons, and risks of unification. Mr. Parks suggested the consideration of bond holders to be included as one of the stakeholders. Mr. Lippman asked about the district boundaries and whether it would be contiguous with city limits. In response to Ms. Krenik, Mr. Foster informed the committee that LACOE has a one year clock from the time the petition is submitted. The State does not have a clock and their response can be an infinite amount of time; therefore, it is optimum to have stakeholder unity. The AMPS timeline is as soon as possible and will fund all of the costs associated with the research of this. Ms. Torres asked who would be responsible aggregating all of the information received from a variety of sources to some analytical report. There is not an expectation that members of FOC subcommittee will be writing reports. They will review documents produced and organize topics so that most of the questions would have been vetted prior to its presentation to the Board.

Mr. Foster's PowerPoint presentation can be found at the end of these minutes.

VII. Receive and File (Limited Discussion)

9:36 pm

- A. 2014-15 Senior Exemptions from Measure R Parcel Tax
- B. Malibu Unification information from County, State, District and AMPS/WestEd

VIII. Public / Committee Comments:

IX. Next Meeting: Thursday, October 9, 2014

X. Adjournment: The meeting adjourned at 9:37 p.m.