

**FINANCE PLANNING & CONTROLS SUBCOMMITTEE**

**TIME and DATE:** 4: 00 p.m., ~~Thursday, September 8, 2011~~ Thursday, September 29, 2011

**PLACE:** Physical Plant and Operations, Training Room A 4860 Ruffner St, San Diego, CA 92111

**MINUTES**

**Subcommittee Members:** Berg, Gordon, Huffaker, Schoettle, Spehn

AGENDA ITEMS	ASSIGNMENTS/UNDERSTANDINGS
Meeting Called to Order: (Gordon)	Chair Gordon called the meeting to order at 4:00 p.m.
Roll Call: (Champy) (Action)	<p><b>Subcommittee members in attendance:</b> A. Berg, J. Gordon, M. Huffaker, K. Schoettle, D. Spehn (excused)</p> <p><b>Other ICOC member(s) in attendance:</b> V. Hall</p> <p><b>ICOC Support Staff:</b> A. Champy, L. Goshorn</p> <p><b>District Staff:</b> L. Dulgeroff, J. Splittgerber, R. Little, J. Salkeld,</p> <p><b>District Financial Advisors:</b> M. Young, Loop Capital Tony Hsieh and Chet Wang, Keygent LLC</p>
<b>Public Testimony</b>	Chair Gordon called for public testimony and there was none
1. Approval of Finance Planning & Controls Subcommittee Minutes for 5-26-11(Gordon) <b>(Exhibit)</b> (Action)	<p><b>APPROVAL OF MAY 26, 2011 MEETING MINUTES</b></p> <p><b>Motion:</b> A. Berg</p> <p><b>Second:</b> K. Schoettle</p> <p><b>Vote:</b> (3-1-0) Passed. M. Huffaker abstained</p>
2. Presentation by District Financial Advisor Loop Capital and Keygent Advisors <b>(Exhibit)</b> (Action)	<p>Four handouts were provided at the meeting:</p> <ol style="list-style-type: none"> <li>1. Eleven suggested discussion guideline topics provided by Chair Gordon</li> <li>2. Notes and observations regarding Prop. S Available cash balance provided by Larry Goshorn</li> <li>3. Bouncing Along the Bottom with the Home Price Index (VofSD Article) Provided by Chair Gordon</li> <li>4. Prop.S Revenue and Obligation Comparison Venn Diagram provided by Joel Splittgerber</li> </ol> <p>Tony Hsieh and Chet Wang both from Keygent LLC presented a power point presentation regarding the Prop. S Bond.</p> <p>Loop Capital did not provide a formal presentation.</p>

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Loop and District CFO Ron Little verbally addressed and made comments to Keygent's presentation.

Mr. Young stated the following: Keygent was assigned to review and comment on Loop Capital's modeling. The model that Loop is using with the exception of putting in the actual assessed valuation (AV) that Loop received in July has not changed so the presentation that Loop has previously made to ICOC and the Board is no different. What Loop thought would be beneficial is for Mr. Hsieh of Keygent to go through his presentation which is the analysis of the work of the financial advisor has done, highlight issues, thoughts or concerns as it relates to that, and it will address many of the questions listed in Chair Gordon's handout.

Chair Gordon, commented that whenever the presentation is made to the BOE or ICOC, it is the desire of the subcommittee to have a "robust analysis going forward, which we did not have in 2010."

After the presentation, Mr. Young, Mr. Little and Ms. Salkeld, responded verbally to some of the issues that were discussed in Mr. Hsieh's presentation.

Key assumptions made by Keygent

Per county:

1. Reduce Prop. MM reserve to \$0
2. Reduce excess reserves from \$7.5M to \$0
3. Revise A/V down

	KEYGENT	LOOP
2012	. 21%	0%
2013	0%	2%
2014	2%	3%
2015	3%	4%
2016	4%	5%
2017	5%	5%

AGENDA ITEMS	ASSIGNMENTS/UNDERSTANDINGS
	<p data-bbox="824 174 1511 210"><b>Loop Capital Response to Keygent's Presentation:</b></p> <ol data-bbox="873 285 1523 1083" style="list-style-type: none"> <li data-bbox="873 285 1523 390">1. Find out true number from county on amount left in reserves. Loop received a spreadsheet with a \$20M balance</li> <li data-bbox="873 394 1523 457">2. The excess reserves has never been 0 and historically has been \$10M or more</li> <li data-bbox="873 462 1523 978">3. It is premature to take the AV down to zero because Loop believes we will have a positive CPI adjustment, and wants to wait until October 2011 to see the CPI number. If the number is below 1%, Mr. Young's personal vote is that we should ratchet something below 0% and 2%. As soon as the CPI number is revealed, Loop's plan is to have a conversation with the accessor to better get a sense to what they're thinking and present that information to the District and to the District's Financing team and make a collective decision/ recommendation and present that to the public for review.</li> <li data-bbox="873 982 1523 1083">4. Refinancing of Prop. MM debt to be analyzed as this item will have the greatest impact on available revenue</li> </ol> <p data-bbox="824 1161 1073 1197"><b>District Response:</b></p> <p data-bbox="824 1201 1495 1306">Based upon the information provided the timing of the next updated report will be rescheduled to a November 9<sup>th</sup> meeting.</p> <p data-bbox="824 1383 1446 1524">Chair Gordon announced that the ICOC Finance subcommittee will have the first look but will be flexible with the full ICOC in when the updated presentation will be presented.</p>
<p data-bbox="118 1602 667 1671">3. Executive Director's BOE Look-Ahead (Dulgeroff) (<b>Exhibit</b>) (Information)</p>	<p data-bbox="824 1602 1463 1665"><i>Item deferred to the next ICOC Finance subcommittee meeting</i></p>
<p data-bbox="118 1713 756 1818">4. Presentation of Standard Financial Reports of August 2011 (Splittgerber) (<b>Exhibit</b>) (Information)</p>	

**AGENDA ITEMS****ASSIGNMENTS/UNDERSTANDINGS**

5. ADJOURNMENT (Action) Meeting adjourned at 6:00 p.m. The October 27, 2011 was rescheduled to Wednesday, November 9<sup>th</sup>. The November 23, 2011 meeting will be rescheduled to Thursday, November 30<sup>th</sup>.

**Next Meeting: October 27, 2011 at 4:00 p.m. in the Physical Plant and Operations, Training Room A, 4860 Ruffner St., San Diego, CA, 92111**

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