II. A – Bond Issuance and Refunding Update (BF2)
A. Bond Issuance and Refunding Update (BF2)

- Transmittal Letter
January 6, 2015

Ernest H. Moreno, Chair
Budget and Finance Committee
Los Angeles Community College District

To Committee Members:

On December 10, 2014 the District issued $350 million in new money bonds to finance Measure J projects and approximately $1.5 billion in refunding bonds to generate substantial savings for taxpayers. Because of a rally in the bond market, the amount of refunding bonds that could be sold was greater than originally anticipated when the Board approved a series of refundings on November 5. The Board approved refunding bonds up to $1.75 billion, expected to be up to $1.4 billion in refunding bonds sold in December, and an additional $375 million in refunding bonds expected to be sold between February and May. The latter issue was deferred because a refunding for those bonds cannot close until May, 2015 for Federal tax law reasons.

With $1,542,650,000 in refunding bonds sold last month ($1,495,575,000 in tax-exempt refunding bonds and $47,075,000 in taxable refunding bonds, generating over $170 million in present value savings), only $207,350,000 in Board refunding authorization remains. In order to take advantage of the remaining refunding opportunity—which in the current market would generate an additional $60 million in savings to taxpayers—the financing team has recommended that the Board adopt a new resolution authorizing up to $385 million.

The attached package includes a new bond resolution and a memo from our financial advisor summarizing the recent sale and the details for the next refunding. We will subsequently transmit an updated preliminary official statement and bond purchase contract to the Executive Secretary to the Board of Trustees; these documents will be substantially the same as those previously approved in November.

Sincerely,

Jeanette L. Gordon
Chief Financial Officer/Treasurer

cc: Dr. Francisco C. Rodriguez
A. Bond Issuance and Refunding Update

- Resolution Authorizing Issuance of Additional General Obligation Refunding Bonds (BF2)
Subject: **RESOLUTION AUTHORIZING ISSUANCE OF ADDITIONAL GENERAL OBLIGATION REFUNDING BONDS**

Adopt Resolution dated January 14, 2015 (hereto attached and identified as Attachment 1), a resolution authorizing the issuance of Refunding Bonds in an additional aggregate principal amount not to exceed $385,000,000, in Taxable or Tax-Exempt Current Interest Bonds

**Background:** On December 10, 2014, the District issued $350 million in new money bonds to finance Measure J projects and approximately $1.5 billion in refunding bonds to generate substantial savings for taxpayers. Because of a rally in the bond market, the amount of refunding bonds that could be sold was greater than originally anticipated when the Board approved a series of refundings on November 5. The Board approved refunding bonds up to $1.75 billion, expected to be up to $1.4 billion in refunding bonds sold in December, and an additional $375 million in refunding bonds expected to be sold between February and May. The latter issue was deferred because a refunding for those bonds cannot close until May, 2015 for Federal tax law reasons.

With $1,542,850,000 in refunding bonds sold last month ($1,495,575,000 in tax-exempt refunding bonds and $47,075,000 in taxable refunding bonds), only $207,350,000 in Board refunding authorization remains. We recommend that the Board adopt a new resolution authorizing up to $385 million in additional refunding bonds to accommodate the original plan.
RESOLUTION NO. __

RESOLUTION AUTHORIZING THE ISSUANCE OF THE LOS ANGELES COMMUNITY COLLEGE DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) 2015 GENERAL OBLIGATION REFUNDING BONDS

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 April 10, 2001 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 $1,245,000,000 payable from the levy of an ad valorem property tax by the County against the taxable property in the District (the "2001 Authorization");

WHEREAS, pursuant to the 2001 Authorization, the District has previously caused the issuance of the following series of bonds: (i) $28,500,000 General Obligation Bonds, Election of 2001, 2004 Taxable Series A, (ii) $437,450,000 General Obligation Refunding Bonds, 2001 Election, 2005 Series A, (iii) $400,000,000 2001 Election General Obligation Bonds, 2007 Series A, and (iv) $276,500,000 General Obligation Bonds, 2001 Election, 2008 Series E-1 (collectively, the "2001 Election Bonds");

WHEREAS, a duly called election was held in the District on May 20, 2003 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 $980,000,000 payable from the levy of an ad valorem property tax by the County against the taxable property in the District (the "2003 Authorization");

WHEREAS, pursuant to the 2003 Authorization, the District has previously caused the issuance of the following series of bonds: (i) $350,000,000 2003 Election General Obligation Bonds, 2006 Series E, (ii) $344,915,000 General Obligation Bonds, 2003 Election, 2008 Series F-1, and (iii) $75,400,000 General Obligation Bonds, Election of 2003, 2004 Taxable Series B (collectively, the "2003 Election Bonds");

WHEREAS, a duly called election was held in the District on November 4, 2008 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 property tax by the County against the taxable property in the District (the "2008 Authorization");
WHEREAS, pursuant to the 2008 Authorization, the District has previously caused the issuance of $350,000,000 General Obligation Bonds, 2008 Election, 2009 Series A (the "2008 Election Bonds," and together with the 2001 Election Bonds and 2003 Election Bonds, the "Prior Bonds");

WHEREAS, pursuant to Section 53550 et seq. of the California Government Code (the "Act") and a resolution adopted by this Board of Trustees (the "Board") on November 5, 2014 (the "Prior Resolution"), the Board authorized the issuance of general obligation refunding bonds in a principal amount not-to-exceed $1,750,000,000 to refund all or a portion of each of the then-outstanding Prior Bonds;

WHEREAS, on January 8, 2015, and pursuant to the Prior Resolution, the District issued (i) $1,495,575,000 of Los Angeles Community College District (Los Angeles County, California) 2015 General Obligation Refunding Bonds, Series A (Tax-Exempt) and (ii) $47,075,000 of Los Angeles Community College District (Los Angeles County, California) 2015 General Obligation Refunding Bonds, Series B (Federally Taxable);

WHEREAS, this Board desires to authorize the issuance of additional general obligation refunding bonds pursuant to the Act (the "Refunding Bonds") in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (as such terms are defined herein) to refund all or a portion of the currently outstanding Prior Bonds (so refunded, the "Refunded 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 refunding bonds of the District, and whereas the indebtedness of the District, including this proposed issue of Refunding Bonds, is within all limits prescribed by law;

WHEREAS, at this time the Board desires to appoint professionals related to the issuance of the Refunding Bonds; 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. Purpose. To refund all or a portion of the currently outstanding principal amount of the Prior Bonds and to pay all necessary legal, financial, and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Refunding Bonds pursuant to the Act in an aggregate principal amount not-to-exceed $385,000,000, in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (each as defined herein), to be styled as the "Los Angeles Community College District (Los Angeles County, California) 2015 General Obligation Refunding Bonds, Series C," with appropriate additional Series designation if more than one Series of Refunding Bonds are issued. Additional costs authorized to be paid from the proceeds of the Refunding Bonds are all of the authorized costs of issuance set forth in Section 53550(e) and (f) and Section 53587 of the Government Code.

SECTION 2. Paying Agent. The Board hereby appoints the Paying Agent, as defined in Section 5 hereof, to act as paying agent, bond registrar, authentication agent and transfer agent for the Refunding Bonds on behalf of the District. The 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 Refunding 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 Section 15232 of the Education Code.
SECTION 3. Terms and Conditions of Sale. The Refunding Bonds are hereby authorized to be sold at a negotiated sale upon the direction of the Chancellor or the Chief Financial Officer/Treasurer of the District, or such other officer or employee of the District as may be designated by the Chancellor or Chief Financial Officer/Treasurer for such purpose (collectively, the "Authorized Officers"). The Refunding Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

SECTION 4. Approval of Purchase Contract. The form of Purchase Contract by and between District and the Underwriters (defined herein), substantially in the form on file with the Secretary of the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the maximum interest rates on the Refunding Bonds shall not exceed that authorized by law, and (ii) the underwriting discount, excluding original issue discount, shall not exceed 0.25% of the aggregate principal amount of the Refunding Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Refunding Bonds to be specified in the Purchase Contract for sale by the District up to $385,000,000 and to enter into and execute the Purchase Contract with the Underwriters, if the conditions set forth in this Resolution are satisfied.

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) "Authorizing Documents" means the authorizing resolution(s), indenture, agreement or other legal document(s) pursuant to which the Prior Bonds were authorized and issued.

(b) "Act" means Sections 53550 et seq. of the California Government Code.

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

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

(e) "Bond Payment Date" means, unless otherwise provided by the Purchase Contract, February 1 and August 1 of each year commencing August 1, 2015, with respect to the interest on the Refunding Bonds, and August 1 of each year commencing August 1, 2015, with respect to the principal payments on the Refunding Bonds.

(f) "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 Refunding Bonds will be recorded.

(g) "Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

(h) "Continuing Disclosure Agreement" means that certain contractual undertaking executed by the District in connection with the issuance of the Refunding Bonds pursuant to paragraph
(b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, dated as of the date of issuance of the Refunding Bonds, as amended from time to time in accordance with the provisions thereof.

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

(j) "Date of Delivery" means the date of initial issuance and delivery of the Refunding Bonds, or such other date as shall be set forth in the Purchase Contract or Official Statement.

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

(l) "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 Refunding Bonds.

(m) "Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., or any other successor thereto, in its capacity as escrow agent for the Refunded Bonds.

(n) "Escrow Agreement" means the Escrow Agreement relating to the Refunded Bonds, by and between the District and the Escrow Agent.

(o) "Federal Securities" means securities as permitted, in accordance with the respective Authorizing Documents, to be deposited with the Escrow Agent for the purpose of defeasing the Prior Bonds.

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

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

(r) "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, any other nationally recognized securities rating agency designated by the District.

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

(t) "Official Statement" means the Official Statement for the Refunding Bonds, as described in Section 17 hereof.

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

(i) Refunding Bonds canceled at or prior to such date;
(ii) Refunding Bonds in lieu of or in substitution for which other Refunding Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Refunding 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 Refunding Bonds), in accordance with Section 19 of this Resolution

(v) “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.

(w) “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 Refunding 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.

(x) “Principal” or “Principal Amount” means, with respect to any Refunding Bond, the initial principal amount thereof.

(y) “Purchase Contract” means the contract or contracts for purchase and sale of the Refunding Bonds, by and between the District and the Underwriters named therein. To the extent the Refunding 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.

(z) “Record Date” means the close of business on the fifteenth day of the month preceding each Bond Payment Date.

(aa) “Series” means any Refunding Bonds executed, authenticated and delivered pursuant to the provisions hereof and identified as a separate series of bonds.

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

(cc) “Taxable Bonds” means any Refunding Bonds not issued as Tax-Exempt Bonds.

(dd) “Tax-Exempt Bonds” means any Refunding 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 Refunding Bonds.

(ee) “Term Bonds” means those Refunding Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(ff) “Transfer Amount” means, with respect to any Outstanding Refunding Bond, the Principal Amount.

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

SECTION 6. Terms of the Refunding Bonds.

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

Each Refunding Bond shall be dated 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 as of a day 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 the Date of Delivery. Interest on the Refunding Bonds shall be payable on the respective Bond Payment Dates and shall be computed on the basis of a 360-day year of twelve 30-day months.

No Refunding Bond shall mature later than the final maturity date of the Refunded Bonds to be refunded from proceeds of such Refunding Bond.

(b) Redemption.

(i) Optional Redemption. The Refunding Bonds shall be subject to optional redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Mandatory Redemption. Any Refunding Bonds issued as Term Bonds shall be subject to mandatory sinking fund redemption as provided in the Purchase Contract.

(iii) Selection of Refunding Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Refunding Bonds and less than all Outstanding Refunding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Refunding Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Refunding 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 Refunding 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 to the portion of such Term Bond optionally redeemed, or (ii) within a maturity, Refunding 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.

(iv) Redemption Notice. When redemption is authorized pursuant to this Resolution, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Refunding Bonds. Such Redemption Notice shall specify: the
Refunding Bonds or designated portions thereof (in the case of redemption of the Refunding 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 Refunding Bonds to be redeemed, the Refunding Bond numbers of the Refunding Bonds to be redeemed in whole or in part and, in the case of any Refunding Bond to be redeemed in part only, the portion of the principal amount of such Refunding Bond to be redeemed; and the original issue date, interest rate and stated maturity date of each Refunding 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 Refunding Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date thereon, and that from and after such date, interest thereon shall cease to accrue.

With respect to any Redemption Notice of Refunding Bonds, unless upon the giving of such notice such Refunding 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 Paying Agent (or an 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 Refunding 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 Refunding Bonds shall not be subject to redemption on such date and the Refunding 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.

The Paying Agent shall take the following actions with respect to 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 Refunding 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) To 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 Refunding Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Refunding Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Refunding Bonds being redeemed with the proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

(v) Partial Redemption of Refunding Bonds. Upon the surrender of any Refunding Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Refunding Bond or Refunding Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Refunding 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.

(vi) 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 Refunding 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 Refunding Bonds to be redeemed as provided in Section 6(b)(i) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof, so 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 Refunding Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Refunding Bonds shall be held in trust for the account of the Owners of the Refunding Bonds so to be redeemed.

All Refunding 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 Refunding Bond purchased by the District shall be cancelled by the Paying Agent.

(vii) Refunding Bonds No Longer Outstanding. When any Refunding 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 irrevocable 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 irrevocably held in trust as provided in Section 19 hereof for the payment of the redemption price of such Refunding Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Refunding 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 Refunding 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 Refunding Bonds in an authorized denomination. The ownership of each such Refunding Bond shall be registered in Bond Register maintained by the Paying Agent in
the name of the Nominee, as nominee of the Depository and ownership of the Refunding Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Refunding 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 Refunding 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 Refunding 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 Refunding Bonds, including any Redemption Notice; (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Refunding Bonds to be prepaid in the event the District redeems such Refunding Bonds in part; (iv) or the payment by the Depository or any Participant or any other person, of any amount with respect to principal, premium, if any, or interest on book-entry Refunding Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Refunding Bond is registered in the Bond Register as the absolute Owner of such Refunding Bond for the purpose of payment of principal of and premium and interest on and to such Refunding Bond, for the purpose of giving notices of redemption and other matters with respect to such Refunding Bond, for the purpose of registering transfers with respect to such Refunding Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on book-entry Refunding 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 book-entry Refunding 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 book-entry Refunding 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 Refunding 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 the Refunding 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 the Refunding 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 the Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds are held in book-entry and registered in the name of the Nominee, all payments by the District or Paying Agent with respect to principal of and premium, if any, or interest on book-entry Refunding Bonds and all notices with respect to such Refunding Bonds, including notices of redemption, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

(4) Transfer of Refunding Bonds to Substitute Depository.

(A) The Refunding Bonds shall be initially issued as described in the Official Statement. Registered ownership of such Refunding 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 (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) 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 (a) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (b) 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 Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Refunding Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Refunding 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 Refunding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Refunding 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 Refunding 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 advance refunding of any Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Refunding Bonds.

SECTION 7. Execution of Refunding Bonds. The Refunding Bonds shall be signed by the President of the Board of Trustees, or by such other member of the Board authorized to sign on behalf of the President, by his or her 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 Refunding 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 Refunding Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Refunding 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 Refunding 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 Refunding Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Refunding Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Refunding Bond for all purposes of this Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Refunding Bond shall be made only to or upon the order of that person; 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 Refunding Bonds, including interest, to the extent of the amount or amounts so paid.

Any Refunding Bond may be exchanged for Refunding Bonds of like tenor, Series, 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 Refunding Bond may be transferred on the Bond Register only upon presentation and surrender of the Refunding 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 Refunding Bond or Refunding Bonds of like tenor.
and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Refunding Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If any Refunding 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 Refunding Bond of like Series, tenor, maturity and principal amount in exchange and substitution for the Refunding Bond so mutilated, but only upon surrender to the Paying Agent of the Refunding Bond so mutilated. If any Refunding 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 Refunding Bond of like Series, tenor, maturity and principal amount in lieu of and in substitution for the Refunding Bond so lost, destroyed or stolen (or if any such Refunding Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Refunding 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 Refunding 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 Refunding Bonds only after the new Refunding Bonds are signed by the authorized officers of the District as provided in Section 7. In all cases of exchanged or transferred Refunding Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Refunding 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 Refunding 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 Refunding Bonds surrendered upon that exchange or transfer.

Any Refunding 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 Refunding Bonds that the District may have acquired in any manner whatsoever, and those Refunding Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Refunding Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Refunding 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 Refunding Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Refunding 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 Refunding Bonds which have been selected or called for redemption in whole or in part.

SECTION 9. Payment. Payment of interest on any Refunding Bond on any Bond Payment Date shall be made 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 check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration
books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of $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 of and redemption premium, if any, payable on the Refunding 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 Refunding Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Refunding Bonds when duly presented for payment at maturity, and to cancel all Refunding Bonds upon payment thereof. The Refunding Bonds are obligations of the District payable solely from the levy of ad valorem property taxes upon all property subject to taxation within the District, which taxes are unlimited as to rate or amount. The Refunding 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 Refunding Bonds.

SECTION 10. Form of Refunding Bonds. The Refunding Bonds shall be in substantially the form attached as Exhibit A, allowing those officials executing the Refunding Bonds to make the insertions and deletions necessary to conform the Refunding 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 Refunding Bonds. The proper officials of the District shall cause the Refunding Bonds to be prepared and, following their sale, shall have the Refunding Bonds signed and delivered, together with a final transcript of proceedings with reference to the issuance of the Refunding Bonds, to the Underwriters upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Refunding Bonds; Escrow Agreement. An amount of proceeds from the sale of the Refunding Bonds necessary to purchase certain Federal Securities, or to otherwise refund the Refunded Bonds, shall be transferred to the Escrow Agent for deposit in the escrow fund established under the Escrow Agreement (the “Escrow Fund”), which amount, if uninvested, shall be sufficient, or if invested, together with an amount or amounts of cash held uninvested therein, shall be sufficient to refund the Refunded Bonds all as set forth in a certificate of an Authorized Officer. Premium or proceeds received from the sale of the Refunding Bonds desired to pay all or a portion of the costs of issuing the Refunding Bonds may be deposited in the fund of the District held by a fiscal agent selected thereby and shall be kept separate and distinct from all other District funds, and those proceeds shall be used solely for the purpose of paying costs of issuance of the Refunding Bonds.

Any accrued interest received by the District from the sale of the Refunding Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the “Los Angeles Community College District, 2015 General Obligation Refunding Bonds, Series C Debt Service Fund” (the “Debt Service Fund”) for the Refunding Bonds and used only for payments of principal of and interest on the Refunding Bonds. The Debt Service Fund shall be held by the County, and may contain subaccounts if the Refunding Bonds are sold in more than one Series. A portion of the premium received by the District from the sale of the Refunding Bonds may be transferred to the Debt Service Fund or applied to the payment of cost of issuance of the Refunding Bonds, or some combination of deposits. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes set forth herein for which the Refunding Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.
The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding 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 the principal of and interest on the Refunding Bonds. DTC will thereupon make payments of principal of and interest on the Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding 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.

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

SECTION 13. Rebate Fund.

(a) General. If necessary, there shall be created and established a special fund designated the “Los Angeles Community College District 2015 General Obligation Refunding Bonds, Series C 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, as the same may be amended from time to time, and the Treasury Regulations promulgated thereunder (the “Rebate Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and Section 14 of this Resolution and by the that certain tax certificate concerning certain matters pertaining to the use and investment of proceeds of the Refunding Bonds, executed and delivered to the District on the date of issuance of the Refunding Bonds, including any and all exhibits attached thereto (the “Tax Certificate”).

(b) Deposits.

(i) Within forty-five (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 Refunding Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Rebate Regulations, using as the “computation date” for this purpose the end of such five Bond Years, and (2) the District shall deposit to the Rebate Fund from deposits from the District or from amounts available therefor on deposit in the other funds established hereunder, 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.

(ii) 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.

(iii) The District shall not be required to calculate the “rebate amount” and the District 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 Refunding Bonds (including amounts treated as the proceeds of the Refunding 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 or the small issuer exception of Section 148(f)(4)(D) of the Code, whichever is applicable, and otherwise qualify for the exception of the Rebate Requirement pursuant to whichever of said sections is applicable, or (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 (1 1/2%) 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) **Withdrawal Following Payment of Refunding Bonds.** Any funds remaining in the Rebate Fund after redemption of all the Refunding Bonds and any amounts described in paragraph (ii) of subsection (d) of this Section, including accrued interest, shall be transferred to the General Fund of the District.

(d) **Withdrawal for Payment of Rebate.** 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,

(i) not later than sixty (60) days after the end of (a) the fifth (5th) Bond Year, and (b) each fifth (5th) 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 Rebate Regulations; and

(ii) not later than sixty (60) days after the payment of all Refunding Bonds, an amount equal to one hundred percent (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 Rebate Regulations.

(e) **Rebate Payments.** Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, 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 or on behalf of the District.

(f) **Deficiencies in the Rebate Fund.** In the event that, prior to the time of any payment 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 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.

(g) **Withdrawals of Excess Amount.** 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, upon written instructions from the District, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

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

(i) **Survival of Defeasance.** Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Refunding Bonds.

**SECTION 14. Security for the Refunding 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 Refunding Bonds are Outstanding in an amount sufficient to pay the principal of and
interest on the Refunding Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District, and which moneys, pursuant to Government Code Sections 5450 and 5451, are hereby pledged for the payment of the principal and interest on the Refunding Bonds when and as the same fall due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such ad valorem property tax in accordance with this Section 14 and Section 53559 of the Act.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Refunding 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 Refunding Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Refunding Bonds. Any moneys remaining in the Debt Service Fund after the Refunding 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.

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

**SECTION 16. Legislative Determinations.** The Board hereby determines that all acts and conditions necessary to be performed thereby or to have been met precedent to and in the issuing of the Refunding 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 Refunding 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 Refunding Bonds. Furthermore, the Board hereby finds and determines pursuant to Section 53552 of the Act that the prudent management of the fiscal affairs of the District requires that it issue the Refunding Bonds without submitting the question of the issuance of the Refunding Bonds to a vote of the qualified electors of the District.

**SECTION 17. Official Statement.** The Preliminary Official Statement relating to the Refunding Bonds, substantially in the form on file with the Secretary of the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriters to be used in connection with the offering and sale of the Refunding Bonds. 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 an Authorized Officer executing such final Official Statement 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 Refunding Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Refunding 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 Refunding Bonds, and to the extent that the Bond Insurer makes payment of the principal or interest on the Refunding Bonds, it shall become the Owner of such Refunding Bonds with the right to payment of
principal or interest on the Refunding Bonds, 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 of past due interest, the Paying Agent shall note the Bond Insurer’s rights as subrogee on the registration books for the Refunding 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 Refunding 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 Refunding Bonds maintained by the Paying Agent upon surrender of the Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Refunding 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 Refunding 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, 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), or “prerefunded” municipal obligations rated in the highest rating category by Moody’s or S&P. 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 (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) 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 underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody’s or S&P.
SECTION 20. Other Actions, Determinations and Approvals.

(a) Officers of the Board, 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 Refunding 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 finds and determines that both the total net interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds will be less than the total net interest cost to maturity on the Refunded Bonds plus the principal amount of the Refunded Bonds.

(c) The Board anticipates that each series of the Refunded Bonds will be redeemed on the first respective optional redemption dates therefor following the issuance of the Refunding Bonds.

(d) The Board hereby appoints The Bank of New York Mellon Trust Company, N.A. as Escrow Agent for the Refunding Bonds and approves the form of the Escrow Agreement substantially in the form on file with the Secretary of the Board. The Authorized Officers, each alone, are hereby authorized to execute the Escrow Agreement with such changes as they shall approve, such approval to be conclusively evidenced by such individual’s execution and delivery thereof.

(e) The Board hereby appoints Goldman Sachs & Co. as senior managing Underwriter for the Refunding Bonds, and such other Underwriters as shall be named in the Purchase Contract. The Board hereby also 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 Refunding Bonds.

(f) The provisions of this Resolution as they relate to the terms of the Refunding Bonds may be amended by the Purchase Contract. If the Purchase Contract so provides, the Refunding Bonds may be issued as crossover refunding bonds pursuant to Section 53558(b) of the Government Code. All or a portion of the Refunding Bonds are further authorized to be issued on a forward delivery basis.

SECTION 21. Resolution to Treasurer. The Clerk of the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

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 Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding 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 Refunding Bonds in such year, and to pay from such taxes all amounts due on the Refunding Bonds.

SECTION 23. 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 Board hereby approves the form of Continuing Disclosure Agreement appended to the Preliminary Official Statement on file with the Secretary of the Board, and 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 Refunding Bonds.

SECTION 24. **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.

SECTION 25. **Recitals.** All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

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

**PASSED AND ADOPTED** this 14th day of January, 2015.

AYES:

NOES:

ABSENT:

ABSTENTIONS:

__________________________________________
President, 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 (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 of the District duly and regularly and legally held at the regular meeting place thereof on January 14, 2015, of which meeting all of the members of the Board 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 __, 2015.

______________________________
Chancellor and Secretary of the Board
of Trustees of the Los Angeles
Community College District
(Form of Refunding Bond)

<table>
<thead>
<tr>
<th>REGISTERED NO.</th>
<th>REGISTERED</th>
</tr>
</thead>
</table>

**LOS ANGELES COMMUNITY COLLEGE DISTRICT**
**LOS ANGELES COUNTY, CALIFORNIA**
**2015 GENERAL OBLIGATION REFUNDING BONDS, SERIES [C]**
**(TAX-EXEMPT)**

<table>
<thead>
<tr>
<th>INTEREST RATE:</th>
<th>MATURITY DATE:</th>
<th>DATED AS OF:</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>___% per annum</td>
<td>August 1, ____</td>
<td>_____________, 2015</td>
<td>______</td>
</tr>
</tbody>
</table>

**REGISTERED OWNER:** CEDE & CO.

**PRINCIPAL AMOUNT:**

The Los Angeles Community College District (the “District”) in Los Angeles County, California, 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 August 1, 2015. 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, 2015, in which event it shall bear interest from the Date of Delivery. Interest on this bond shall be computed on the basis of a 360-day year of twelve 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 (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 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 Refunding 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 issued by the District pursuant to California Government Code Section 53550 et seq. (the “Act”) for the purpose of refunding certain of the District’s outstanding bonded indebtedness and to pay all necessary legal, financial, and contingent costs in connection therewith. The bonds are being issued under authority of and pursuant to the Act, the laws of the State of California, and the resolution of the Board of Trustees of the District adopted on January 14, 2015 (the “Bond Resolution”). This bond and the issue of which this bond is one are general obligation bonds of the District 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.
The bonds of this issue comprise $_______ Principal Amount of current interest bonds, of which this bond is a part (each a “Refunding Bond”).

This bond is exchangeable and transferable for bonds of like tenor, maturity and principal amount and in authorized denominations at the principal corporate trust office of the Paying Agent by the Registered Owner, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed 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 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 Refunding Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Refunding Bonds maturing on or after August 1, 20__ are subject to redemption on or after August 1, 20__ or on any date thereafter at the option of the District, as a whole or in part, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption 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 amounts represented by such Refunding Bonds to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

<table>
<thead>
<tr>
<th>Redemption Dates</th>
<th>Principal Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$</td>
</tr>
</tbody>
</table>

The principal amount to be redeemed in each year shown above will be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000, by any portion of the Refunding Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

If less than all of the Refunding Bonds of any one maturity shall be called for redemption, the particular Refunding Bonds or portions thereof 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 Refunding Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof. If less than all of the Refunding Bonds stated to mature on different dates shall be called for redemption, the particular Refunding Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order of maturity as directed by the District or, if the Paying Agent is not so directed, in the inverse order of maturity.
Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Refunding Bonds, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Refunding 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 Refunding 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 Refunding 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 signatures 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 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 ____________, 2015.

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

By:  
Authorized Representative
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 bond 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 bond 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

(Form of Legal Opinion)
A. Bond Issuance and Refunding Update

- Summary of Bond Sale Results
Summary of Bond Sale Results

The following is an updated summary of the District’s bond sale on December 10.

As a reminder, the goal was to issue $350 million in new money bonds, and to refund outstanding bonds if they met pre-established thresholds: at least 5% in present value savings, and a savings amount that was greater than the amount of “negative arbitrage” in the escrow. (Negative arbitrage represents additional refunding bond proceeds that must be deposited in the refunding escrow because of low interest earnings on the escrow investments. Even with substantial net present value savings, a calculation that takes into account the negative arbitrage, we believe that your refunding escrow should meet the minimum level of efficiency set forth in your refunding plan.)

Market timing proved to be good for this bond sale. Though year-end supply of tax-exempt bonds was high, demand held firm. We had targeted a December sale and early January close in hopes of attracting investors who were expecting interest and principal payments on their bond holdings in January; this strategy proved successful. Good luck is also helpful in market timing, and there was a bit of a rally in early December which gave our sale a good tail wind. Other factors helping our sale were the District’s credit upgrade from Standard & Poor’s, and an active outreach to investors (a pre-recorded investor “internet roadshow” and follow-up phone calls). The combination of factors allowed us to increase the size of the tax-exempt refunding and generate even larger savings. The final size of the refunding was $1.496 billion tax-exempt and $47 million taxable.

The actual underwriting went well. There was a large amount of retail interest in the bonds, and nearly $450 million in orders were placed with retail investors at aggressive prices, which applied pressure on institutional investors. The next day’s institutional order period was also successful. Interest rates were tightened in some maturities going out and, based on orders, were tightened even further.

Over $1.5 billion of outstanding bonds were refunded with net present value savings of over $170 million, or 10.9% of the amount of refunded bonds. This equates to approximately $70 in present value savings for the median home in the District (assessed value of $283,546). Given the size of your tax base, that is a substantial amount of savings per taxpayer. While most of the savings reflect current low interest rates, small decisions contributed to the final amount. For example, as part of the refunding we decided to purchase open market securities to fund the escrows until bonds are called (rather than subscribing for State and Local Government Securities issued directly by the Treasury). This resulted in additional savings of about $1.7 million.

A secondary benefit was that we were able to restructure your debt service to remove the spike in 2033, which could have been a constraint in your new money issuance in the future. Not only was the principal of the refunding bond spread over several years, the restructuring contributed savings in excess of $17.7 million, or 13.8% of the refunded par.

One of the key lessons of the refunding was the value of patience. The District could have executed portions of these refundings earlier, but the savings would have been much lower. The increase in savings was in part the result of a continuing rally in the bond market, which can never be anticipated, but also reflects the increased efficiency of the refunding escrow that comes from refunding closer to the call date on the refunded bonds. In this case, the District’s patience paid large dividends.

For the new money portion of the bonds, we sold a total of $350 million in bonds for projects, with $300 million as tax-exempt and $50 million as taxable. The combined true interest cost for the new money bonds was a low 3.17% (even with 1/7 of the bonds sold at taxable rates) with a final maturity of the bonds is 8/1/2039 (25 years).

We will provide a fuller report on this sale after all the final sales data is collected. Without a doubt, this was a highly successful bond sale.
A. Bond Issuance and Refunding Update

- Memorandum from Financial Advisors regarding the LACCD Refunding Update
Date: January 5, 2015

To: Jeanette Gordon  
Los Angeles Community College District

From: David Brodsly and Justin Rich  
KNN Public Finance

Re: Los Angeles Community College District Refunding Update

Summary
On December 10, 2014 the District issued $350 million in new money bonds to finance Measure J projects and approximately $1.5 billion in refunding bonds to generate substantial savings for taxpayers. Because of a rally in the bond market, the amount of refunding bonds that could be sold was greater than originally anticipated when the Board approved a series of refundings on November 5. The Board approved refunding bonds up to $1.75 billion, expected to be up to $1.4 billion in refunding bonds sold in December, and an additional $375 million in refunding bonds expected to be sold between February and May. The latter issue was deferred because a refunding for those bonds cannot close until May, 2015 for Federal tax law reasons.

With $1,542,650,000 in refunding bonds sold last month ($1,495,575,000 in tax-exempt refunding bonds and $47,075,000 in taxable refunding bonds), only $207,350,000 in Board refunding authorization remains. We recommend that the Board adopt a new resolution authorizing up to $385 million in additional refunding bonds to accommodate the original plan.

The balance of this memo summarizes the results of the prior sale, and provides additional information on our expectations for the next refunding issue.

Recommendation
That the Finance and Budget Committee recommend that the Board of Trustees adopt a resolution authorizing the issuance of up to $385 million in additional refunding bonds and approving, as to substantial form, various documents relating thereto.

Review of December 2014 Bond Issue
The sale on December 10 had two goals: to issue $350 million in new money bonds, and to refund outstanding bonds if they met a pre-established savings threshold. The savings goals that were established was that the refundings should generate at least 5% in present value savings (i.e., the total savings, discounted into current dollars, were at least 5% of the amount of the refunded bonds), and generate a savings amount that was greater than the amount of “negative arbitrage” in the escrow. Negative arbitrage represents additional refunding bond proceeds that must be deposited in the refunding escrow because the interest earnings on the escrow investments are less than the interest rate of the refunding bonds. Even with substantial net present value savings—a calculation that takes into account the negative arbitrage—we believe that your refunding escrow should meet the minimum level of efficiency set forth in your refunding plan. For reference, the refunding goals we recommended were higher than those set forth in the District’s debt policy.
Market timing proved to be good for this bond sale. Though year-end supply of tax-exempt bonds was high, demand held firm. We had targeted a December sale and early January closing in hopes of attracting investors who were expecting interest and principal payments on their bond holdings in January; this strategy proved successful. In addition to this market timing strategy, the bond sale benefited from good luck, as there was a bit of a bond market rally in early December that gave our sale a good tail wind. Other factors helping our sale were the District’s credit upgrade from Standard & Poor’s, and an active outreach strategy to investors that included a pre-recorded investor “internet roadshow” and follow-up phone calls.

The actual underwriting went well. There was a large amount of retail interest in the bonds, and nearly $450 million in orders were placed with retail investors at aggressive prices, which applied pressure on institutional investors. The next day’s institutional order period was also successful. Interest rates were tightened in some maturities before going out to the market and, based on orders from institutional investors, were tightened even further following the close of the order period.

The combination of factors resulted in more of the District’s outstanding bonds being refundable within our savings guidelines. This allowed us to increase the size of the tax-exempt refunding and secure even larger savings. The final size of the refunding was $1.496 billion tax-exempt and $47 million taxable.

Over $1.5 billion of outstanding bonds were refunded with net present value savings of $170.5 million, or 10.9% of the amount of refunded bonds. This equates to approximately $70 in present value property tax savings for the median home in the District (assessed value of $283,546). Given the size of your tax base, that is a substantial amount of savings per taxpayer. While most of the savings reflect current low interest rates, small decisions contributed to the final amount. For example, as part of the refunding we decided to purchase open market securities to fund the escrows until bonds are called (rather than subscribing for State and Local Government Securities issued directly by the Treasury). This one decision resulted in additional savings of about $1.7 million.

A secondary benefit of the refunding was that we were able to restructure your debt service to remove a payment spike in 2033, which could have been a constraint in your new money issuance in the future. Not only was the principal of the refunding bonds spread over several years, the restructuring contributed savings in excess of $17.7 million, or 13.8% of the refunded par.

One of the key lessons of the refunding was the value of patience. The District could have executed portions of these refundings earlier, but the savings would have been much lower. The increase in savings was in part the result of a continuing rally in the bond market, which can never be anticipated, but also reflects the increased efficiency of the refunding escrow that comes from refunding closer to the call date on the refunded bonds. In this case, the District’s patience paid large dividends.

For the new money portion of the bonds, we sold a total of $350 million in bonds for projects, with $300 million as tax-exempt and $50 million as taxable. The combined true interest cost for the new money bonds was a low 3.17% (even with 1/7 of the bonds sold at taxable rates). The final maturity of the bonds is 8/1/2039 (25 years).

Education Code Section 15146(d) requires that, after the sale of bonds, the governing board of the issuer present the actual cost information for the sale at its next scheduled public meeting. The following are the current estimates of costs to be paid in connection with the sale:
<table>
<thead>
<tr>
<th>Costs of Issuance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriter’s Discount</td>
<td>$2,838,975</td>
</tr>
<tr>
<td>Underwriter Expenses</td>
<td>283,898</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td>322,500</td>
</tr>
<tr>
<td>Disclosure Counsel</td>
<td>30,000</td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>110,000</td>
</tr>
<tr>
<td>FA Expenses</td>
<td>5,500</td>
</tr>
<tr>
<td>Ratings</td>
<td>349,300</td>
</tr>
<tr>
<td>Verification Agent</td>
<td>7,000</td>
</tr>
<tr>
<td>Paying and Escrow Agent</td>
<td>16,100</td>
</tr>
<tr>
<td>Printing</td>
<td>2,500</td>
</tr>
<tr>
<td>Contingency</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total Costs of Issuance</strong></td>
<td><strong>$3,985,773</strong></td>
</tr>
</tbody>
</table>

Total debt service on the refunding bonds will be $2,489,822,497, which is $223,893,183 less than the debt service on the refunded bonds ($2,713,715,680). Discounted at the arbitrage rate on the tax-exempt bonds (2.61%), these savings equal $170,435,932 on a present value (i.e., current dollar) basis. The all-in true interest cost on the refunding (which takes into account both interest and costs of issuance) was 3.14%. Total debt service on the $300,000,000 tax-exempt new money bonds will be 445,163,151. Total debt service on the $50,000,000 taxable new money bonds will be $50,083,738. The all-in true interest cost on the new money was 3.20%.

**Reauthorization for Second Refunding**

The original Board approval of the transaction assumed that less than $1.4 billion in refunding bonds could be issued and meet our refunding goals. The refunding of a series of approximately $360 million in outstanding bonds originally issued in 2005 was planned as a subsequent refunding. These bonds were themselves advance refunding bonds, meaning they were issued to fund an escrow until prior bonds were called. Because Federal tax law permits only one advance refunding in the life of a bond issue, the 2005 bonds cannot be advance refunded again; therefore this refunding cannot close any earlier than May 3, 2015, which is 90 days before their call date.

In the refunding proposal reviewed by the Board in November, we anticipated that these bonds would be refunded through a forward delivery sale, which basically represents a long closing between pricing and the delivery of funds. There is an additional interest cost of about 8 basis points a month for a forward delivery closing. This transaction was deferred until after the December sale at the recommendation of the lead managers of both the last sale (Morgan Stanley) and the forward sale (Goldman Sachs) to avoid introducing any confusion to the marketing of last month’s refunding.

At this point, the transaction can proceed. We recommend that the District plan on selling on a forward delivery basis as early as February, although as that date gets closer we may recommend deferring the sale until April, where it can be priced as a current delivery issue without a forward interest rate premium.

Because the 2014 bond issue was larger than originally anticipated, the authorization remaining from the November Board action (about $207.4 million) is not sufficient to execute the next refunding. We recommend that a new resolution be adopted to incorporate all the approvals required for the next refunding. Depending on the structure of the refunding bonds, the par amount could be as large as $385 million. The balance of the parameters, including costs of issuance, remains the same. The
underwriting group appointed by the Board for this transaction is Goldman Sachs (senior underwriter with 45% liability), Stifel Nichols (co-senior underwriter at 30%), Piper Jaffray (10%), RBC (10%) and Backstrom McCarley Berry (5%).

Based on recent market conditions, a forward delivery refunding is estimated to produce about $60 million in present value savings, or 16.7% of the refunded par.
II. B – Enrollment Update

(Materials to be provided at the meeting.)
II. C – 2015-16 Governor’s Budget Proposal

(Materials to be provided at the meeting.)

*Governor’s Proposed State Budget for FY 2015-2016 is anticipated to be released on or about January 10, 2015*