

LOS ANGELES COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
BUDGET AND FINANCE COMMITTEE  
Educational Services Center  
Board Room – First Floor  
770 Wilshire Boulevard  
Los Angeles, California 90017  
Wednesday, February 11, 2009  
9:30 – 10:30 a.m.

Committee: Georgia L. Mercer, Chair; Sylvia Scott-Hayes. Absent: Kelly G. Candaele (arrived at 10:22 a.m.)

Participants: Marshall Drummond, ESC; Jeanette Gordon, ESC; Robert Garber, Pierce College; Camille Goulet, ESC; Thomas Hall, ESC; Shirley Komoto, Moss Adams LLP; Alexia Nalewaik, Moss Adams LLP; Vinh Nguyen, ESC; Nancy Pearlman, Trustee; Chris Ray, KPMG; James Sohn, Build—LACCD; Mark Tillofson, KPMG; Lisalee Wells, Fulbright & Jaworski; Jeff Witt, Moss Adams LLP

Trustee Mercer called the meeting to order at 9:40 a.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS

Bond Anticipation Notes – Measure J

Ms. Jeanette Gordon indicated that in order to provide some funds for bond anticipation notes (BANs), the District is requesting approval of a short-term note so that it can pay some of its contractors before it receives the general obligation (GO) bond. The short-term note will be for an amount not to exceed \$75 million, which is anticipated to be approximately \$50 million. This is based on a schedule from the Bond program of the amount that will need to be spent between now and April 2009. The short-term note will be paid off after the GO bonds are issued in April 2009.

Ms. Lisalee Wells indicated that many college districts are turning to BANs because they need to access their cash quickly. She explained the law for BANs in California.

Motion by Trustee Scott-Hayes, seconded by Trustee Mercer, to recommend approval of the BANs to the Board.

*APPROVED: 2 Ayes*

General Obligation Bonds – Measure J

Ms. Gordon indicated that the District is requesting approval of a GO bond in the amount of \$450 million.

Mr. James Sohn indicated that \$450 million is the anticipated amount that will be necessary between now and April 2010 to complete ten major construction projects.

Ms. Gordon indicated that the closing date for the GO bond is April 7, 2009.

Motion by Trustee Scott-Hayes, seconded by Trustee Mercer, to recommend approval of the GO bond to the Board.

*APPROVED: 2 Ayes*

Bond Performance Audit

Copies of a document entitled “Bond Program Performance Audit Fiscal Year Ended June 30, 2008” were distributed.

Ms. Alexia Nalewaik discussed the document with respect to procedural changes and actions taken through June 30, 2008 by the Program Manager, the College Project Managers, and the District since the Performance Audit that was conducted by Moss Adams in the prior fiscal year; and follow-up to previous audit recommendations.

Ms. Shirley Komoto discussed the document with respect to the summary of key good practices.

Mr. Jeffrey Witt discussed the document with respect to key opportunities for improvement including the Program Management Team (PMT) burn rate analysis, duplicate accrual entries, the recording of expenditures, and the review of sample invoices approved by the College Project Managers (CPMs).

#### Annual Financial Audit

Copies of a document entitled "Los Angeles Community College District Presentation to the Board of Trustees" were distributed.

Mr. Chris Ray discussed the document with respect to the key business processes, reports to be issued for the year that ended June 30, 2008.

Mr. Mark Tillotson discussed the document with respect to federal internal control and compliance findings, state compliance findings, and required communications by the auditors to the Board of Trustees.

Trustee Scott-Hayes inquired if the Board will be provided with information regarding the correction of the deficiencies in internal controls.

Ms. Gordon responded that she will report back to the Board regarding the actions being taken to correct the significant internal control deficiencies.

Motion by Trustee Scott-Hayes, seconded by Trustee Mercer, to recommend to the full Board the acceptance of the Bond Performance Audit and the Annual Financial Audit, which are being presented for action at today's Board meeting.

(Trustee Candaele arrived at 10:22 a.m.)

*APPROVED: 3 Ayes*

#### New Business

None.

#### ADJOURNMENT

There being no objection, the meeting was adjourned at 10:38 a.m.