

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees
FROM: Dr. Douglas Treadway
DATE: December 14, 2005
SUBJECT: Ratification of Guaranteed Investment Contract with AIG

- Regular Agenda item

The District sold the final increment of the approved Measure A Bonds in August 2005. Since the \$110,000,000 proceeds will be utilized over a 3 year period and with the rising cost of construction it is prudent to maximize the District's potential return.

With the guidance of our Bond Council, David Casnocha and our investment advisor, Robert Barna, the parameters were set for a Request for Investments (RFI) on a Guaranteed Investment Contract (GIC) in order to comply with all of the legal requirements set forth in the Measure A legislation. Winters & Co. Advisors, LLC handled the bidding process in accordance with the approved guidelines.

The District received 8 viable bids. The top bidder was AIG with a 4.745% rate of return for a 3 year period beginning November 30, 2005. Using the estimated cash flows provided by the District Bond Manager, Mr. Winter estimated that if all cash flows remain as specified the expected income could be as much as \$7,557,000. This is a significant improvement over the County return of approximately 1.95%.

AIG provided all of the necessary certificates and guarantees. Our Bond Council gave his approval of the investment agreement and resolved all of the additional criteria requested by AIG.

RECOMMENDATION

The President/Superintendent recommends that the Board ratify the Gauranteed Investment Contract (GIC) with AIG.