

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES - BUDGET & FINANCE COMMITTEE
Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, May 25, 2016
2:00 p.m. – 3:45 p.m.**

Committee: Sydney K. Kamlager, Chair; Ernest H. Moreno, Vice Chair; Mike Eng, Member

Trustee Kamlager called the meeting to order at 2:04 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

There being no objection, Trustee Kamlager took out of order the following items:

- Selection of Bond Underwriter Update
- Adopt Resolution Approving Forms of Preliminary Official Statement and Bond Purchase Contract.

Selection of Bond Underwriter Update

A Document entitled "Office of the Chancellor, May 25, 2016" was distributed.

Chancellor Francisco C. Rodriguez stated that due to a variety of important reasons the Committee requested that the Bond Review Panel reconvene in order to review the syndicate structure recommendations for the upcoming LACCD general obligation bond issuance. He indicated that the Committee will be asked at the end of the presentations to consider three separation actions of recommendation for the full Board.

Trustee Eng posed the following question:

For the record: Was original pool re-opened and if so, what was the basis?

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, responded that the Budget & Finance Committee expressed its desire to incorporate additional SLEDVB firms into the syndicate.

Chancellor Rodriguez noted that the designated firms were not described appropriately in the KNN Public Finance memorandum that was provided to the Committee on February 10, 2016. He indicated that the term "Small, Minority, Businesses" was utilized, which does not conform to the term SLEDVB as described in the LACCD Debt Policy. He stated that this has since been corrected and is currently appropriate and consistent with the Debt Policy term SLEDVB.

Trustee Eng stated that he was the individual that challenged the appropriateness of the KNN report date February 10, 2016.

For the record: Trustee Eng noted that he was disappointed that KNN Public Finance provided a document that was not in compliance with the Board’s policy and could have been considered as unlawful and could have incurred liability to the LACCD because the terms utilized were not only inconsistent with Board policy but possibly were not consistent with Federal, State, and local laws with regards to designation of preferences.

Trustee Eng continued with the following questions:

- With respect to The Williams Company, what is its status in the underwriting pool?

Mr. David Brodsky, Managing Director, KNN Public Finance, A Division of Zions First National Bank, responded that The Williams Company originally qualified as a full potential underwriter and is included in the pool positioned between eleven and twelve.

- With respect to the five SLEDVB firms being added to the pool, how was the ranking determined.

Mr. Brodsky indicated that the Selection Committee (external panel) made the recommendations for the ranking.

- With respect to the underwriting pool--twelve plus five--who made the recommendations?

Mr. Brodsky responded the Selection Committee.

For the record: Trustee Eng stated that he intends to vote for the Bond Underwriter pool recommendation with the understanding that the current pool of 17 entities are limited to the allocation of \$300 million. However in the next allocation, if he is in a position to vote on it, he would recommend that a new pool be considered because conditions and the financial status of those entities may have changed in the future and there may be new entities to be considered.

Motion by Trustee Moreno, seconded by Trustee Eng, to recommend to the full Board the expansion of the bond underwriting pool.

APPROVED: 3 Ayes

Chancellor Rodriguez stated that he reviewed staff recommendations and supports the bond issuance of \$300 million with the following six underwriters--with 50 percent of the liability and compensation going to SLEDVB firms:

Position	Underwriter	Liability
Senior Manager	J.P. Morgan	40%
Co-Senior Manager	Backstrom McCarley Berry (SLEDVB)	20%
Co-Managers	Bank of America Merrill Lynch	10%
	Loop (SLEDVB)	10%
	Ramirez & Co. (SLEDVB)	10%
	Siebert Brandford Shank (SLEDVB)	10%

Trustee Eng posed the following questions:

- With respect to Citigroup Inc. being removed from the original syndicate and substituted with Loop--was Citigroup Inc. informed of this and is the LACCD liable in any way to Citibank?

Mr. Brodsky responded that no action was taken by the Board and that staff made a recommendation to the Committee. He indicated that this is a common practice and he has never had a liability arise due to a recommendation by staff.

- With respect to Loop, do they qualify as a SLEDVB firm?

Mr. Brodsky responded that Loop and Ramirez & Co. does not currently meet the LACCD's current small business definition. The Selection Committee (external panel) has recommended changes to the LACCD's Debt Policy to amend this definition.

Trustee Eng posed various questions with respect to Loop and Ramirez & Co. qualifications as SLEDVB firms.

Mr. Brodsky and Ms. Gordon responded to his inquiries.

Trustee Eng expressed his concern with respect to various issues regarding the underwriting pool possibly not being in compliance/meeting the LACCD's Debt Policy criteria as it pertains to the definition of the SLEDVB. He stated that he will support the bond sale when it comes back to the full Board for ratification with the understanding that a legal opinion be provided to the full Board and this Committee stating that today's transactions are lawful and that changes made to the Debt Policy to amend the definition is also lawful both in procedure and substance.

A question and answer session was conducted with respect to the issues of concern regarding the Debt Policy and the SLEDVB definition.

Chancellor Francisco C. Rodriguez noted for the record the Committee's direction:

- The Committee supports the next bond issuance of \$300 million with the identified firms, positions, and liabilities.
- June 8, 2016 a legal opinion will be provided to the Committee to ensure that the documents in place are lawful legal transactions.
- That a Board action will be presented at the June 8, 2016 Board meeting to amend the Debt Policy to incorporate the definition for SLEDVB.

Motion by Trustee Kamlager, seconded by Trustee Moreno, to recommend to the full Board the next bond issuance of \$300 million with the identified firms, positions, and liabilities.

APPROVED: 3 Ayes

Selection of Bond Underwriter Update

A document entitled "BF6. Adopt Resolution Approving the Forms of Preliminary Official Statement and Bond Purchase Contract" was distributed.

Trustee Eng stated that he could support BF6. Adopt Resolution Approving the Forms of Preliminary Official Statement and Bond Purchase Contract for \$300 million in Committee today but reserved the right to withhold his vote when BF6 or its functional equivalent comes back to the Board if the legal procedures aforementioned are not adopted.

Motion by Trustee Moreno, seconded by Trustee Eng, to recommend to the full Board the approval Action Item. BF6. Adopt Resolution Approving the Forms of Preliminary Official Statement and Bond Purchase Contract for \$300 million.

APPROVED: 3 Ayes

Enrollment Update

A document entitled "Enrollment Update, Budget & Finance Committee, May 25, 2016" was distributed.

Dr. Ryan M. Cornner, Vice Chancellor, Educational Programs and Institutional Effectiveness, discussed the document with respect to the 2016-17 FTES Growth Scenarios (Exhibit A).

Trustee Moreno expressed his concern that the enrollment goals were not obtained and in an effort to fix this the goals were modified from 4.6 percent to 3 percent.

A question and answer session was conducted with respect to the presentation.

Report on SIS Project

A document entitled "SIS Modernization Project, Project Assessment #5, May 25, 2016" was distributed.

Dr. Adriana D. Barrera, Deputy Chancellor, introduced Ms. Betsy Regalado, Lead Functional Administrator, Student Information System (SIS) Modernization Project and Mr. Steven Kish, Project Monitor.

Dr. Barrera, Ms. Regalado, and Mr. Kish, discussed the document with respect to the fifth assessment of the SIS Modernization Project Go-Live for the Fall 2017 term regarding the criteria that were met, the progress on the recommendations, areas of concern, dashboard analysis, and recommendations going forward.

A question and answer session was conducted regarding the approval of new positions required to support the centralized Advising and Student Financials support.

3rd Quarter Report – Year End Balance Projection

A document entitled "Los Angeles Community College District, 2015-16 Third Quarter Financial Status Report, Budget & Finance Committee May 25, 2016" was distributed.

Ms. Gordon discussed the document with respect to the 2015-16 Third Quarter Financial Status Report related to projected revenue, projected expenditures, projected reserves, and FTES (full-time equivalent students) funded base, budget year target, planning growth target, and State funded enrollment growth. She indicated that the document entitled "Budget Plan for Mandated Cost Reimbursement (Attachment 1)" is the background information for the \$5 million balance.

May Revise Update

A document entitled "General Observations Related to Increased District Funding in the Governor's Proposed 2016/2017 May Revise Budget, May 17, 2016" was distributed.

Dr. Robert B. Miller, Vice Chancellor, Finance and Resource Development, gave a summary of the Governor's May Revise proposal and its impact on the LACCD budget.

A question and answer session was conducted regarding the presentation.

2016-17 Tentative Budget

A document entitled "Los Angeles Community College District, Budget & Finance, 2016-2017 Proposed Tentative Budget, May 25, 2016" was distributed.

Ms. Gordon discussed the document with respect to the 2016-2017 Proposed Tentative Budget with respect to the budget planning priorities, budget planning assumptions, and 2016-17 allocation assumptions.

A question and answer session was conducted with respect to issues of concern regarding the Parameters for College Debt Repayment process.

Motion by Trustee Moreno, seconded by Trustees Eng, to recommend to the full Board the adoption of the 2016-17 proposed Tentative Budget as presented.

*APPROVED: 2 Ayes (Eng and Moreno)
1 Abstain (Kamlager)*

FUTURE DISCUSSION/AGENDA ITEMS

None.

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- June 22, 2016

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 4:13 p.m.