

AUDIT & FINANCE COMMITTEE MEETING DRAFT MINUTES JUNE 1, 2009

Present

Betsy Bechtel, Lester Ezrati, Robert Grimm, Kent Peterson, Hal Plotkin

Absent

Marge Bruno

Others

Charles Allen, Mike Brandy, Luis Buehler, Andy Dunn, Letha Jeanpierre, Martha Kanter, Geoffrey Kischuk, Judy Miner, Brian Murphy, Jon O'Bergh, Hector Quinonez, Bernata Slater, Tonette Torres

1. PUBLIC HEARING

There were no members of the public who wished to address the Committee on items not on the agenda.

2. APPROVAL OF MINUTES

It was M/S/C (Bechtel/Grimm) to approve the minutes of the April 6, 2009 meeting.

CONSENT CALENDAR

It was M/S/C (Grimm/Bechtel) to approve the Consent Calendar as follows:

3. **THIRD QUARTER REPORT** — acknowledged the item as information
4. **MEASURE E PROGRESS REPORT** — acknowledged the item as information
5. **MEASURE C PROGRESS REPORT** — acknowledged the item as information
6. **ASSESSED VALUATION / MEMO FROM MORGAN STANLEY** — acknowledged the item as information
7. **STATUS OF SANTA CLARA COUNTY INVESTMENT POOL** — acknowledged the item as information

8. MEASURE C PROGRAM/PROJECT MANAGEMENT OPERATIONAL REVIEW PROGRESS REPORT

Allen distributed and reviewed a summary of the breakdown of tasks to be performed. The purpose of the project is to determine whether projects are being managed effectively as well as to determine what barriers hinder implementation of best practices. MGT of America will provide a written and oral report to the Audit & Finance Committee later in the year; an update will be given at the August 31 meeting if the report has not been completed by that date. Allen said he was confident that MGT of America has the right background and experience to effectively perform the operational review.

9. TENTATIVE BUDGET 2009-10

Brandy and Dunn presented the Tentative Budget. Reductions totaling \$6.7 million have been identified, including elimination of positions, which leaves a remaining deficit of \$3.2 million. With new cuts proposed by the governor, there would be an additional deficit ranging from \$15-\$21 million. Several policy issues which are critical to planning the District's budget have not yet been resolved by the state; these include categorical funding, P.E. class credit, and concomitant reductions in funding and enrollment.

Responding to a question from Bechtel, Dunn said that the District's cash flow is good until September or October, at which time the District would be able to qualify for borrowing through a Tax Revenue and Anticipation Note. There was a discussion of a parcel tax and the possibility of consolidating with other local agencies. Grimm raised questions about additional fundraising and accelerating Measure C funding to help cash flow.

10. UNFUNDED RETIREE BENEFITS LIABILITY

Dunn provided an update regarding progress with the CalPERS contract. He reported that a letter has been sent to the Community College League of California (CCLC) announcing the intent to shift funds to CalPERS. Kischuk presented an estimate of costs assuming full funding through CalPERS, and noted that keeping assets with two or more agencies has potential downsides. Bechtel stated that she is not comfortable with maintaining investments with two different agencies. The CalPERS interest rate was discussed and the consequences of continuing to invest in the CCLC Joint Powers Authority. There was a discussion of the advantage of making contributions quarterly instead of annually.

CALENDAR OF PENDING ITEMS

Status of Santa Clara County Investment Pool (standing item)	August 31, 2009
2009-10 Adopted Budget	August 31, 2009
Measure E Progress Report (Allen)	August 31, 2009
Measure C Progress Report (Allen)	August 31, 2009
Measure C Program/Project Management Operational Review (Allen).....	August 31, 2009
Police Parking Fees Operational Review (Quinonez).....	December 7, 2009
Facilities Rental Operational Review (Quinonez)	December 7, 2009
IT Information Security Audit (Quinonez).....	December 7, 2009
Proposals for 2009-10 Operational Reviews (Quinonez).....	December 7, 2009
Pro-Card Operational Review (Quinonez)	2010

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