

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES - BUDGET & FINANCE COMMITTEE
Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, December 2, 2015
2:30 p.m. – 4:00 p.m.**

Committee: Sydney K. Kamlager, Chair; Ernest H. Moreno, Vice Chair; Mike Eng, Member (left at 4:13 p.m.); Scott J. Svonkin, Alternate (arrived at 4:14 p.m.)

Trustee Kamlager called the meeting to order at 2:33 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Annual Financial Audit and Bond Financial Audit

Documents entitled "Budget & Finance Committee, December 2, 2015", "Basic Financial Statements, June 30, 2015 and 2014" and "Proposition A Bond Construction Program, Year ended June 30, 2015" were distributed.

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, indicated that the KPMG Team and Vasquez & Company LLP are present to discuss the Annual Financial Audit and the Bond Financial Audit. She introduced Ms. Tracy Hensley, Engagement Partner, KPMG LLP, who in turn introduced Ms. Brianne Wiese, Engagement Senior Manager, KPMG LLP; Ms. Kristen Olko, Engagement Senior Manager; and Ms. Erika Alvord, Director, who was not present.

Ms. Hensley discussed the annual financial audit for 2014-2015 Fiscal Year, with respect to the basic financial statements, statements of Bond expenditures of Propositions A, AA, and J Bond funds, the performance audit of Proposition 39 Bond Program, the required communications, and the results of the audits.

A question and answer session was conducted with respect to various components regarding the results of the audits.

Ms. Hensley introduced Ms. Peggy McBride, CPA, from Vasquez & Company LLP, who distributed and discussed a document entitled "Los Angeles Community College District (LACCD) Presentation to the Finance and Audit Committee, December 2, 2015" as it relates to the following Single Audit and State Compliance Results: Focus on Compliance and Internal Controls, Total Federal and State Expenditures, Perspective, Dollars Associated with Findings, Major Federal Programs Tested, Compliance Issues to be Addressed, and Concluding Comments.

A question and answer session was conducted with respect to the compliance issues to be addressed regarding Student Financial Aid Cluster, Career and Technical Education, and Higher Education.

With respect to the State findings that were not implemented, Trustee Kamlager requested a status report on the progress of the corrective action plans. She expressed the need to be fully compliant in anticipation of AB 288 (Concurrent Enrollment) passage.

Ms. Gordon responded that an internal audit will be conducted to verify the corrective action plans status and an update report will be presented at a Committee meeting. She stated that once a year a workshop is conducted after the Annual Financial Audit is presented to review new and recurring findings with the colleges.

Trustee Kamlager requested that she be notified well in advance when the Internal Audit report will be presented to Committee in order to have ample time to schedule it on the agenda.

Motion by Trustee Moreno, seconded by Trustee Eng, to recommend approval of the Annual Audit and the Bond Performance Audit to the full Board.

APPROVED: 3 Ayes (Kamlager, Moreno, Eng)

District Bond Resolution – Los Angeles CCD (2016 General Obligation Bonds, Series I)

A document entitled "BF2. Resolution Authorizing Issuance and Sale of General Obligation Bonds" was distributed.

Ms. Gordon indicated that today's presentation is a two-part presentation. The first one will be conducted by Mr. David Brodsky, Managing Director, KNN Public Finance, A Division of Zions First National Bank, with respect to *BF. 2 Resolution Authorizing Issuance and Sale of General Obligation Bonds* in order to complete the Bond Construction Program. The second presentation will be conducted by Ms. Bonnie Moss, Principal, CliffordMoss and Mr. Larry Remer, President, The Primacy Group, with respect to bonding capacity and the purpose of seeking additional bond funds.

Mr. Brodsky distributed and discussed a document entitled "LACCD's General Obligation Bond Program" with respect to the 2016 "New Money" Bond Issue and Underwriter Selection.

A question and answer session was conducted regarding various components with respect to the Resolution Authorizing Issuance and Sale of General Obligation Bonds.

Motion by Trustee Moreno, seconded by Trustee Eng, to recommend to the full Board the adoption of "BF2. Resolution Authorizing Issuance and Sale of General Obligation Bonds" which is being presented for action at the January 16, 2016 Board meeting.

APPROVED: 3 Ayes (Kamlager, Moreno, Eng)

Mr. Brodsky continued to discuss the document with respect to Preliminary Analysis of Additional "Bond Capacity" and Potential Measures of Political Debt Capacity.

(Trustee Eng left at 4:13 p.m.)
(Trustee Svonkin arrived at 4:14 p.m.)

Trustee Kamlager indicated that as a new Board member and Chair of the Budget & Finance Committee, which is responsible for the approval of bond issuances, the second presentation from CliffordMoss is to educate her as well as the public on the November 2016 Bond Election.

Ms. Moss and Mr. Remer discussed and distributed documents entitled "Steps to Success: Getting "Election-Ready" For A 2016 Facilities Bond" and "Los Angeles Community College District Bond Planning & Pacing Timeline (Nov 2016 Bond)" with respect to the State filing process for the November 2016 Election.

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

Specific Purpose Investment (SPI) Resolution and MOU

A document entitled "BF4. Adopt Resolution to Allow Investments (Draft)" was distributed.

Ms. Gordon indicated that in order to direct the Los Angeles County Treasurer and Tax Collector to make specific investment of specific amounts of excess funds in order to generate a higher interest rate, the Los Angeles County Treasurer requires that the LACCD Board adopt a Resolution to Allow Specific Investments.

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

Motion by Trustee Svonkin, seconded by Trustee Moreno, to recommend to the full Board the adoption of Com. No. BF4. Adopt Resolution to Allow Specific Investments, which is being presented for action at the December 9, 2015 Board meeting.

APPROVED: 3 Ayes (Kamlager, Moreno, Svonkin)

FUTURE DISCUSSION/AGENDA ITEMS

None.

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- January 27, 2016

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 4:32 p.m.