

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES - BUDGET & FINANCE COMMITTEE
Los Angeles Pierce College
Student Community Center/Great Hall – Building 1900
6201 Winnetka Avenue
Woodland Hills, CA 91371
Wednesday, November 5, 2014
2:00 p.m. – 3:15 p.m.**

Committee: Ernest H. Chair; Mike Eng, Vice Chair. Absent: Steve Veres, Member (arrived at 2:21 p.m.)

Trustee Moreno called the meeting to order at 2:03 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Update on Underwriter Process

A memorandum entitled "KNN Public Finance, Los Angeles Community College District 2014 Plan of Finance" and a PowerPoint presentation entitled "2014 Obligation Bond Issues Plan of Finance" were distributed.

Mr. David Brodsky, Managing Director, KNN Public Finance, A Division of Zions First National Bank, gave a PowerPoint presentation and discussed the document with respect to New Money Needs, Refunding Opportunities, Savings Analysis, and Recommended Underwriting Teams.

(Trustee Veres arrived at 2:21 p.m.)

A question and answer session was conducted regarding various components with respect to the recommended underwriting teams.

Trustee Veres proposed changes to the recommended distribution of the underwriting liability assignments.

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, indicated that the recommended distributions of the underwriting liability assignments were given to the underwriting teams and that she needs to review the new proposed percentages.

Trustee Veres responded that the recommendations were contingent on the Committee's approval.

Motion by Trustee Veres, seconded by Trustee Eng, to accept the proposed recommended changes as follows:

	Tax-Exempt New Money and Current Delivery Refunding	Taxable Refunding and New Money	Tax-Exempt Forward Delivery Refunding
Senior Underwriter (% of Liability)	Morgan Stanley (50%) (40%)	Ramirez & Co. (100%)	Goldman Sachs (50%) (45%)
Co-Senior Underwriter (% of Liability)	Siebert Brandford (20%)		Stifel Nicolaus (30%)
	<u>Ramirez & Co.</u> (10%)		
Balance of Underwriting Syndicate	Other Members of the Underwriting Pool (1-5%)		RBC and Piper Jaffray (10% Each) (12.5 % Each)

APPROVED: 3 Ayes

Trustee Veres entertained that the motion be amended with respect to the Tax-Exempt Forward Delivery Refunding, RBC and Piper and Jaffray back to 10% and that Backstrom, McCarley, Berry & Company be added to this category at 5%.

Motion by Trustee Veres, seconded by Trustee Eng, to amend the proposed recommended changes as follows:

	Tax-Exempt New Money and Current Delivery Refunding	Taxable Refunding and New Money	Tax-Exempt Forward Delivery Refunding
Senior Underwriter (% of Liability)	Morgan Stanley (50%) (40%)	Ramirez & Co. (100%)	Goldman Sachs (50%) (45%)
Co-Senior Underwriter (% of Liability)	Siebert Brandford (20%)		Stifel Nicolaus (30%)
	<u>Ramirez & Co.</u> (10%)		
Balance of Underwriting Syndicate	Other Members of the Underwriting Pool (1-5%)		RBC and Piper Jaffray (10% Each) (12.5% Each) (10% Each) <u>Backstrom, McCarley,</u> <u>Berry & Co.</u> (5%)

APPROVED: 3 Ayes

Motion by Trustee Veres, seconded by Trustees Eng, to recommend to the full Board the adoption of Com. No. BF3 Resolutions Authorizing Issuance and Sale of General Obligation Bonds, Including Refunding Bonds" which is being presented for action at today's (11/5/2014) Board meeting.

APPROVED: 3 Ayes

- First Quarterly Report

Ms. Gordon distributed and discussed a document entitled "Budget & Finance Committee, 2014-15 First Quarter Financial Status Report, November 5, 2014" with respect to the Projected Ending Balance, 2014-15 FTES Funded Base and Budget Year Targets, 2014-15 Reserves, 2015-16 California Community College System Budget Request \$735 Million, Los Angeles Community College District (LACCD) 2015-16 Proposed Budget Planning Assumptions, and Budget Cautions and Concerns.

With respect to the Faculty Obligation Number (FON) Obligations and Penalties, Trustee Veres expressed his concern that the penalties paid by the LACCD are distributed to other community college districts. He requested that discussions be held with the District Academic Senate and the Los Angeles College Faculty Guild on how these funds can be returned and utilized by the LACCD for beneficial programs for faculty, or for serving the LACCD students, as opposed to the funds being distributed to other community college districts.

- Update on Bank RFP

Ms. Gordon distributed and discussed a document entitled "Request for Proposal (RFP) Schedule" with respect to the schedule of events for the Banking Services RFP process.

With respect to the panel selection, Trustee Eng requested that the Committee be informed as to the process for the selection of the panel.

A question and answer session was held with respect to the Committee's authority to be involved in the selection of the panel as opposed to the Chancellor making a recommendation to the Committee. The Chancellor indicated that he would take this under advisement and that the Committee's inquiry is duly noted.

- Update on Information Technology (IT) Expenditure Review

Mr. James D. O'Reilly, Chief Facilities Executive, Facilities Planning and Development, indicated that Trustee Moreno requested that an evaluation be conducted of the Measure J proceeds that were utilized for Connect LACCD projects. He discussed various components of the evaluation that were conducted regarding the expenditures of the Connect LACCD projects. He indicated that three draft opinions from three different law firms were obtained and that staff is currently reviewing the results. The final draft evaluation will be presented at the December 3, 2014 Committee meeting.

Trustee Moreno requested that if the LACCD has any knowledge that bond funds have been inappropriately allocated for the Connect LACCD projects, that action be taken to remedy this error. He called for the prevention of future bond expenditures that do not comply with the law.

FUTURE DISCUSSION/AGENDA ITEMS

- Update on Cost Savings from Master Agreements (Chancellor's Directive #142)
- Retirement Incentives
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FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- November 19, 2014

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 3:23 p.m.