

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES - BUDGET & FINANCE COMMITTEE
Los Angeles Pierce College
Student Community Center/Great Hall – Building 1900
6201 Winnetka Avenue
Woodland Hills, CA 91371
Wednesday, February 10, 2016
3:00 p.m. – 3:55 p.m.**

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

Trustee Kamlager called the meeting to order at 3:12 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Bond Issuance/Underwriter Selection Recommendations

A document was distributed by KNN Public Finance entitled "KNN Public Finance LACCD 2016 General Obligation Bond Underwriter Syndicate".

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, indicated that in response to the Committee's concerns with respect to the Bond issuance process pertaining to the District's Debt Issuance Policy procedures currently being followed. She stated that the District's Debt Issuance Policy was followed in the current bond issuance process. She deferred Mr. David Brodsky, Managing Director, KNN Public Finance, A Division of Zions First National Bank, who was present to address the Committee's concerns.

Mr. Brodsky inquired if the Committee had any questions regarding the memo detailing the complete process for the Bond Issuance/Underwriter Selection Recommendations.

Trustee Moreno expressed his concern that the LACCD Debt Issuance Policy was not followed with respect to the Bond Review Panel as it relates to the selection of the underwriting pool.

Mr. Brodsky responded that the charge of the LACCD Debt Policy was met in the Fall of 2014 with respect to the Bond Review Panel criteria for the selection of the underwriting pool and that the LACCD's Debt Issuance Policy process was followed.

Trustee Kamlager posed numerous questions to Dr. Kevin Jeter, Interim General Counsel, with respect to the Bond Review Panel process being in compliance with the LACCD Debt Issuance Policy regarding the underwriter pool selection.

Dr. Jeter responded in depth to Trustee Kamlager's inquiries and explained that the LACCD's Debt Issuance Policy procedures were followed.

Trustee Eng posed the following questions to Mr. Brodsky:

- *With respect to the Board's policy for the LSEDV rule, Trustee Eng inquired if the term noted on the February 1, 2016 memorandum is the bases for voting on this?*

Mr. Brodsky responded that the term LSEDV was not referenced but the term "minority-owned" was utilized, which correlates with the firms but not with the Board policy.

- *What you are stating is that although the Board's stated policy is LSEDV, the term was not referenced in your memorandum.*

Mr. Brodsky responded that the statement is correct.

- *Was there an attempt to find out the Board's policy? In other words, if a decision is made today based on the KNN report, then a decision would be based on a set of important policy that is different from the Board's policy.*

Mr. Brodsky acknowledged that the term was not properly described by KNN Public Finance.

Mr. Eng indicated that the KNN report is very comprehensive but expressed concern that the report did not include the Board's policy. The Board's policy was designed to empower communities that are the most disadvantaged based on services--that was the primary reason the Board adopted the policy. He further stated that he will be introducing a motion to ensure that the Board policy applies to all of the LACCD's future contracts.

Trustee Kamlager inquired since the LSEDV term is not referenced in the KNN report does the pool represent those communities?

In response, Mr. Brodsky stated that he could not locate the definition LSEDV--none of the firms are local--according to the Board policy; none of the firms have Los Angeles headquarters; and none of the firms are emerging because all of them are over five years old. However, there are three minority-owned firms included in the pool.

Trustee Moreno inquired if the Bond Review Panel could reconvene in order to review the syndicate structure recommendations for the LACCD's upcoming general obligation bond issuance. If not, he recommended a new Bond Review Panel be reconstituted.

Mr. Brodsky indicated that this would be difficult since the Bond Review Panel has not been involved in the process since the Fall of 2014 and that the panel contributed a great deal of their personal time to this matter. However, Mr. Brodsky stated that he works at the Board's pleasure and will accommodate the Committee's request.

Trustee Kamlager inquired if the LACCD Debt Issuance Policy would have to be amended reflecting the Committee's request.

Dr. Jeter responded that the Committee has the authority to direct staff to reconstitute the Bond Review Panel for the purpose of reviewing the recommendations for the LACCD's upcoming general obligation bond issuance.

A question and answer session was conducted regarding various components as it pertains to the Board's goal being met to offer the opportunity to have Local, Small, Emerging and Disabled Veteran (LSEDV) businesses participate in the issuance of the bonds and that the LSEDV was not identified in the KNN memo, but rather the term "minority-owned" firms was utilized.

A question and answer session was conducted with respect to the participation by minority-owned firms in the bond issuance.

Trustee Kamlager posed the following questions to Mr. Brodsky in his capacity as the LACCD's financial advisor:

- Did the Bond Review Panel do its due diligence in terms of selecting the most qualified firms for the pool?
- Does the LACCD currently have a qualified pool of candidates from which to select for the purpose of a bond issuance?

Mr. Brodsky responded in the affirmative to both inquiries made by Trustee Kamlager. He explained the process with respect to the District's Debt Issuance Policy procedures currently being followed as it pertains to the syndicate structure recommendations.

There being no objection, Trustee Kamlager deferred to the Public Speakers.

PUBLIC SPEAKERS

Mr. Fernando J. Guerra, Sr. Vice President, Ramirez & Company Inc., assured the Committee that Ramirez & Company and Sievert Brandford Shanks are capable to lead in a Senior position for the upcoming bond issuance and that both firms have performed senior-level assignments in the past. He continued to discuss various components with respect to the LACCD Debt Issuance Policy procedures.

Trustee Eng expressed his concern that the Board's term "LSEDV" is not clearly defined for financial institutional agreements. He recommended that this topic be discussed at a future Committee or Subcommittee meeting, in order to clarify the LSEDV term when referenced for financial services to agree with the Board procurement policies. He stated that he was not prepared to make a decision on the current recommendations and would support Trustee Moreno motion.

Motion by Trustee Moreno, seconded by Trustee Eng, that the Bond Review Panel reconvene in order to review the syndicate structure recommendations for the upcoming LACCD general obligation bond issuance.

*APPROVED: 2 Ayes (Moreno and Eng)
1 No (Kamlager)*

Trustee Kamlager inquired if the Bond Review Panel will be reconstituted for every bond issuance recommendation.

In response, Dr. Jeter stated the Board has the authority to change the LACCD Debt Issuance Policy. He indicated that the Committee has directed staff to make an additional review for the current bond issuance only.

FUTURE DISCUSSION/AGENDA ITEMS

None.

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- February 24, 2016

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 3:56 p.m.