



SMMUSD Financial Oversight Committee – Minutes-Amended

Date: Tuesday, July 20, 2010

Time: 7:00 pm to 9:00 pm

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

Attendance: (*Committee Members*) Joan Chu Reese [*Vice Chair*], Craig Hamilton, Nimish Patel, Paul Silvern, Cynthia Torres [*Chair*] and Carrie Wagner; (*Board Liaison*) Ralph Mechur; (*Staff*) Jan Maez, Dawn Smithfield. *Absent: Patricia Hoffman, Gordon Lee, Manel Sweetmore; Jose Escarce (Board Liaison).*

Call to Order

The meeting was called to order at 7:05 p.m. by Ms. Torres.

Approval of Minutes 6/1/10

A motion was made by Mr. Silvern and seconded by Ms. Chu Reese to approve the Minutes, as amended. Motion passed unanimously.

III. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discusssion*)

A. Budget Update: A copy was distributed of the *California Budget Project's Budget Brief: No Free Lunch: Tax Cuts Widen Budget Gaps*. Ms. Maez explained that the legislature has not yet approved the State Budget, so there is nothing new to report. She noted that the Board added back three secondary counselor positions (at Malibu, Adams and Lincoln), and approved a new one at Samohi, for a total of about \$400,000 added back into the budget. The Board also took action during the 2010-11 budget adoption process and directed CDS staff to move forward with summer school for preschool and "wraparound" the childcare portions of summer school. The District may have to pay approximately \$300,000 if State doesn't come through with funding; CDS staff remains optimistic about funding. The FOC will attend the 8/18/10 Board Meeting to comment on these expenditures. Ms. Torres will be out of town, so Ms. Chu Reese will attend. FOC members want to emphasize the impact that these add-backs will have on the District's budget.

B LACOE: 2009-10 Fiscal Solvency Summary Letter: A copy of this letter dated 6/18/10 was distributed. Because the District submitted a Qualified 2nd Interim Report, LACOE required submission of a Year-End Financial Report, which was approved at the 5/26/10 Board Meeting. The letter noted continued deficit spending and attendance audit finding. The findings will be mentioned in the FOC report at the 8/18/10 Board Meeting.

C. LACOE: Letter RE: 2010-11 TRANS Program: A copy of this letter dated 7/1/10 was handed out, along with a spreadsheet from Keygent regarding the Tax and Revenue Anticipation Notes (TRANS) which were issued this year. Because the District submitted a Qualified 2nd Interim Report, approval from LACOE is required. This letter gives that approval, stating that "repayment is probable".

D. Bond Presentation to Rating Agencies / District's Credit Rating: Ms. Maez stated that the bond sale took place on 7/14/10; a copy of the Final Financing Summary was distributed. The District received a very favorable rate, so taxpayers will pay less. Ms. Maez, Superintendent Cuneo and Board President Snell met with the rating agencies in early June. The District received an AA rating from Standard & Poor's, and an Aa1 rating from Moody's Investors Service.

E. GASB 45 Report: Ms. Maez reported that the Demsey Filliger & Associates report scheduled for presentation at the 7/14/10 Board Meeting has been rescheduled for 8/18/10. Ms. Maez reported that the total liability is lower than the previous report. Mr. Filliger will be attending the Board Meeting to answer questions from the Board. Staff is not recommending that the Board change its practice of funding this on a pay-as-you-go basis. However, staff will be suggesting that the current reserved funds be transferred to a new Fund so that various programs can be charged their share of this cost.

F. Recover Max Benefit Eligibility Review by Keygent: At 7/14/10 Board Meeting, the Board approved an additional contract with Keygent for a Health Benefits Review. A copy of the Board item and presentation was included in meeting materials. Keygent's kick-off meeting was held on 7/16/10. District staff will provide Keygent staff with all eligibility and payroll systems information, and they will match that with our health provider. This is a performance-based contract, in which they will recoup a percentage of any savings found for the District, and can also collect retroactively. Keygent staff will also help with the new national health care reform required changes.

Ms. Maez also mentioned that District staff has contracted and met with School Innovations and Advocacy regarding its *Attention to Attendance* software. Teams are being organized at the District Office and school sites. This will give school sites the tools to monitor the attendance by meeting with each site's principal to show them how to follow-up on monitoring.

IV. Update from Subcommittees:

A. District Revenue Enhancement: Ms. Torres talked about the SOS fundraising campaign from SMMEF, which has raised \$800,000.00 to date. They've made linkages with businesses, with a certain percent of their sales going back to the District. FOC members believe that a long-term fundraising campaign continues to be a need. This subcommittee has identified some additional opportunities for revenue enhancement, will develop those plans and share with the FOC in the future. Other similar districts have been able to generate between \$2-\$4 million annually. A plan should be developed and put into place within six months, with help from a consultant. Initiatives are being transferred to staff responsibility, such as the Greek Theatre upgrade. A partnership with the City of Santa Monica was suggested for this upgrade.

B. Review of Special Education Budget: The subcommittee was unable to meet. Ms. Maez informed members that both Mr. Silvern and Mr. Hamilton were complimented by the SEDAC in their annual report at the 7/14/10 Board Meeting. That report also recommended continued meetings with the FOC subcommittee and District staff to better prepare for and predict Special Education expenditures. Ms. Maez has begun to generate a detailed report for the SEDAC, and will share future reports with the FOC. Mr. Silvern said that SEDAC requested a joint meeting annually with the FOC.

C. Comparative District Financial Strategy: No report.

V. Discussion/Action Items:

A. Recap of the Joint Meeting with the Board on 6/3/10 (Item D.01): A copy of the Minutes was included in the meeting materials. Ms. Torres reviewed it, noting that the report followed the same format as in previous years, with the same areas of focus. There was an extended discussion with Board, including fundraising and revenue enhancement efforts, and the Board requested more detail. Fundraising and revenue enhancement efforts should be one goal for the next year, especially comparisons with other districts' education foundations/fundraising efforts. FOC members would prefer to interact with the Board members in a give-and-take session, with microphones for all members, rather than just one person presenting a report at the podium. The joint meeting should be

more interactive, including questions for the Board, and include discussion as a way to help the Board make decisions. The Board requested that the FOC's annual report be distributed prior to the joint meeting to allow focus on the main items, with a powerpoint presentation at the meeting. Special Education focus will remain on budgetary issues, not programmatic ones, which are the responsibility of SEDAC.

B. Update from the School Funding Measure Feasibility Committee: The **District's** parcel tax feasibility committee made a recommendation at the 7/14/10 Board Meeting to suspend activities because of the ½ cent sales tax increase recommended by the City of Santa Monica. Superintendent Cuneo and the City of Santa Monica's ~~General~~**City** Manager have discussed sharing ~~half of that money~~ **revenue from this** measure with ~~the~~ District. The City of Santa Monica has two propositions on the November 2010 ballot **(1)** to establish a transaction **and** use tax of ½ cent, and **(2)** a non-binding measure **recommending that** for the City Council to ~~approve~~ half of that revenue **be used for the School District schools, educational and after-school programs, and half for general City services.** The City estimates it will **that the measure could** raise \$12 million over the ~~next~~**fiscal year,** ~~which could generate \$6 million for the District.~~ This general tax measure, which has no expiration date, requires a simple majority **vote to pass**, not **a 2/3rds** majority. If the tax is passed in November, revenue ~~for to~~ the City **would** not be received ~~by~~**until about** 4/1/11. A campaign committee will be formed, ~~led and run by City staff,~~ **by community leaders,** with the hope that the School District community will **actively** participate.

C. Measure BB Update: There is lots of construction activity happening at this time. The entry projects are underway at Will Rogers and Grant Elementary Schools, landscaping is taking place at other schools, bids will soon be ready at Lincoln and John Adams Middle Schools, Samohi's EIR was approved at the 7/14/10 Board Meeting, and all of the entitlement process is complete, except for Malibu.

D. Strategic Plan Update: The Strategic Plan Advance was on 6/12/10. Ms. Chu Reese described the three panels: Futurist (technology, etc.), Practitioners (teachers and administrators) and Students. The four areas of focus include curriculum, capability of District (to teach that curriculum), resources needed, and how to teach it. Additional sessions for communities are expected. The final report should be done by the end of 2010, but Ms. Chu Reese Joan will check and report back.

E. Review of Draft 2010-11 FOC Meeting Schedule: A copy was distributed.

F. FOC Committee Assignments: Following are the assignments for the 2010-11 year:

District Revenue Enhancement: Gordon Lee, Joan Chu Reese and Cynthia Torres
Review of Special Education Budget: Craig Hamilton and Paul Silvern
Comparative District Financial Strategy Analysis: Nimish Patel and Carrie Wagner

Ms. Torres will check with Ms. Hoffman and Mr. Sweetmore for their subcommittee choices.

VI. Receive and File

- LACOE's 2008-09 Annual Financial Report with Selected 2009-10 Data
- School Services of Calif, Inc. Fiscal Reports (5/21/10, 6/4/10, 6/18/10 & 7/2/10)

VII. Public Comments

VIII. Agenda Planning for Next Meeting: September 14, 2010

IX. Adjournment: Meeting adjourned at 9:31 pm.