



**Foothill-De Anza
Community College District**

12345 El Monte Road, Los Altos Hills, CA 94022 650-949-6200

**AUDIT AND FINANCE COMMITTEE MEETING
DRAFT MINUTES**

March 1, 2012

PRESENT: Betsy Bechtel (chairperson), Marge Bruno, Dexter Dawes, Laura Casas Frier, Joel Spolin, Jim Sandstrom

STAFF: Charles Allen, Letha Jeanpierre, Kevin McElroy, Casey Michaelis, Judy Miner, Hector Quinonez, Bernata Slater, Linda Thor, Tonette Torres, Shirley Treanor

OTHERS: David Casnocha, William Euphrat, John Sheldon

CALL TO ORDER

Betsy Bechtel called the meeting to order at 3pm.

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

Approve the minutes of the December 1, 2011 meeting. M/S/C (Bruno/Dawes).

Consent Calendar

- 3. Adopt Calendar of meetings through 12/31/12**
- 4. Measure E Projects Report**
- 5. Measure C Projects Report**
- 6. Fiscal Self Assessment**
- 7. External Audit Calendar**

Items 4-6 removed for discussion, will be discussed after item 8.

Items 3, 7 accepted as submitted. M/S/C (Sandstrom/Bruno)

Committee Business

8. GO Bond Refunding Plan Summary

Kevin McElroy introduced John Sheldon who described the refunding plan for Measure E. Joel Spolin asked about the rates for refunding, and if it was a good time to start this process. John Sheldon stated that this was a good time in the market and that these bonds are conservatively priced. He further explained that it is possible for these rates to go higher, and explained the amount of savings, which is \$700 thousand. Joel Spolin asked who usually bought these types of bonds, and John Sheldon stated it was usually institutions.

Kevin McElroy introduced David Casnocha, who is the tax attorney working on this refunding. David Casnocha explained his role in this process to be the preparation of legal documents that will go to the Board of Trustees for approval. Kevin McElroy introduced William Euphrat. He explained his role in the process as overseeing finance projects for the District, and helps verify and clarify information for FHDA staff.

Items 4-6 were then discussed:

4. Measure E Projects Report

Betsy Bechtel asked what was left of the projects on the list, and when the projects would be closed out completely. Charles Allen explained that both active and capitalized projects have been closed out completely, and resolution on all projects should happen by the end of 2012.

5. Measure C Projects Report

Dexter Dawes pulled item to ask about Flint Center Parking Garage. Charles Allen stated that upon further inspection, more repairs were needed. Dexter Dawes questioned why the project was initiated without a full check up, and Charles Allen stated that there was a plan outlined for repairs that needed expansion.

6. Fiscal Self-Assessment

Dexter Dawes had a question about page eight of the self-assessment, specifically about the retiree health benefits, and if retirees used Medicare at 65 years of age. It was explained that yes, FHDA employees get Medicare at 65, but there are two groups- the pre 1997 and post 1997 groups of retirees. Those who started work prior to 1997 get full benefits with FHDA covering secondarily, and Medicare does the primary coverage. Employees who started employment after 1997 have Medicare at 65, but does not cover secondary expenses. FHDA has a bridge program for those retirees.

Committee Business

9. Budget Update and Review

Handouts by Bernata Slater and Kevin McElroy about the budget cuts were distributed to discuss the possible budget scenarios, including one with the tax package in November 2012 passing, and one with the package not passing. Currently, the amount of cuts will be \$4.5 million, to be met with layoffs, planned cuts to programs and eliminating vacant positions. There are moving budget targets, but it all depends on unknown factors and the tax package passing or failing.

10. Second Quarter Report

Bernata Slater discussed the second quarter report, with the caveat that projections are expected to change. The highlights of the report include a \$7.6 million structural deficit, along with mid year cuts which increases the deficit to \$10.5 million. One-time funds will be used to backfill the

deficit, but those funds will not be around in coming years. Additional revenue from international students and some float money amounted to approximately \$1 million dollars, which helped to some degree.

11. Status Update of Prior Year's Audit Findings

Vavrinek, Trine, Day & Co., LLP will be the new auditing firm, replacing Perry-Smith LLC. They have a slightly different approach, which includes a management's response letter and stated some corrected and uncorrected misstatements in their submission to the Board.

12. Measure C Program/Project Management

Charles Allen discussed the documents, which had track changes marks on them to show action and progress on response. The report was described as detailed and takes focus to see the issues raised.

13. Discuss Electronic Only Agenda Distribution

At this time, Audit and Finance members prefer to continue receiving both paper and electronic copies of the agenda and backing materials.

Meeting was adjourned at 5:16pm