I. ROLL CALL

II. PUBLIC SPEAKERS*

III. REPORTS/RECOMMENDATIONS/ACTION
   A. Annual Financial Audit and Bond Financial Audit
   B. District Bond Resolution – Los Angeles CCD (2016 General Obligation Bonds, Series I)
   C. Specific Purpose Investment (SPI) Resolution and MOU

IV. FUTURE DISCUSSION/AGENDA ITEMS

V. FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES
   • January 27, 2016

VI. NEW BUSINESS

VII. SUMMARY – NEXT MEETING ...................................................... Sydney K. Kamlager

VIII. ADJOURNMENT

*Members of the public are allotted three minutes time to address the agenda issues.
If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Board meeting.
AGENDA FOR THE BUDGET AND FINANCE COMMITTEE MEETING

December 2, 2015

B. District Bond Resolution - Los Angeles CCD (2016 GO Bonds, Series I)
Subject: RESOLUTION AUTHORIZING ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS

Adopt Resolution dated January 16, 2016 (hereto attached and identified as Attachment 1), a resolution authorizing the issuance of 2008 Election General Bonds, Series I of an amount not-to-exceed $400 million to finance approved projects.

Background: The resolution by the Board of Trustees authorizes and directs execution of various documents and directs certain actions with respect to the execution and delivery of not-to-exceed $400 million general obligation bonds to provide the next round of funding for various capital projects in the master plan at all nine colleges of the Los Angeles Community College District. The resolution is a required first step in the issuance process; the County Board of Supervisors will subsequently approve its own resolution. The bonds are expected to be delivered on or about March, 2016.

Recommended by:  Francisco C. Rodriguez, Chancellor
Adriana D. Barrera, Deputy Chancellor

Chancellor and
Secretary of the Board of Trustees

By ___________________________ Date __________

Approved by: ____________________________

1/13/16
RESOLUTION NO. BF2

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE LOS ANGELES COMMUNITY COLLEGE DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF LOS ANGELES COMMUNITY COLLEGE DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) 2008 ELECTION GENERAL OBLIGATION BONDS, SERIES I, AND ACTIONS RELATED THERETO

WHEREAS, a duly called election was held in the Los Angeles Community College District (the “District”), Los Angeles County (the “County”), State of California, on November 4, 2008 (the “Election”) and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite fifty-five percent vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of $3,500,000,000, payable from the levy of an ad valorem tax against the taxable property in the District (the “Authorization”);

WHEREAS, on April 1, 2009, the District caused the issuance of the first series of bonds pursuant to the Authorization, in the aggregate principal amount of $350,000,000 and styled as “Los Angeles Community College District (County of Los Angeles, California) General Obligation Bonds, 2008 Election, 2009 Series A” (the “Series A Bonds”);

WHEREAS, concurrently with the issuance of the Series A Bonds, the District caused the issuance of an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $75,000,000 and styled as “Los Angeles Community College District (County of Los Angeles, California) General Obligation Bonds, 2008 Election, 2009 Taxable Series B”;

WHEREAS, on July 22, 2010, the District caused the issuance of an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $900,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) General Obligation Build America Bonds (Direct Subsidy), 2008 Election, 2010 Taxable Series E”;

WHEREAS, on August 10, 2010, the District caused the issuance an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $175,000,000 and styled as “Los Angeles Community College District (County of Los Angeles, California) General Obligation Bonds, 2008 Election, 2010 Series C” (the “Series C Bonds”);

WHEREAS, concurrently with the issuance of the Series C Bonds, the District caused the issuance of an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $125,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) General Obligation Bonds, 2008 Election, 2010 Taxable Series D”;

WHEREAS, on July 11, 2013, the District caused the issuance of an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $250,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) 2008 Election General Obligation Bonds, Series F”;
WHEREAS, on January 8, 2015, the District caused the issuance of an additional series of bonds pursuant to the Authorization, in the aggregate principal amount of $300,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) 2008 Election General Obligation Bonds, Series G (Tax-Exempt)” (the “Series G Bonds”); 

WHEREAS, concurrently with the Series G Bonds, the District caused the issuance of an additional series of bonds pursuant to the Authorization in the aggregate principal amount of $50,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) 2008 Election General Obligation Bonds, Series H (Federally Taxable)”;

WHEREAS, at this time this Board of Trustees (the “Board”) has determined that it is necessary and desirable to issue an additional series of bonds under the Authorization, in an aggregate principal amount not-to-exceed $400,000,000 and styled as “Los Angeles Community College District (Los Angeles County, California) 2008 Election General Obligation Bonds, Series I” (the “Bonds”), with such additional designations if the Bonds are sold in more than one Series, as further described herein;

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Government Code”), the Bonds are authorized to be issued by the District for purposes set forth in the ballot submitted to the voters at the Election;

WHEREAS, this Board desires to authorize the issuance of the Bonds in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (as such terms are defined herein);

WHEREAS, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds;

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law; and

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE LOS ANGELES COMMUNITY COLLEGE DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. Authorization for Issuance of the Bonds. To raise money for the purposes authorized by the voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code in one or more Series of Taxable or Tax-Exempt Current Interest Bonds, with appropriate series designations, all as more fully set forth in the executed Purchase Contract (as defined herein). The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (defined herein), shall be payable upon such terms and provisions as shall be set forth in the Bonds, and shall be in an aggregate principal amount not-to-exceed $400,000,000.

SECTION 2. Paying Agent. This Board hereby appoints the Paying Agent, as defined in Section 5 hereof, to serve as the paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. This Board hereby authorizes the payment of the reasonable fees
and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from ad valorem property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Section 15232 of the California Education Code.

SECTION 3. **Terms and Conditions of Sale.** The Bonds shall be sold upon the direction of the Chancellor or the Chief Financial Officer/Treasurer of the District, or such other officers or employees of the District as the Chancellor or the Chief Financial Officer/Treasurer may designate for such purpose (collectively, the “Authorized Officers”), and pursuant to such terms and conditions set forth in the Purchase Contract (defined herein). The Board hereby authorizes the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriters (as defined herein) to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District’s goal of achieving the lowest overall cost of funds.

SECTION 4. **Preparation of Purchase Contract.** The Board directs the preparation of the Purchase Contract by and between the District and the Underwriters (defined herein), subject to the limitations (i) that the interest rates on the Bonds shall not exceed the maximum rate permitted by law; and (ii) the underwriting discount on the Bonds, excluding original issue discount, shall not exceed 0.50% of the aggregate principal amount of Bonds actually issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to $400,000,000. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriters, will equal approximately 0.75% of the principal amount of the Bonds.

SECTION 5. **Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) "Beneficial Owner" means, when used with reference to book-entry Bonds registered pursuant to Section 6 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book-entry determination of ownership applicable to the Depository.

(b) "Bond Insurer" means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds.

(c) "Bond Payment Date" means, unless otherwise provided by the Purchase Contract, February 1 and August 1 of each year commencing on August 1, 2016 with respect to interest on the Bonds, and August 1 of each year, commencing August 1, 2016, with respect to payments of principal of the Bonds.

(d) "Bond Register" means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(e) "Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.
(f) "Continuing Disclosure Agreement" means that certain contractual undertaking executed by the District in connection with the issuance of the Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and relating to the Bonds, dated as of the date of issuance thereof, as amended from time to time in accordance with the provisions thereof.

(g) "Current Interest Bonds" means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(h) "Date of Delivery" means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Purchase Contract or Official Statement.

(i) "Depository" means the entity acting as securities depository for the Bonds pursuant to Section 6(c) hereof.

(j) "DTC" means The Depository Trust Company, 55 Water Street, New York, New York, 10041, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.

(k) "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(l) "Holder" or "Owner" means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 6 hereof.

(m) "Information Services" means Financial Information, Inc.'s Financial Daily Called Bond Service; Mergent, Inc.'s Called Bond Department; or Standard & Poor's J.J. Kenny Information Services' Called Bond Service.

(n) "Long Current Interest Bonds" means Current Interest Bonds that mature more than 30 years from their Date of Delivery.

(o) "Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such
corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.

(p) “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(q) “Non-AMT Bonds” means obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, that are legal investments pursuant to Section 53601 of the Government Code.

(r) “Official Statement” means the Official Statement for the Bonds, as described in Section 17 hereof.

(s) “Outstanding” means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Bonds canceled at or prior to such date;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 19 of this Resolution.

(t) “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(u) “Paying Agent” means initially the Treasurer, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds. The Treasurer is authorized to contract with a third party to carry out the services of Paying Agent hereunder, and The Bank of New York Mellon Trust Company, N.A., is hereby approved as the initial agent of the Treasurer to act as Paying Agent.

(v) “Permitted Investments” means (i) any lawful investments permitted by Section 16429.1 and Section 53601 of the Government Code, including Non-AMT Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the California State
Treasurer, (v) the County investment pool described above, and (vi) State and Local
Government Series Securities.

(w) **"Principal" or "Principal Amount"** means, with respect to any Bond, the
initial principal amount thereof.

(x) **"Purchase Contract"** means the contract or contracts for purchase and sale of
the Bonds, by and between the District and the Underwriters named therein. To the extent the
Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the
form presented to the Board, with such changes therein, deletions therefrom and modifications
thereto as the Authorized Officer executing the same shall approve.

(y) **"Qualified Non-AMT Mutual Fund"** means stock in a regulated investment
company to the extent that at least 95% of the income of such regulated investment company is
interest that is excludable from gross income under Section 103 of the Code and not an item of
tax preference under Section 57(a)(5)(C) of the Code.

(z) **"Qualified Permitted Investments"** means (i) Non-AMT Bonds, (ii)
Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by an opinion
of Bond Counsel to the effect that such investment would not adversely affect the tax-exempt
status of the Bonds, and (iv) Permitted Investments of proceeds of the Bonds, and interest
earned on such proceeds, held not more than thirty days pending reinvestment or Bond
redemption. A guaranteed investment contract or similar investment agreement (e.g. a forward
supply contract, GIC, repo, etc.) does not constitute a Qualified Permitted Investment.

(aa) **"Record Date"** means the close of business on the 15th day of the month
preceding each Bond Payment Date.

(bb) **"Series"** means any Bonds executed, authenticated and delivered pursuant to
the provisions hereof identified as a separate series of Bonds.

(cc) **"S&P"** means Standard & Poor’s Ratings Services, a Standard & Poor’s
Financial Services LLC business, its successors and assigns, or, if such entity shall be dissolved
or liquidated or shall no longer perform the functions of a securities rating agency, such other
nationally recognized securities rating agency designated by the District.

(dd) **"Taxable Bonds"** means any Bonds not issued as Tax-Exempt Bonds.

(ee) **"Tax-Exempt Bonds"** means any Bonds the interest on which is excludable
from gross income for federal income tax purposes and is not treated as an item of tax
preference for purposes of calculating the federal alternative minimum tax, as further described
in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

(ff) **"Term Bonds"** means those Bonds for which mandatory redemption dates
have been established in the Purchase Contract.

(gg) **"Transfer Amount"** means, with respect to any Outstanding Bond, the
principal amount.

(hh) **"Treasurer"** means the Treasurer and Tax Collector of the County.
(ii) “Underwriters” means the underwriters of the Bonds that shall be named in the Purchase Contract.

SECTION 6. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be issued as fully registered Current Interest Bonds registered as to both principal and interest, in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of DTC.

Each Bond shall be dated as of the Date of Delivery, and shall bear interest at the rates set forth in the Purchase Contract, from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Date of Delivery. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional redemption prior to maturity or mandatory sinking fund redemption as provided in the Purchase Contract or the Official Statement.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

The Purchase Contract may provide that (i) in the event that a portion of any Term Bond is optionally redeemed prior to maturity pursuant to Section 6(b)(i) hereof, the remaining mandatory sinking fund payments with respect to such Term Bonds shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed, and (ii) within a maturity, Bonds shall be selected for redemption on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Redemption Notice. When redemption is authorized or required pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole)
which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice:

1. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

2. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Depository.

3. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

4. Such Redemption Notice shall be given such other persons as may be required pursuant to the Continuing Disclosure Agreement.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

With respect to any Redemption Notice of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such
moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

(iv) **Partial Redemption of Bonds.** Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(v) **Effect of Redemption Notice.** Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof, as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(vi) **Bonds No Longer Outstanding.** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust as provided in Section 19 hereof for the payment of the redemption price of such Bonds or portions thereof, and accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

(c) **Book-Entry System.**

(i) **Election of Book-Entry System.** The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination. The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the
District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal of, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of principal of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

(1) Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository’s book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository’s book-entry program.

(2) Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 6(c).
(3) Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Bonds are held in book entry form and registered in the name of the Nominee, all payments by the District or the Paying Agent with respect to principal of and premium, if any, or interest on the Bonds and all notices with respect to such Bonds, including notices of redemption, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise required or instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

(4) Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any
Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository’s failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Bonds.

SECTION 7. Execution of the Bonds. The Bonds shall be signed by the President of the Board, or other member of the Board authorized to sign on behalf of the President, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary of the Board, or the designee thereof, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. Paying Agent; Transfer and Exchange. So long as any of the Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary; but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District’s liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and principal amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.
If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the District as provided in Section 7. In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

SECTION 9. Payment. Payment of interest on any Bond shall be made on any Bond Payment Date to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of One Million Dollars ($1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent.
The principal of, premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are obligations of the District payable solely from the levy of ad valorem property taxes upon all property with the District subject to taxation, which taxes shall be unlimited as to rate or amount. The Bonds do not constitute an obligation of the County and no part of any fund of the County is pledged or obligated to the payment of the Bonds.

SECTION 10. Forms of Bonds. The Bonds shall be in substantially the form as set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein.

SECTION 11. Delivery of Bonds. The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the Underwriters upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Bonds. (a) The purchase price received from the Underwriters pursuant to the Purchase Contract, to the extent of the principal amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the “Los Angeles Community College District 2008 Election General Obligation Bonds, Series I Building Fund” (the “Building Fund”) of the District, shall be kept separate and distinct from all other District and County funds, and such proceeds shall be used solely for the purposes for which the Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the District at the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. The Building Fund may contain subaccounts, as appropriate, if the Bonds are sold in more than one Series.

The purchase price received from the Underwriters pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the “Los Angeles Community College District 2008 Election General Obligation Bonds, Series I Debt Service Fund” (the “Debt Service Fund”) for the Bonds and used for payment of principal of and interest on the Bonds, and for no other purpose. The Debt Service Fund may contain subaccounts, as appropriate, if the Bonds are sold in more than one Series. Interest earnings on monies held in Building Fund shall be retained therein. Interest earnings on monies held in the Debt Service Fund shall be retained therein. Any excess proceeds of the Bonds on deposit in the Building Fund not needed for the authorized purposes set forth herein for which the Bonds are being issued shall, upon written notice from the District, be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriters upon the sale of the Bonds, or from the principal amount of the Bonds received from the Underwriters. To the extent costs of issuance are paid from such principal amount, the District may direct that a portion thereof, in an amount not-to-exceed 2.0% of such principal amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose.
(b) Moneys in the Debt Service Fund and the Building Fund shall be invested, after consultation with the County, in Permitted Investments. If at the time of issuance the District determines to issue the Bonds as Tax-Exempt Bonds without regard to the Internal Revenue Code “temporary period” restrictions, all investment of Bond proceeds shall be subject to paragraph (1) below; and the District, in consultation with the County, may provide for an agent to assist the County in investing funds pursuant to paragraph (1) below. If the District fails to direct the County or its agent, as the case may be, the County or its agent shall invest or cause the funds in the Building Fund to be invested in Qualified Permitted Investments, subject to the provisions of paragraph (1) below, until such time as the District provides written direction to invest such funds otherwise. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The interest earned on the moneys deposited to the Building Fund shall be applied as set forth in subparagraph (1)(C) below:

(1) Covenant Regarding Investment of Proceeds.

(A) Permitted Investments. Beginning on the delivery date, and at all times until expenditure for authorized purposes, not less than 95% of the proceeds of the Bonds deposited in the Building Fund, including investment earnings thereon, will be invested in Qualified Permitted Investments. Notwithstanding the preceding provisions of this Section, for purposes of this paragraph, amounts derived from the disposition or redemption of Qualified Permitted Investments and held pending reinvestment or redemption for a period of not more than 30 days may be invested in Permitted Investments. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years.

(B) Recordkeeping and Monitoring Relating to Building Fund.

i. Information Regarding Permitted Investments. The District hereby covenants that it will record or cause to be recorded with respect to each Permitted Investment in the Building Fund the following information: purchase date; purchase price; information establishing the Fair Market Value of such Permitted Investment; face amount; coupon rate; periodicity of interest payments; disposition price; disposition date; and any accrued interest received upon disposition.

ii. Information in Qualified Non-AMT Mutual Funds. The District hereby covenants that, with respect to each investment of proceeds of the Bonds in a Qualified Non-AMT Mutual Fund pursuant to paragraph (1)(A) above, in addition to recording, or causing to be recorded, the information set forth in paragraph (1)(B)(i) above, it will retain a copy of each IRS information reporting form and account statement provided by such Qualified Non-AMT Mutual Fund.

iii. Monthly Investment Fund Statements. The District covenants that it will obtain, at the beginning of each month following the delivery date, a statement of the investments in the Building Fund detailing the nature, amount and value of each investment as of such statement date.

iv. Retention of Records. The District hereby covenants that it will retain the records referred to in paragraph (1)(B)(i) and each IRS information reporting form referred to in paragraph (1)(B)(ii) with its books and records with
respect to the Bonds until three years following the last date that any obligation comprising the Bonds is retired.

(C) Interest Earned on Permitted Investments. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund.

Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the principal of and interest on the Bonds when due.

SECTION 13. Rebate Fund. The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the “Los Angeles Community College District 2008 Election General Obligation Bonds, Series I Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the “Tax Certificate”).

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).
(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.
SECTION 14. Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct ad valorem property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District and use for the payment of the principal of and interest on the Bonds when and as the falls due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such ad valorem tax in accordance with this Section 14. Pursuant to Section 53515 of the Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of ad valorem taxes for the payment thereof.

Pursuant to Government Code sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection ad valorem taxes for the payment of the Bonds and all amounts on deposit in the Debt Service Fund to the payment of the Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal and interest. DTC will thereupon make payments of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to California Education Code Section 15234.

SECTION 15. Arbitrage Covenant. The District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed thereunder or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

SECTION 16. Conditions Precedent. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 17. Official Statement. A Preliminary Official Statement relating to the Bonds is hereby authorized to be prepared. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriters a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds, and such Underwriters are directed to deliver copies of any final Official
Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District’s approval of the Official Statement.

SECTION 18. Insurance. In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal of interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of such principal or interest, and shall be fully subrogated to all of the Owners’ rights, including the Owners’ rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest the Paying Agent shall note the Bond Insurer’s rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 19. Defeasance. All or any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with any amounts transferred from the Debt Service Fund and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the
SECTION 20. Nonliability of County. Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County’s full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from ad valorem property taxes lawfully levied to pay the principal of or interest on the Bonds, which taxes shall be unlimited as to rate or amount.

SECTION 21. Reimbursement of County Costs. The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

SECTION 22. Request to County to Levy Tax. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of ad valorem property taxes in each year sufficient to pay all principal of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all such principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The Board hereby finds and determines that such ad valorem taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election.

SECTION 23. Other Actions. (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby authorizes the appointment of such Underwriters as shall be identified in the Purchase Contract. To the extent the Bonds are sold pursuant to more than one Purchase Contract, the Board hereby authorizes the appointment of senior manager and such other co-managers as shall be identified therein. The Board hereby appoints KNN Public Finance, a Division of Zions Bank, as Financial Advisor, Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Hawkins Delafield & Wood LLP and Luna & Glushon as Co-Disclosure Counsel, all with respect to the issuance of the Bonds.

(c) The provisions of this Resolution as they relate to the Bonds may be amended by the Purchase Contract or the Official Statement.

(d) To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of
such Long Current Interest Bonds, as shall be further evidenced by a certificate of the District substantially to such effect.

SECTION 24. **Resolution to County Treasurer-Tax Collector.** The Secretary of this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 25. **Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Agreement executed by the District and dated as of the Date of Delivery, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Authorized Officers, each alone, are hereby authorized to execute the Continuing Disclosure Agreement with such changes thereto as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such execution and delivery. Noncompliance with the Continuing Disclosure Agreement shall not result in acceleration of the Bonds.

SECTION 26. **Effective Date.** This Resolution shall take effect immediately upon its passage.

SECTION 27. **Further Actions Authorized.** It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

[REMAINDER OF PAGE LEFT BLANK]
SECTION 28. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

PASSED, ADOPTED AND APPROVED this 13th day of January 2016, by the following vote:

AYES: MEMBERS

NOES: MEMBERS

ABSTAIN: MEMBERS

ABSENT: MEMBERS

_________________________
President of the Board of Trustees
Los Angeles Community College District

ATTEST:

_________________________
Secretary of the Board of Trustees
Los Angeles Community College District
SECRETARY’S CERTIFICATE

I, Dr. Francisco Rodriguez, Ph.D., Chancellor and Secretary of the Board of Trustees of the Los Angeles Community College District, Los Angeles County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly and legally held at the regular meeting place thereof on January 13, 2016, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes.

Said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: January 13, 2016

Chancellor and Secretary of the Board of Trustees of the Los Angeles Community College District
EXHIBIT A
FORM OF BONDS

REGISTERED NO. $ 

LOS ANGELES COMMUNITY COLLEGE DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
2008 ELECTION GENERAL OBLIGATION BONDS, SERIES I

INTEREST RATE: MATURITY DATE: DATED AS OF: CUSIP
_____% per annum August 1, ______ _____, 2016

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Los Angeles Community College District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing on August 1, 2016. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it shall bear interest from the Date of Delivery. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially The Bank of New York Mellon Trust Company, N.A, as agent of the Treasurer and Tax Collector of Los Angeles County. Principal is payable upon presentation and surrender of this bond at the principal corporate trust office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the bond register maintained by the Paying Agent at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Bonds in the aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general
election held on November 4, 2008 (the “Election”), upon the question of issuing bonds in the amount of $3,500,000,000 and the resolution of the Board of Trustees of the District adopted on January 13, 2016 (the “Bond Resolution”). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of ad valorem property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252. Pursuant to California Government Code Section 535515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such ad valorem taxes.

Pursuant to California Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection ad valorem taxes for the payment of the Bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

The bonds of this issue comprise $______ principal amount of current interest bonds, of which this bond is a part (collectively, the “Bonds”).

This bond is exchangeable and transferable for Bonds of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal corporate trust office of the Paying Agent in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 16th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any Bond which has been selected or called for redemption in whole or in part.

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August 1, 20__ at a redemption price equal to the principal amount of the Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on August 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:
Redemption Dates  Principal Amounts

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the Paying Agent in such manner as the Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]
IN WITNESS WHEREOF, the Los Angeles Community College District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the Secretary of the Board of Trustees of the District, all as of the date stated above.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

By: ______________________ (Facsimile Signature)
    President of the Board of Trustees

COUNTERSIGNED:

__________________________ (Facsimile Signature)
    Secretary of the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2016.

By: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. as agent of the TREASURER AND TAX COLLECTOR OF LOS ANGELES COUNTY, as Paying Agent

__________________________
    Authorized Officer
ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee):
this bond and irrevocably constitutes and appoints attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: ____________________________

Signature Guaranteed: ____________________________

Notice: The assignor’s signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: ______

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

(Facsimile Signature)
Secretary of the Board of Trustees

A-5
Date: November 23, 2015

To: Jeanette Gordon
Los Angeles Community College District

From: David Brodsky and Justin Rich
KNN Public Finance

Re: Los Angeles Community College District 2016 General Obligation Bond Plan of Finance

The following is a summary regarding the plans and expectations for the District’s upcoming general obligation bond issue.

**New money needs:** KNN and District staff have reviewed recent cashflow projections for your construction program, which project that your current balance of about $180 million in bond proceeds (as of October 31) will be fully expended by May of next year. The cashflow projects an average expenditure of about $52 million a month through March, 2017. Based on that cashflow and your desire to maintain a reasonable balance in the construction account, we are recommended a $400 million new money bond issue for early next year.

**Legal Authorization:** In order to sell bonds, the District needs to adopt a resolution at least 60 days prior to the closing date of a new issue. To allow for the earliest possible closing, we recommend that the financing resolution be brought to the Board of Trustees in January (at its January 13 meeting). As a result, the resolution should be considered by the Budget & Finance Committee meeting of December 2. The balance of the financing documents, most importantly, the preliminary official statement (which is the offering document for investors), would be considered subsequently by the Budget and Finance Committee (January 27, 2016) and the Board of Trustees (February 10, 2016).

**Underwriter Selection:** Late in 2014, the District established an underwriting pool from which to select the firms that will underwrite bond issues over the subsequent three years. To date, two bond issues have been issued through members of this pool. In order to select the firms for the next transaction, we have issued a Request for Information from all these underwriting firms. We will work with staff to develop recommendations, based on these supplemental proposals, along with the firm's original submission in 2014 and consistent with the District's debt policy, as to the senior managing underwriter and the balance of the underwriting team. These recommendations will be presented along with the preliminary official statement at the latter set of meetings.

**Status of Bond Program:** District voters have approved three bond measures in the past 15 years: Proposition A ($1,245,000,000 in 2001), Proposition AA ($980,000,000 in 2003) and Measure J ($3,500,000 in 2008). All of the Proposition A and AA authorization has been issued, as has $2,225,000 of Measure J; $1,525,000,000 in bond authorization remains outstanding. After the next issue, $1,125,000,000 in authorization will remain available. Recent bond issues have been structured to bring the tax rate close to the statutory maximum of $25 per $100,000 in assessed valuation. As a result of this strategy, all of the remaining authorization can be issued in the next few years within that tax rate constraint.
Attached is a PowerPoint presentation summarizing the recommended plan of finance for the upcoming general obligation bond issues. The current plan is to sell up to $350 million in new money bonds and as many as $1.75 billion in refunding bonds.

The new money bond issue is expected to meet the District’s cashflow needs for the next 11 months. We would anticipate another issue next summer, so as to ensure that adequate funding is always available to the capital program. A portion of the new money bonds may be sold at taxable interest rates to fund projects that have “private activity,” allowing you to build facilities that can be used in public-private partnerships.

Because interest rates have fallen throughout the year, you have tremendous refunding opportunities. While most of the refundings will be advance refundings, and therefore will fund escrows for future bond calls, the efficiency of the refundings is high. The amount of net savings well exceeds the inefficiency in the escrow from low interest earnings. (This inefficiency, deriving from the difference between the maximum interest rate an escrow can legally earn and the amount it actually earns, is referred to as “negative arbitrage. A common rule of thumb is that net present value savings should be greater than the amount of negative arbitrage). We anticipate that cumulative present value savings will be above 10% of refunded bonds, and that savings will be at least twice the amount of negative arbitrage.

Also attached and following our presentation is the memo that was previously released, which further describes the plan of finance and the underwriting appointments for the first series.
AGENDA FOR THE BUDGET AND FINANCE COMMITTEE MEETING

December 2, 2015

C. Specific Purpose Investment (SPI) Resolution and MOU
SUBJECT: ADOPT RESOLUTION TO ALLOW SPECIFIC INVESTMENTS

Adopt Resolution dated December 9, 2015 authorizing the Execution of a Memorandum of Understanding Directing the Specific Investment of Excess District Funds by the Los Angeles County Treasurer and Tax Collector.

Background: The adoption of the Resolution by the Board of Trustees allows staff to direct the Los Angeles County to make specific investments of specific amount of excess funds in order to generate a higher interest rate.

Recommended by: Adriana D. Barrera, Deputy Chancellor

Approved by: Francisco C. Rodriguez, Chancellor

Chancellor and Secretary of the Board of Trustees

By ________________ Date ________________

WHEREAS, the [Board of Trustees] or [Governing Board] ("Board") of the [District or Agency] ("District") has excess funds available for investment by the office of the Los Angeles County Treasurer and Tax Collector ("Treasurer"); and

WHEREAS, specific investment objectives of the District may require that all or a portion of these funds be invested in instruments other than the Los Angeles County Pooled Surplus Investment fund; and

WHEREAS, the Board is aware that the Treasurer, upon request and with approval of the Board, will make specific investments at the request of and on behalf of the District pursuant to a Memorandum of Understanding ("MOU"); and

WHEREAS, the Board has determined that it is desirable for the Treasurer, on behalf of the District, to make certain specific investments at the District's request. In making this determination, the Board is aware that the investment of excess funds in specific investments represent a commitment of such funds for a designated period of time; and

WHEREAS, the Board acknowledges and fully understands that a request by the District directing the Treasurer to liquidate a specific investment prior to the investment's maturity date may result in a loss of principal and/or anticipated income as a result of such liquidation; and

WHEREAS, the Board hereby agrees to the payment of fees to the Treasurer for services related to the investment of excess funds, as detailed in the "Los Angeles County Treasurer Specific Purpose Investment Fee Schedule," which may be amended from time to time, a copy of which is attached hereto as Attachment A.

WHEREAS, the following District positions and their designees, if applicable, are designated and authorized to commit District funds to be specifically invested by the Treasurer, until this designation is revoked or amended by the Board and delivered to the Treasurer in writing:

Authorized Position(s)
NOW, THEREFORE, BE IT RESOLVED BY THE [BOARD OF TRUSTEES] OR [GOVERNING BOARD] OF THE [DISTRICT OR AGENCY] AS FOLLOWS:

SECTION 1. The names, titles, and specimen signatures of the persons currently holding the positions designated herein and contained in Attachment B are authorized to make specific investments of the District's excess funds with the Treasurer. The Board Secretary shall revise and deliver to the Treasurer any changes to Attachment B as they occur. The Treasurer may rely on the latest authorized list received from the District.

SECTION 2. The District agrees to indemnify the County, Treasurer, their employees and representatives, and hold them harmless against, any loss of principal or interest, liability or expense incurred without gross negligence or bad faith on the Treasurer's part, arising out of or in connection with its acceptance or administration of its duties hereunder.

SECTION 3. Approval of the form of Memorandum of Understanding for the investment of funds in specific instruments, substantially in the form attached.

SECTION 4. The District will [be assumed to] implement [adopt] the County's investment policy [should it decide to forego the preparation of a District Specific Investment Policy].

PASSED AND ADOPTED this ____ day of ______________, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

[BOARD OF TRUSTEES] OR [GOVERNING BOARD] OF THE
____________________________________________ DISTRICT

President
Attest:

[Secretary to the Board or Clerk of the Board]
Los Angeles County Treasurer
Specific Purpose Investment (SPI) Fee Schedule

<table>
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<tr>
<th>Tier</th>
<th>Portfolio Size (PS)</th>
<th>Fee</th>
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<tr>
<td>1</td>
<td>Less than $200 million</td>
<td>5 basis points of the PS</td>
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<td>2</td>
<td>From $200 million to less than $1 billion</td>
<td>Tier 1 maximum, plus 3 basis points of the PS in Tier 2</td>
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<td>3</td>
<td>From $1 billion to less than $2 billion</td>
<td>Tier 2 maximum, plus 1 basis point of the PS in Tier 3</td>
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<tr>
<td>4</td>
<td>From $2 billion to the portfolio's balance</td>
<td>Tier 3 maximum, plus .75 basis point of the PS in Tier 4</td>
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Fees will be calculated and charged based on the historical cost of the portfolio for each calendar day in a month, one month in arrears. The Treasurer will exclude investments in the State of California Local Agency Investment Fund (LAIF) and any Guaranteed Investment Contracts (GIC) when calculating the historical cost of the portfolio, as fees for LAIF and GIC investments will be calculated based on the fee schedules delineated below.

State of California Local Agency Investment Fund (LAIF) | 2.5 basis points, to a maximum of $5,000 per annum

Fees will be calculated and charged based on the historical cost of the LAIF investment for each calendar day in a month, one month in arrears.

Guaranteed Investment Contracts (GIC) | 2.5 basis points, to a maximum of $5,000, of the initial investment of each GIC.

Fees will be calculated and charged based on the initial investment of each GIC. Accordingly, this is a one-time fee.

Fee for the Release of Securities | $380 per Free Release Transaction
Authorized List of Designees for the [ ] District

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<th>Name</th>
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Date: , 2015
[CLERK_S OR SECRETARY_S] CERTIFICATE

I, ______________________, [Clerk of the Board or Secretary of the Board of Trustees] of the ____________________ District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the [Board of Trustees] or [Governing Board] of said District duly and regularly and legally held at the regular meeting place thereof on ________________, 2015, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Date: ________________, 2015

[Secretary or Clerk]
MEMORANDUM OF UNDERSTANDING
between the
[Board of Trustees] or [Governing Board] ("Board") of the [District or Agency] ("District")
and the
Los Angeles County Treasurer and Tax Collector

This Memorandum of Understanding (MOU) or "Agreement" is entered into between the
[Board of Trustees] or [Governing Board] ("Board") of the [District or Agency] ("District")
and the Los Angeles County Treasurer and Tax Collector ("Treasurer").

RECITALS

WHEREAS, the District may from time to time have excess funds available for
investment by the Treasurer; and

WHEREAS, specific investment objectives of the District may require that all or a
portion of these funds be invested in instruments other than the Los Angeles County
Pooled Surplus Investment fund; and

WHEREAS, upon request and with approval of the Board, the Treasurer will
make specific investments on its behalf; and

WHEREAS, the specific investments requested shall be in compliance with the
Treasurer’s then current investment policy adopted by the Board of Supervisors; and

WHEREAS, the Board has determined that it is desirable for the Treasurer, on its
behalf, to establish a Specific Purpose Investment (SPI) program by making certain
specific investments at the Board’s request. In making this determination, the Board is
aware that the investment of excess funds in specific investments represent a
commitment of such funds for a designated period of time; and

WHEREAS, the Board acknowledges and fully understands that a request by the
District directing the Treasurer to liquidate a specific investment prior to the investment’s
maturity date may result in a loss of principal and/or anticipated income as a result of
such liquidation; and

WHEREAS, the Board hereby agrees to the payment of any fees to the
Treasurer for trade executions, accounting and custodial services related to the setup
and maintenance of a SPI program on its behalf; and

WHEREAS, the Board acknowledges that the details of the fees the Treasurer
will charge related to the SPI program is detailed in the then most current "Los Angeles
County Treasurer Specific Purpose Investment Fee Schedule," which may be amended
from time to time, a copy of which is attached hereto as Attachment A and incorporated
by this reference.
Memorandum of Understanding
Specific Purpose Investment Program
Page 2

NOW THEREFORE, it is mutually understood and agreed to as follows:

I. PARTIES

This MOU constitutes an agreement between the District and the Treasurer for the Treasurer to establish a SPI program at the request of the District.

II. PURPOSE

The purpose of this MOU is to define the roles and responsibilities of the District and the Treasurer related to the Board’s request for the establishment and maintenance of a SPI program for the District. The MOU also provides for the compensation the District shall pay to the Treasurer for the Treasurer’s actions taken at the request of the District, including compensation for trade executions, accounting services, custodial services, and securities releases.

III. DISTRICT RESPONSIBILITIES

- The District hereby acknowledges that all investments shall be governed by the then current Los Angeles County Investment Policy, as the same may be amended from time to time and which shall be known as the "Investment Policy".

- As part of this MOU, the District shall provide the Treasurer with a list of positions and/or authorized personnel designated and approved to commit District funds to be specifically invested by the Treasurer. Any transaction which would result in the recognition of a loss exceeding $100,000 per transaction, calculated using amortized cost, must be approved by two authorized District personnel.

- The District shall establish a system of internal controls that is sufficient to ensure that those who contact the Treasurer’s Investment Office to conduct the District’s business have proper means to identify themselves and are properly authorized to enter into any investment transactions they request on the District’s behalf.

- The District is responsible for providing the Treasurer’s Investment Office with specific instructions for all investment transactions (e.g., instrument type, minimum credit quality, and duration or maturity).

- The District authorizes the Treasurer to settle trades on behalf of the District through the Treasurer’s custodial bank, and to place the District’s securities in custody at the Treasurer’s custodial bank.
Memorandum of Understanding
Specific Purpose Investment Program
Page 3

The District authorizes the Treasurer’s Internal Controls Branch to calculate any fees that the District becomes obligated to pay to the Treasurer for trade executions, accounting, and custodial services related to the SPI program, based on the fee schedule in Attachment A. The District authorizes the Treasurer’s Internal Controls Branch to charge the District’s fund monthly, in arrears, for these fees. The Treasurer shall fully account to the District for all such fees and charges on a monthly basis as provided below.

IV. TREASURER RESPONSIBILITIES

- The Treasurer’s Investment Office will execute trades at the request of the District. The Treasurer shall settle trades through the Treasurer’s custodial bank and place the securities purchased for the District in custody at the Treasurer’s custodial bank. At the request of the District, the Treasurer will release any such securities to a custodial bank identified by the District, and will charge the District a fee for such release as provided in the fee schedule in Attachment A.

- In executing trades for the District, the Treasurer’s Investment Office is not acting in a fiduciary or investment advisory capacity for the District. The Treasurer’s Investment Office can provide the District with general information regarding market conditions or yields by investment instrument type, duration, or credit rating. However, the Investment Office will not provide investment advice by recommending investment in any particular instrument, or investment of any specific duration.

- The Treasurer’s Internal Controls Branch shall establish a distinct SPI portfolio on the Treasurer’s investment accounting system and will account for all trades on a settlement date basis.

- The Treasurer’s Internal Controls Branch shall prepare from the Treasurer’s accounting software system, the following monthly reports:

  1. Purchase Detail Report
  2. Chronological Detail Report
  3. Earnings Report
  4. Custom Position Report by Instrument Type
  5. Position by Issuer Report

- Upon receipt of the District’s list of designated persons authorized to commit District funds, the County shall rely upon such designations until the County has received written notice from the District that the designations are revoked or amended. The positions, as well as the names and specimen signatures of the persons currently holding the designated positions, are contained in Attachment B, which is attached hereto and incorporated herein by this
Memorandum of Understanding
Specific Purpose Investment Program
Page 4

reference. The Treasurer may rely on the latest authorized list received from the District.

- The Treasurer shall not be required to accept in-kind deposits of securities into the District’s SPI account for purposes of investment or trading.

V. AMENDMENTS TO THE MOU

Any changes to the MOU must be accomplished by written consent of both parties. This excludes revisions to the Specific Purpose Investment Fee Schedule (Attachment A), which the Treasurer may revise by giving the District 60 days’ advance notice, and revisions to the District’s Authorized List of Designees (Attachment B) which the District may revise as necessary at any time, without advance notice to the Treasurer.

VI. EFFECTIVE DATE OF MOU

The District shall adopt by resolution an investment policy, which provides for the implementation of a SPI program. A certified copy of the resolution shall be provided to the Treasurer. The MOU shall become effective upon approval by the Board of the District and execution of the MOU.

VII. TERMINATION OF MOU

Either party may terminate this MOU for convenience by giving the other party thirty (30) days’ written notice.

VIII. ASSIGNMENT AND DELEGATION OF DUTIES

This MOU may not be assigned or subcontracted by the Treasurer. As between the District and the Treasurer, the duties of the District shall be its exclusively, regardless of its reliance upon the advice of any financial advisors it retains.
IX. INDEMNIFICATION AND LIABILITY

The District shall indemnify, defend and hold harmless the Treasurer, the County of Los Angeles, and their elected and appointed officers, employees and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with the District's acts or omissions arising from or relating to this MOU.

The Treasurer and the County of Los Angeles shall indemnify, defend, and hold harmless the District and its elected and appointed officers, employees and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees) arising from or connected with the Treasurer's acts or omissions arising from or relating to this MOU.

X. ENTIRE AGREEMENT

This MOU along with Attachments A and B constitutes the entire understanding and agreement of the parties. The MOU includes the following Attachments:

A. Los Angeles County Treasurer Specific Purpose Investment (SPI) Fee Schedule
B. List of Designated Positions
SIGNATURES

IN WITNESS HEREOF, the parties hereto have signed their names and executed this MOU through their duly authorized officers this _______ day of _________ , ______.

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR

[BOARD OF TRUSTEES] OR [GOVERNING BOARD] ("BOARD") OF THE [DISTRICT OR AGENCY] ("DISTRICT")

By: ___________________________________________________________
    Joseph Kelly
    Treasurer and Tax Collector

By: ___________________________________________________________
    Chair

APPROVED AS TO FORM:

[Name of the County Counsel]
COUNTY COUNSEL

By: ___________________________________________________________
    Cammy C. DuPont
    Principal Deputy County Counsel
## Los Angeles County Treasurer
### Specific Purpose Investment (SPI) Fee Schedule

<table>
<thead>
<tr>
<th>Tier</th>
<th>Portfolio Size (PS)</th>
<th>Fee</th>
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<tbody>
<tr>
<td>1</td>
<td>Less than $200 million</td>
<td>5 basis points of the PS</td>
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<tr>
<td>2</td>
<td>From $200 million to less than $1 billion</td>
<td>Tier 1 maximum, plus 3 basis points of the PS in Tier 2</td>
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<tr>
<td>3</td>
<td>From $1 billion to less than $2 billion</td>
<td>Tier 2 maximum, plus 1 basis point of the PS in Tier 3</td>
</tr>
<tr>
<td>4</td>
<td>From $2 billion to the portfolio's balance</td>
<td>Tier 3 maximum, plus .75 basis point of the PS in Tier 4</td>
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Fees will be calculated and charged based on the historical cost of the portfolio for each calendar day in a month, one month in arrears. The Treasurer will exclude investments in the State of California Local Agency Investment Fund (LAIF) and any Guaranteed Investment Contracts (GIC) when calculating the historical cost of the portfolio, as fees for LAIF and GIC investments will be calculated based on the fee schedules delineated below.

**State of California Local Agency Investment Fund (LAIF)**

| 2.5 basis points, to a maximum of $5,000 per annum |

Fees will be calculated and charged based on the historical cost of the LAIF investment for each calendar day in a month, one month in arrears.

**Guaranteed Investment Contracts (GIC)**

| 2.5 basis points, to a maximum of $5,000, of the initial investment of each GIC |

Fees will be calculated and charged based on the initial investment of each GIC. Accordingly, this is a one-time fee.

**Fee for the Release of Securities**

| $380 per Free Release Transaction |
Memorandum of Understanding
Specific Purpose Investment Program

Authorized List of Designees for the [ ] District

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Specimen Signature</th>
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Date: [ ], 2015