

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
BUDGET AND FINANCE COMMITTEE  
Los Angeles City College  
Theatre Arts Building – Caminito Theatre – Room #102  
855 N. Vermont Avenue  
Los Angeles, California 90029  
Wednesday, January 27, 2010  
10:00 – 11:00 a.m.**

Committee: Kelly G. Candaele, Chair; Georgia L. Mercer; Sylvia Scott-Hayes

Participants: Alex Almeida, ELAC; James Angelica, First Southwest Company; Doug Auslander, Citigroup; Adriana Barrera, ESC; David Beaulieu, DAS; Arnold Blanshard, ESC; David Brownstein, Citigroup; Cristy Canieda, Vasquez & Company LLP; A. Susan Carleo, LAVC; Todd Cozolino, Build-LACCD; Jack E. Daniels III, LASC; Larry Eisenberg, ESC; Jerry Gold, First Southwest Company; Jeanette Gordon, ESC; Camille Goulet, ESC; Andres Guerrero, ESC; Thomas Hall, ESC; John Harmer, Build-LACCD; Elliot Hinds, Goodwin Procter LLP; Brent Hurwitz, Build-LACCD; Sandra Lepore, AFT Staff Guild; Joseph Martinez, SEIU Local 99; Peggy McBride, Vasquez & Company LLP; Joy McCaslin, Pierce; Dan Minkoff, Build-LACCD; Ernest Moreno, ELAC; Vinh Nguyen, ESC; Elmer Pascual, Vasquez & Company LLP; Christopher Ray, KPMG; Mark Rocha, VLAC; Ruben Rojas, Build-LACCD; Stuart Silverstein; Build-LACCD; Linda Spink, LAHC; Judith Valles, LAMC; Gilbert Vasquez, Vasquez & Company LLP; Lisalee Wells, Fulbright Jaworski; Tyree Wieder, ESC

Trustee Candaele called the meeting to order at 10:08 a.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS

2008-09 Annual Financial Report

A document entitled “Los Angeles Community College District (LACCD) Presentation to the Board of Trustees – January 27, 2010” and the LACCD Basic Financial Statements—June 30, 2009 and 2008 (Draft) were distributed.

Ms. Jeanette Gordon indicated that, this year, KPMG executed the audit in partnership with the Vasquez & Company LLP. She stated that KMPG was responsible for the financial audit portion, while Vasquez & Company LLP completed the “single audit and State compliance.” She deferred to Mr. Christopher Ray.

Mr. Ray discussed the 2008-09 Annual Financial Audit with respect to the District’s Basic Financial Statements audit findings, which included four significant deficiencies in the internal controls. One of the significant deficiencies noted is considered to be a material weakness in the internal control over financial reports. He deferred to Ms. Peggy McBride.

Ms. Peggy McBride introduced Ms. Cristy Canieda and Mr. Elmer Pasucal from Vasquez & Company LLP. She indicated that they were essential to the success of the completion of the single audit and the State compliance results.

Ms. McBride discussed the Draft 2008-09 Annual Financial Audit with respect to the State Compliance Findings and the following Single Audit Findings: Student Financial Aid Cluster, TRIO Cluster Findings, Higher Education Institutional Aid, and Career and Technical Education.

Ms. Gordon indicated that Com. No. BF3. Receipt of Annual Audit is on today's Board agenda for action.

Motion by Trustee Scott-Hayes, seconded by Trustee Mercer, to recommend the (Draft) Annual Audit to the full Board for approval.

*ADOPTED: 3 Ayes*

Update: Energy Financing

A document entitled "LACCD Board of Trustees Briefing—Renewable Energy Program Financing—January 27, 2010" was distributed.

Ms. Gordon indicated that the District's deadline to finalize the financing of the District's solar operating systems at East Los Angeles College (ELAC), and Los Angeles Southwest College (LASC), which are located within the Southern California Edison (SCE) service territory, and if possible, Los Angeles Harbor College (LAHC) and Pierce College, which are located within the Los Angeles Department of Water and Power (LADWP) service territory, no later than June 30, 2010. She deferred to Mr. David Brownstein.

Mr. Brownstein discussed the proposed structure/status of the energy financing with respect to the District's potential finance proposals for the long-term certificates of participation (COPs) and the Citigroup Financing proposal for SCE service territory.

Mr. Brownstein indicated that on January 15, 2010, the United State Department of Treasury distributed a "Q & A" with respect to a lease structure for transactions of this nature. He indicated that this will provide Citigroup's legal counsel the ability to give opinions on lease structures that will not incorporate LADWP, this will enable the District the same economic benefits or similar benefits of a Purchase Power Agreement (PPA) without the LADWP's approval. In addition, the lease structure will provide a fixed purchase price for six years.

Mr. Brownstein proposed that a workshop be held six weeks before the closing of these "complex's transactions" in order to review the alternative financing and the economic benefits, so that the District comprehends all the information pertaining to the transactions in order to make an informed decision.

New Business

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 11:17 a.m.