

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
Los Angeles Southwest College
Student Services Education Center – Room 301A and 301B
1600 West Imperial Highway
Los Angeles, CA 90047-4899
Wednesday, March 6, 2013
12:00 p.m. – 1:00 p.m.**

Committee: Steve Veres and Miguel Santiago. Absent: Scott J. Svonkin, Chair (arrived at 12:15 p.m.).

Trustee Veres called the meeting to order at 12:09 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

2013 Measure J Bond Issuance

A document entitled “2013 Bond Program, Presentation to the Los Angeles College District, Board of Trustees Finance and Audit Committee, March 6, 2013” was distributed.

Mr. David Brodsky indicated that staff has projected that by June 2013 Build-LACCD will need new money in order to continue the Build-LACCD Program. He recommended that LACCD seek a mid-size competitive sale. He explained the document with respect to the following components related to a competitive sale: Key Objectives, and New Money Plan. Mr. Brodsky noted *For the Record*:

(Trustee Svonkin arrived at 12:15 p.m.)

Debt Policy Considerations for Competitive Sale:

- From Debt Policy: *The CFO shall structure an offering for competitive sale under the following conditions:*
 - Bond prices are stable and/or demand is strong → True
 - Marketing timing and interest rate sensitivity are not critical to pricing → True
 - Participation from Local, Small and Emerging Businesses (LSEs) is not a factor → False
 - The District then has a credit rating of A+ or better → True
 - There are no complex explanations required during marketing concerning the District’s projects, media coverage, political structure, popular support, and funding or credit quality → Neutral
 - The debt type and features are conventional → True
- In KNN’s view, the following two criteria from the Debt Policy are not appropriate, and should be changed in the debt policy (and waived for the current sale):
 - Municipal bond insurance (“Bond Insurance”) is available and expected
 - Bond insurance has not been an important factor in the municipal market since 2009
 - the transaction is less than \$100,000,000 in principal amount
 - Competitive sales up to \$500 million can be effective
- We recommend that the District employ a mix of competitive and negotiate methods of sales to optimize the balance of strong pricing, encouragement of ideas and inclusion of LSEs
- Upcoming issue offers an ideal opportunity for competitive sale

Mr. Brodsky continued to explain the document with respect to Recommended Bond Structure, Tax Rate Impact, Refunding Plan, Schedule of Key Dates, and Long-Range Plan of Finance.

Trustee Svonkin requested that this item be brought back to the Committee next month for further discussion with respect to long-term mapping and short-term mapping needs.

There was a discussion regarding the Request for Proposal (RFP) for the selection of an underwriting pool with respect to negotiated sales for the remainder of the issuance of bonds.

Motion by Trustee Veres, Seconded by Trustee Svonkin, to recommend to the full Board approval of the following: "Resolution Authorizing Issuance of 2008 Election General Obligation Bonds, Series F" and the "Resolution Authorizing the Issuance of 2013 General Obligation Refunding Bonds."

APPROVED: 3 Ayes

- Disposition:**
- ***Trustee Svonkin requested that staff do an analysis to project how much new money will be needed to complete the Build-LACCD program.***
 - ***Trustee Svonkin requested that this item be brought back to the Committee next month for further discussion with respect to long-term and short-term mapping.***
 - ***Trustee Svonkin requested that Mr. Brodsky be provided with a copy of the LACCD Contingency Reserve policy so that he can provide an opinion as to what is the best scenario for the Contingency Reserve ending balance in the anticipation of the issuance of bonds.***

Redistribution of \$9.9 million from Contingency Reserve

The following documents were distributed:

"Memorandum from Chancellor LaVista, Subject: Redistribution of \$9.9 million from Contingency Reserve to Colleges and Faculty Hiring" and "Los Angeles Community College District, Fiscal Year 2007/2008 – 2012/2013, Contingency Reserve"

Chancellor LaVista discussed the memorandum with respect to the District Budget Committee (DBC) recommendation of the redistribution of \$9.9 million from the Contingency Reserve to the Colleges and funding for Faculty Hiring. He indicated that the Colleges provided a summary on the proposed use of funds.

Trustees Veres expressed his concern that the colleges included long-term expenditures in the summary report.

Mr. John McDowell discussed the \$9.9 million Contingency Reserve to the colleges regarding funds earned by the colleges and funds restored to the colleges from the Contingency Reserve

Motion by Trustee Santiago, Seconded by Trustee Veres, to approve the Redistribution of \$9.9 million from the Contingency Reserve to the Colleges and funding for Faculty Hiring.

APPROVED: 3 AYES

- Disposition:**
- ***None.***

Update on Efficiency Audit Request for Proposal (RFP)

Due to the lack of time, this item was not discussed.

- Disposition:**
- ***Postponed until the next Committee meeting.***

FUTURE DISCUSSION/AGENDA ITEMS

Proposed Parking Fee Increase

Retirement Incentives

Policy Framework for Naming Buildings

FUTURE FINANCE AND AUDIT COMMITTEE MEETING DATES

April 3, 2013

May 1, 2013

June 12, 2013

NEW BUSINESS

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 1:11 p.m.