BOARD FINANCE AND AUDIT COMMITTEE
MEETING MINUTES
November 13, 2012
1:00 – 3:00 P.M.
CS 236

It is the intention of Palo Verde Community College District to comply with the Americans with Disabilities Acts (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, Palo Verde Community College District will attempt to accommodate you in every reasonable manner. Please contact Carrie Mullion at (760)921-5440, as soon as possible to inform us of your particular needs so that appropriate accommodations may be made.

1. Call to Order: The meeting was called to order at 1:04pm.

2. Roll Call:

Ted Arneson – Board of Trustee Member	✓	**Richard Soto – CSEA President**	✓
Jerry Lewis – Board of Trustee Member	✓	**Derek Copple – CTA President**	**A**
Denise Whittaker – Interim Superintendent/President	✓	**Russi Egan – CBO**	✓
Sheri Jones – Interim V.P. of Instructional and Student Services	**A**	**Imelda Gonzalez – ASG Representative**	**A**
Biju Raman – Academic Senate President	✓	**Carrie Mullion - Recorder**	✓

Guest: Board President, Mr. Gonzalez; Paul Messner, Auditor
Introductions were made.

3. Opportunity for Public Comment

No Public Comment

4. Minutes – October 16, 2012: It was moved (Egan), seconded (Raman), and passed to accept the minutes as submitted.

AGENDA ITEMS

5. Review of Magis study regarding COP's – Whittaker/Egan/Brahmbhatt
Mr. Tim Schaefer was introduced by CM Brahmbhatt. Mr. Shaefer reviewed the 4 options available at this time, taking into consideration current interest rates, economics, and state of the economy in general. Attached is a copy of his presentation. The four options are as follows:

Option I – Do Nothing and maintain the current $60,449,000 debt as obligated resulting in a shortfall of approximately $735,000 annually from 2027 – 2037.

Option II – Refinance COP debt now with the result of having shortfalls beginning in 2026 of over a million dollars annually and realizing total debt of $67,267,000 (negative arbitrage).

Option III - Refinance the COP debt in 2016 with the result of having shortfalls beginning in 2027 of approximately annually and realizing total debt of $61,135,000.

Option IV – Refinance the COP debt in 2016 and apply the remaining LAIF funds to buy down the COP principle resulting in an annual shortfall of approximately $125,000 and an overall debt of $47,600,000.

After considerable discussion, it was moved (Lewis), seconded (Raman), and passed to accept Option 4 as the preferred plan for COP debt mitigation with the following understanding:

1. The College will continue to provide $855,000 annually for the COP debt payment beginning in 2011 from the General Fund.

2. The College will provide an additional $766,000 annually for the COP debt payment from 2016 through 2037 from the General Fund.

3. The College will reserve from the LAIF account beginning January, 2013, $350,000 to be identified and reserved for capital projects as the facilities begin to age. Interest income generated from the LAIF account or through unanticipated interest revenue will be re-directed into this capital account to maintain capital stability.

4. Requiring Board approval, unanticipated annual revenue will be re-directed to an account preserved for "debt service" to reduce or help reduce annual COP debt shortfalls.

5. College leadership, in consultation with the Board, will maintain on-going monitoring of economic trends, indicators, interest rates, consultation with financial experts, and other components which could positively or negatively impact any of the listed options, or result in the creation of a new option, with the capability of adjusting the plan as needed.

6. The Board of Trustees will annually review and update the plan options and adjust the plan if deemed beneficial to the institution.

6. Nov. 20th Accreditation Site Visit and Possible Questions/Preparation: The Accreditation Team will be on campus Nov. 20 and will be meeting with the Board at 12:30pm.

7. Review of Board Policies applicable to Finance: The IS/P noted that the policies and procedures previously reviewed would go through the internal editing and approval process and come back to the Board's Finance and Audit Committee early next spring. The following items were then reviewed and referred back to the College for finalization.

- **AP 6300.2 Accounting**
- **AP 6300.3 Warrants**
- **AP 6300.4 Payroll**
- **BP 6320 Investments**
- **AP 6320 Investments**
- **BP 6330 Purchasing**
- **AP 6330 Purchasing**
- **AP 6330.1 Purchase Orders and Requests**
- **AP 6340.5 Contracts – Vendors**
- **AP 6400 Audits**

BP 6335 Use of District Credit Cards
AP 6335 Use of District Credit Cards
BP 6340 Contracts
AP 6340 Bids and Contracts
AP 6340.1 Contracts – Construction
AP 6340.2 Contracts- Elec. Sys & Materials
AP 6340.3 Contracts – Accessibility of IT
AP 6340.4 Contracts – Personal Service
BP 6400 Audits

8. The IS/P noted that this committee would normally meet 2 times each semester unless otherwise needed and that the next meeting will be called in conjunction with the regular meeting in March.

9. Adjourn: The meeting was adjourned at 2:59pm.