



Agenda

5/8/14 TIME 1:56-

Liza Kerr

A handwritten signature in black ink, appearing to be "Liza Kerr", written over a horizontal line.

CITY OF SANTA FE
SPECIAL TASK FORCE PARK BOND AUDIT
CITY COUNCILORS' CONFERENCE ROOM
Thursday May 15, 2014 - 10:30 to 12:30 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
 - N/A First Meeting
5. ELECTIONS: Chair and Vice Chair
6. STATUS REPORTS: N/A First Meeting
7. SUB-COMMITTEE REPORTS: N/A First Meeting
8. OLD BUSINESS: N/A First Meeting
9. NEW BUSINESS (Assuming 20 minutes to Steps 1-8):
 - 10 Min - Discussion of Rules and Procedures for City Committees with Legal Department;
 - 30 Min - Discussion of Resolution 2014-17;
 - 15 Min - Discussion of "Agreed Upon Procedures" and defining the "scope" of an audit;
 - 5 Min - Time constraints, audit report should be completed by December 31, 2014;
 - 10 Min - RFP process – time requirements and turnaround.
 - 30 Min – Wording from the original bond issuance;
 - 30 Min - Discussion of Past Minutes from BTAC, POSAC, Public Works and City Council. (One complete copy – and reference to the web);
10. OTHER MATTERS FROM THE TASK FORCE
11. NEXT MEETING DATE:
 - TBD
12. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

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CITY OF SANTA FE PARKS BOND AUDIT TASK FORCE
May 15, 2014

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4. APPROVAL OF MINUTES	N/A - First Meeting	2
5. ELECTIONS		
a. Chair	Ms. Kerr as Leader	2
b. Vice Chair	None chosen	2
6. STATUS REPORTS	N/A - First Meeting	2
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8. OLD BUSINESS	N/A - First Meeting	2
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• Time Constraints & Deadline	Discussion	7-8
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10. OTHER TASK FORCE MATTERS	None	10
11. NEXT MEETING DATE	May 28, 2014 @ 3:00	10
12. ADJOURNMENT	Adjourned at 12:30 p.m.	11

MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

May 15, 2014
10:30 a.m. – 12:30 p.m.

1. CALL TO ORDER

An initial meeting of the City of Santa Fé Parks Bond Audit Task Force was called to order by Ms. Kerr, Convener, on this date at approximately 10:40 a.m. in the City Councilors' Conference Room at City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Liza Kerr, Internal Auditor (Convener)
Teresita Garcia, Finance Department
Eric Martinez, Public Works Department
Anna Hansen, POSAC Chair
Councilor Patti Bushee, BTAC Chair [arriving later]
Hazeldine Romero, Audit Committee
Marc A. Tupler, Audit Committee [arriving later]

Members Absent:

Others Attending:

Carl Boaz, Stenographer
Bette Booth, POSAC

3. APPROVAL OF AGENDA

Ms. Hansen moved to approve the Agenda as presented. Ms. Romero seconded the motion and it passed by unanimous voice vote.

4. APPROVAL OF MINUTES

There were no minutes to approve.

5. ELECTIONS

Ms. Kerr informed the Task Force that she had conversations with Ms. Kelley Brennan and Ms. Judith Amer and they indicated the Task Force didn't need to have a chair or vice chair and could be led by her even though she was a City employee.

Ms. Hansen moved to elect Ms. Kerr as the Task Force Leader. Mr. Martínez seconded the motion and it passed by unanimous voice vote.

6. STATUS REPORTS

There were no status reports.

7. SUBCOMMITTEE REPORTS

There were no subcommittees.

8. OLD BUSINESS

There was no old business.

9 NEW BUSINESS

a. Discussion of Rules and Procedures for City Committees with Legal Department

Ms. Amer was not in attendance.

Ms. Kerr referred the members to the document in the packet on the rules and procedures and gave an overview of it. She clarified that the Task Force was identified in the document as a Special Committee. She said this committee would exist only until it completed its task and would automatically dissolve when their work was finished. The job for the Task Force was just to set the scope of the audit.

Ms. Hansen asked if they would reconvene when the audit was finished. She also asked what the normal procedure with an outside audit was.

Ms. Kerr briefly explained the procedure.

Ms. Garcia said once the scope was identified it went out for bid and the auditor did the work and then had an exit conference and Task Force members could attend the exit conference. Then it would go to Audit, Finance and Council. Presentation to other committees could be in the scope too.

Ms. Kerr cautioned that it would cost \$150/hour when they did anything.

Mr. Martinez asked about officers.

Ms. Kerr explained that the Mayor did not appoint a chair so Legal said this arrangement was okay.

b. Discussion of Resolution 2014-17

Ms. Kerr read the “therefore” portion of the resolution aloud.

Ms. Romero said the resolution was to have the full Audit Committee.

Ms. Kerr said it could be done by a subcommittee and then go to the Audit Committee. The next meeting of the Audit Committee is June 4. The final results must go to Council before December 31, 2014.

She felt it would be appropriate to have these committees attend the exit conference and then it would go to the Governing Body. This Task Force might meet intermittently and report the status of the audit progress.

Ms. Hansen thought that was a good idea.

- **Discussion of “Agreed Upon Procedures” and defining the “scope” of an audit**

Ms. Kerr provided a written memo to the Task Force about the agreed upon procedures and the scope. She also provided a separate handout entitled “Objectives and Scope”. The memo had examples of previous audits: Lodgers Tax, etc. She read the scope section that gave the boundaries of the audit. The objective was what the audit was intended to accomplish and she read the list.

She explained that a “forensic audit” looked at every single transaction. Her opinion was that this audit would not need to be a forensic audit but a regular audit and it would choose a sample for examination.

Ms. Hansen said she was involved in a LANL audit and they won a consent decree against LANL regarding the Clean Air Act. She was also involved with an audit at Oshara Village.

Ms. Kerr explained that this one was totally different. This was an “agreed upon procedure,” and the scope could be broader than just financial transactions. At some time it would require an appropriation for it and the broader the scope was, the more expensive it would be. We wanted to make it affordable but still cover what needed to be done.

Councilor Bushee arrived at 11:05.

Councilor Bushee asked if public comment could be part of the agenda.

Ms. Kerr agreed they could do that next time.

Ms. Hansen said she had talked about Ms. Booth doing a presentation and others, of course.

The Task Force discussed their meeting schedule and whether to expedite them.

Ms. Kerr asked the Task Force to look over the other scope examples. She noted that in the process, if the auditors found anything that looked suspicious, they would look deeper.

Mr. Tupler arrived at 11:12 a.m.

Ms. Kerr reviewed what had been covered so far in the meeting for Mr. Tupler and Councilor Bushee.

Mr. Martínez asked if it had to be completed by December 31st. Ms. Kerr agreed.

Mr. Tupler asked if there was anything in the original bond that would need to be included.

Ms. Kerr said no. She said on March 4, 2008 the question was put to the voters and it passed. That was why the City got the bonds. The first issue was in June 2008 for \$20 million and the next was \$10 xxx in 2010. The sale was legally noticed.

Mr. Martínez said that would be essential information for the auditor on the span of startup of projects.

Ms. Kerr agreed. And covenants would need to be included.

Ms. Hansen pointed out that a few things were exempt like the underpass of St. Francis and Acequia Trail. That was in the resolution.

Ms. Kerr read from her proposed objectives and scope document with brief comments. These were suggestions for the objectives of the audit.

Ms. Garcia wrote on the board: 1 - compliance, 2 - work plan, 3 - recommendations, 4 - final steps. Those would be agreed upon procedures - then go to what needed to be audited.

Ms. Romero shared her background and said that anything audited must be reviewed in light of something in writing. So in the boundaries, they needed to give the auditor something in writing that said what it was to be spent for. It was documentation testing and they would tell the auditors that these were the documents for testing. So they would see what it said in writing that was to be done and test against that.

Councilor Bushee asked if it had to be law. Ms. Romero said no.

Councilor Bushee said this particular bond was large enough and well vetted but the ballot language was not very specific.

Ms. Romero said a lot of that would be on how it was to be spent and test against that. If they went in and it was discovered to be otherwise, that would be a finding.

Ms. Garcia said the election just passed requires an audit of upcoming bonds and that would be a guideline for how to promote a bond. We don't want the Governing Body to be liable for a product they did not produce. It would be a learning process for them on what a bond was and to determine what they had to produce or get done. So the recommendations on how to promote a bond would be good in here.

Ms. Hansen said the guidelines for promotion were very important. In 2008 it wasn't the City Council promoting it but the Trust for Public Lands (TPL), POSAC and the citizens. Councilor Bushee agreed.

Ms. Garcia reasoned that if a group was moving forward to promote a bond it could show that Council acknowledged and supported the bond issue. Usually it was staff that recommended a bond issue but this one was different.

Ms. Hansen said the 2008 Parks Bond was recommended by Councilor Ortiz but the promotion was done by others. It wasn't the Council that pushed it forward.

Ms. Garcia concluded that how they could strengthen the bond procedures might need to be part of the scope.

Councilor Bushee said they recognized the City had played fast and loose on the procedures. We just want to tailor the scope to the resolution. The Council didn't have enough procedures in place in 2008 when this bond was issued.

Ms. Garcia agreed that it provided an opportunity to put that out there and if financially reasonable, could be put part of the scope. At least they could put it down and then fine tune it. In this committee, the promotion of the bond might be one of the criteria.

Ms. Kerr asked how they could hold a city employee accountable for something that was not part of the law or part of the bond. She wondered what the written law was at the time that the auditors could review against.

Councilor Bushee considered it an art form - to get it across with enough specificity and yet still keep the voter's attention span.

Ms. Kerr was going to meet with the City Attorney next week on what else the Task Force needed to account for in the audits.

Ms. Romero said the auditors could audit against the written original promotion materials.

Ms. Hansen said she had it all but it was at home and she could bring it next time.

Ms. Garcia agreed they might need to make that available to the auditors and the Task Force.

Ms. Hansen said the fact that Finance never saw the promotional material was a concern.

Ms. Kerr understood but didn't want to dink someone who had no control over it.

Councilor Bushee agreed they didn't want to dink someone. It was very confusing in reality including the direction staff took on it. That was true for the CIP bonds also - the issue of hiring someone for a one-time bond issue. Jennifer Parks from TPL raised that point.

Mr. Martínez understood that the City could not promote the bond. The staff couldn't go out and urge voters to vote for it but just to provide information on the intent of the bond.

Ms. Garcia gathered there were things that were gaps. The Task Force needed to know who all was involved in this bond issue. Some of them might have left employment at the City and third parties were maybe unknown.

Councilor Bushee said the directives from TPL were not on specific projects but what the City could fund. They build parks and have no way to maintain them. There was no revenue stream to do that.

Ms. Hansen said that was where CIP bonds came in.

Councilor Bushee clarified that CIP bonds were not for staffing.

Ms. Garcia agreed. They've never been for maintenance.

Ms. Hansen said she was unaware of that.

Councilor Bushee said the Public Works Department had \$2 million for parks maintenance in the budget.

Ms. Garcia understood each member had homework on this outline and when they met again they could look at vouchers, time sheets, etc. Each member has a part in this.

Ms. Kerr agreed to email every member from her notes in order to speed it up.

Ms. Garcia felt it was critical to talk about the final report because it was what the public would see. She didn't know what they wanted to see as a result of the audit.

Ms. Romero said she had seen "agreed upon procedures audits" that just looked at transactions but never said what they saw in this audit they needed to indicate what they saw there.

Ms. Hansen thought they needed to find out how the procedures were done with respect to the master plan and work plan - to make sure there was public input along the way and to assure them the money was spent on what the bond intended. It was also how to make that procedure more transparent.

Ms. Garcia said it should address: 1) Did we comply with all regulations? 2) Did the City follow the regulations appropriately? 3) Did the City report on them? 4) Did the City follow compliance with standards?

Ms. Kerr agreed. That was why she brought the Parks Bond Implementation Plan. The verbiage that went to voters was very vague.

Ms. Hansen said the master plan looked a lot like the Implementation Plan.

Ms. Garcia suggested they might want to document what the process was in compliance with the master plan that was adopted by Council and then the changes in the plan.

Ms. Hansen thought the Master Plan and the Implementation Plan were slightly different. POSAC worked on the Master Plan.

Ms. Garcia said the auditors could audit those documents and they could add the planning documents that were approved. The Task Force should put all the documents in there that the auditors should review. Those would be set in stone and the auditors could look at what was changed within them. Third was the final document that went to Council before the bond vote.

Ms. Hansen read from what the voters were given to vote on.

Ms. Romero thought they could show the differences from the original to the final document.

Ms. Garcia said that would affect what the public perceived. That would give a clear understanding of what changed.

Ms. Hansen felt what Governing Body approved was what the Task Force had to work with.

Ms. Kerr agreed to send it out to the Task Force and she would assemble all these comments and send it out.

Ms. Hansen thought she had all the promotional materials in her file and would provide them.

- **Time Constraints - Audit report should be completed by December 31, 2014**

Ms. Kerr said they would try to stick to the time frame provided and if not, they could try to get Council to amend the resolution. They should be able to move this piece of it pretty quickly. They had to select auditors soon. It took two months just to form the Task Force. The quicker we could do this, the better because the auditor would need at least six months. They needed to take that into consideration and perhaps ask the auditor to tell us how much time they would need.

Councilor Bushee didn't think it would take a long time.

Ms. Kerr reminded them it required an RFP and she had the template ready to go.

Ms. Garcia suspected if they were going back to 2008 for the audit that would take time. Selecting samples, etc. Some auditors would possibly say they couldn't commit to that deadline.

Ms. Kerr added that it might put undue pressure on that team if they were doing the financial audit at the same time. The Audit Committee must make sure it could be done. The first step was to define the scope.

Councilor Bushee said the Audit Committee would get a final review of the scope before issue.

- **RFP process - time requirements and turnaround**

Ms. Kerr said they would turn it around ASAP.

c. Wording from the Original Bond Issuance

The Task Force already discussed this.

Ms. Kerr listed the summary of 700 pages of bond covenants. And behind that made copies of pages of bond covenants - about ten pages there. Then it just summarized the vote on the dates of vote and issuances. She offered to put the agreements on a flash drive for those who wanted them.

d. Discussion of Past Minutes from BTAC, POSAC, Public Works, and City Council

Ms. Kerr said she included these excerpts from other meetings to give the Task Force some background information. There was a one-page summary of them at the beginning. (In the packet just before tab 1).

Councilor Bushee said it needed the emails with Jenny Parks at TPL.

Ms. Kerr asked what she should ask for.

Councilor Bushee said they should have archives of the promotion of the bond. They collaborated with the City on it.

Ms. Romero explained that they had given information on what could or could not be requested.

Councilor Bushee agreed. She was asking about parks maintenance.

Ms. Hansen said they had finished work on the Railyard. Councilor Ortíz brought forward the Master Plan for it.

Ms. Kerr said if Ms. Hansen could find out the date of that meeting and email it to her she could share that.

She said everything on minutes should be listed as shown on the summary.

Ms. Garcia noted that the Governing Body took action on the resolution on November 14, 2007.

Ms. Hansen said POSAC was created in June 2007. Ms. Booth thought it was November, 2007.

Ms. Kerr suggested for now that they just say compliance with all City ordinances and resolutions.

Councilor Bushee recalled there were TPL presentations at Council.

Ms. Booth recalled and more parks maintenance would be needed so they would need more Parks Department staff.

Councilor Bushee said they've done this elsewhere. There were active discussions with TPL about that. Then they went on to say how they could get maintenance.

Ms. Hansen remembered the first time POSAC met they were handed that Master Plan to go through. Staff had already put it together.

Ms. Kerr asked what maintenance had to do with the Master Plan. The \$30 million was not for maintenance.

Councilor Bushee agreed but it was asked if some could be used for maintenance. People got hired as project managers. So the issue was how to hire ongoing staff by using one-time funds.

Ms. Garcia reasoned that if that was the auditor question, that could be researched.

Ms. Hansen had the Melville memo produced by Geno.

Councilor Bushee said that was when Robert Romero was the City Manager. He was the person. He might have solicited the memo from one of the attorneys. Mr. Romero was the Manager when Jennie Parks started and it got reinterpreted along the way.

Mr. Martinez said some of it was tied into budget hearings also. Some of those changes were programmed from the bond for those positions.

Councilor Bushee said Mr. Romero brought it to Council.

Ms. Garcia said they needed to cut positions yet not to cut positions so the positions were moved to be project manager positions.

Ms. Kerr thought that issue was in the second packet on City Council.

Ms. Hansen said Mr. Zamora answered the issue but it was from Dr. Melville.

Ms. Garcia said that was on number 2.

Ms. Hansen said it was an attorney-client privileged memo from Mr. Zamora to Dr. Melville as client.

Councilor Bushee said that was when she started having concerns. The memo started quoting state rules.

Ms. Kerr said this compilation was the written documentation and was from the City Attorney and that was what the auditor would compare it to. They could be asked to verify that.

Councilor Bushee thought the memo was as clear as mud. Mr. Tupler agreed.

Ms. Garcia said a question was if contract labor was the same as operating expenses.

Councilor Bushee said Mr. Romero wanted to have more people at City Hall as project managers.

Ms. Kerr pointed out that there was a lot of information for the Task Force members to digest and she tried to organize it to help. She was open for suggestions. She agreed to contact TPL for their archives and to send the work plan to the members. The minutes in the packet were from the perspective of those members of POSAC with other committees. The packet from Council were responses to those.

Councilor Bushee said there were additional documents available from the Clerk's office and City Attorney on what was submitted to those meetings.

Ms. Kerr said she had an appointment with Legal that would impact this bond issue or any other bonds.

Councilor Bushee said they should include how Legal participated in any public meeting from 2006 on.

Ms. Hansen said she was running for City Council in 2006 and it didn't start until after that election and then Councilor Ortiz brought it up.

Ms. Garcia said she could check for correspondence with email to the directors to get anything the Task Force didn't have.

10. OTHER MATTERS FROM THE TASK FORCE

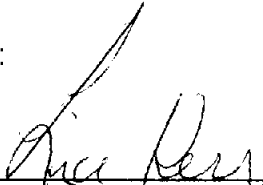
There were no other matters from the Task Force.

11. NEXT MEETING DATE - May 28 at 3-5.

12. ADJOURNMENT

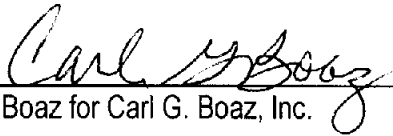
The meeting was adjourned at 12:30 p.m.

Approved by:



Liza Kerr, Task Force Leader

Submitted by:



Carl Boaz for Carl G. Boaz, Inc.