

AUDIT & FINANCE COMMITTEE MEETING MINUTES APRIL 1, 2002

Present

Robert Grimm, Mary Mason, Judy Moss, Kent Peterson, Delia Ybarra

Absent

Pat Millar

Others

Mike Brandy, Leo Chavez, Will Coursey, Jennifer Farnham, Bernadine Fong, Rich Hansen, Alan Harvey, Ken Horowitz, Martha Kanter, Jim Keller, Jon O'Bergh, John Schulze, Tonette Torres

1. PUBLIC HEARING

No members of the public addressed the Committee.

2. APPROVAL OF MINUTES

The minutes of the February 4, 2002 meeting were approved as drafted.

3. MEASURE E PROJECTS

John Schulze distributed and reviewed a Measure E Management Reporting Statement dated 2/28/02. Bob Grimm asked about overhead costs, which Schulze described as consisting of bond issuance costs, legal fees, Gilbane Company fees, Environmental Impact Report costs, etc. He noted that 10.3% of construction costs were originally projected and earmarked to accommodate these overhead costs. On the revenue side, interest income has not been projected because it is subject to arbitrage rebate to taxpayers and the district feels there is no reason to allocate any of the amount at this time. Schulze also clarified that any savings from completed construction projects is rolled over into the colleges' contingency accounts.

Prompted by a question from Bob Grimm, the Child Development Center at Foothill was discussed. Schulze explained that the college is attempting to retrieve the state dollars for this former project and apply them to other seismic concerns. Apart from problems with the site and the earthquake fault, operational issues concerning the program's ongoing deficit need to be addressed before deciding whether to build a Child Development Center at Foothill in the future. Currently, Foothill students are being accommodated at the De Anza Child Development Center. Grimm asked if there were any other programs operating in a similar manner where operational issues need to be addressed in conjunction with Measure E projects, and Leo Chavez responded that, to the best of his knowledge, there were not. Nonetheless, Grimm urged the district to resolve any operational issues before moving down the road toward design and construction in such circumstances.

Ken Horowitz and Rich Hansen asked several questions about the report. Grimm requested that Central Services projects be added to the Measure E reports.

The Committee was invited to tour the various construction projects as they get underway. Anyone who is interested can contact Claudette Weber or John Schulze.

4. CURRENT STATUS OF AUDIT FINDINGS AND RESPONSES

Will Coursey presented an update on audit findings and responses from the district. He noted that the district has until June 4 to officially respond to the auditors. Asked by Judy Moss if he expected any problematic areas in the coming audit, he responded that the bookstores will continue to be a major concern. Moss is concerned that there will not be sufficient funding to staff new buildings. Leo Chavez responded that the district would lose dollars by postponing construction projects because of a lack of funding for new staff.

5. NEXT MEETING DATE

The next meeting was scheduled for June 3, 2002 at 4:00 p.m.

CALENDAR OF PENDING ITEMS

Audit Findings and District Responses (Coursey).....	June 3, 2002
Measure E Projects Report (Schulze)	June 3, 2002

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Approved 6/3/02