

# AUDIT & FINANCE COMMITTEE MEETING MINUTES APRIL 10, 2006

Present

*Robert Grimm, Pat Millar, Kent Peterson, Hal Plotkin, Delia Ybarra*

Absent

*Bruce Swenson*

Others

*Mike Brandy, Claudette Brero-Gow, Bill Euphrat, Bernadine Fong, Jeanine Hawk, Martha Kanter, Jim Klingensmith, Jon O'Bergh, Hector Quinonez, John Schulze, Tonette Torres*

## 1. PUBLIC HEARING

No members of the public wished to address the Committee on items not on the agenda.

## 2. APPROVAL OF MINUTES

It was M/S/C (Grimm/Millar) to approve the minutes of the February 6, 2006 meeting.

## 3. MEASURE E CONSTRUCTION PROJECTS UPDATE

Schulze reported that, in an effort to keep administering Measure E in a financially responsible manner, the District is scrutinizing overhead costs, contingency amounts and how to close out projects as Measure E winds down. He reported that issues with Perkins and Will have been satisfactorily resolved. He also reported on efforts to reach a settlement with DES Architects on four De Anza projects. He provided an update on construction delays on the Foothill Campus Center, which Bay Area Construction claims has resulted from design problems but also stems from the firm starting late. He provided an update on the plan for remedial work on the De Anza Science Center.

Millar requested information explaining the proportion of Measure C projects that constitute deferred Measure E projects to address community misperceptions about the relationship between the two bond measures. Schulze agreed to provide the information. Grimm added that he would like to see the list of projects originally planned for Measure E compared to what was completed, changed or deferred.

## 4. UNDERWRITER RFP PROCESS AND INTERVIEWS

Brandy provided background and introduced Bill Euphrat, who is assisting with crafting the Request for Proposal (RFP) for a bond underwriter and will participate in reviewing responses. The RFP was discussed and, at the Committee's request, wording was added to state that no contact will be allowed with members of the Audit & Finance Committee. The interview date was set for May 18 beginning at noon with lunch and a briefing for the Committee, followed by interviews from 1:00 to 5:00 p.m. It was agreed that Brandy and Euphrat will screen the

responses and recommend 3-4 respondents for interviews, any one of which would be acceptable if selected as the bond underwriter.

Grimm asked whether the RFP should include a provision specifying the need to keep the tax rate stable at no more than \$24 per \$100,000 of assessed value. Euphrat argued against including the provision since the kinds of questions a respondent asks will reveal their level of expertise and familiarity with such requirements. Plotkin noted that the District's current underwriter would then have an unfair advantage and argued in favor of being more open so every respondent has the same information. Brandy agreed to add the provision proposed by Grimm. Kanter suggested adding "Quality and Depth of Presentation" under selection criteria. Grimm suggested including financial information on the evaluation spreadsheet. Millar asked to see historical information on the interest rates obtained for the Measure E bond issuances. Plotkin asked if there was anything else the Committee should consider, and Euphrat said there was nothing else he would suggest.

## **5. UPDATE ON BUDGET AND BOND MEASURE**

Brandy provided a brief report on the budget, noting that he expects the 2006-07 budget to be in balance. He reported that the District was close to regaining 2% enrollment after last year's drop of 3%, and productivity levels appear to be holding well.

Brandy noted that all campaigning for the bond measure must occur without using District resources or without occurring on District time. He reviewed how Measure C differs in nature from Measure E, particularly in the requirement to establish a separate citizens oversight committee.

Brandy also provided an update on the unfunded retiree medical benefits liability. He reported that the District is planning a new actuarial study. GASB Accounting Standards require that a plan to address funding the liability be in place by July 1, so he is working on a proposal. The District's annual liability is estimated at \$2.4 million. Brandy also reported that the Accrediting Association of Community and Junior Colleges is focusing on each District's plans to fund the liability.

## **6. UPDATE ON OPERATIONAL AUDIT TO BE PERFORMED BY VAVRINEK, TRINE & DAY**

Quinonez distributed information regarding the District's plans for an audit of credit card (pro-card) usage and discussed the proposal to hire VT&D to perform this operational audit. He reviewed aspects of the proposed study, reporting that there are about 400 District credit cards in use. Grimm asked what triggered this audit, and Brandy responded that Trustee Bechtel has expressed interest in reviewing this area of the District's operation. Quinonez also provided an update regarding plans to continue an audit of cash handling, the results of which will be presented to the Committee in the summer.

## **7. NEXT MEETING DATE**

The next meeting was scheduled for June 19, 2006 at 3:30 p.m., with bond underwriter interviews scheduled for May 18. Plotkin confirmed that the tour of Measure E construction and renovation projects had been scheduled for April 20.

***CALENDAR OF PENDING ITEMS***

Measure E Progress Report (Schulze).....	June 19, 2006
Discussion of How to Use New Revenue Streams .....	TBA
Revised Board Policy 9123, Audit & Finance Committee.....	TBA
Board Policy 3153, Audit .....	TBA
Pro-Card Activity Operational Audit (Brandy) .....	TBA
Cash Handling Operational Audit (Brandy) .....	Summer 2006
Small and Local Business Procurement .....	TBA

jo  
Approved 6/5/06