

City Council Governance Committee Meeting Minutes

A meeting of the City Council Governance Committee was held on Wednesday, September 14, 2005 at 2:00 pm in the Media Briefing Room with the following present:

Council Present: Councilmember Richard Perez, District 4
Councilmember Delicia Herrera, District 6
Councilmember Art Hall, District 8
Councilmember Kevin Wolff, District 9

Council Absent: Mayor Phil Hardberger

Staff Present: Martha Sepeda, Acting City Attorney; Chris Brady, Assistant City Manager; Frances Gonzalez, Assistant City Manager; Roland Lozano, Assistant City Manager; Melissa B. Vossmer, Assistant City Manager; Leticia M. Vacek, City Clerk; Pat Major, City Auditor; Erik Walsh, Assistant to the City Manager; Bernadette Mc Kay, City Attorney; Leticia M. Callanen, City Manager Office; Dennis Campa, Community Initiatives Director; Milo Nitschke, Finance Director; Albert Ortiz, San Antonio Police Chief; Dr. Fernando Guerra, Health Department Director; Mark Terrace, Housing & Community Development; Lena Ellis, Finance; Lisa Todd, Finance; Jay Blackwell, Finance; Troy Elliott, ITSD; Carla Zainie, San Antonio Fire Dept; Larry Birney, San Antonio Fire Dept; Mark Swann, City Auditor; Denis Cano, City Auditor; Evan Bryant, City Auditor; Mark Bigler, City Auditor; Barbara Redding, City Auditor; Jean Chen, City Auditor;

Other's Present: Laura Jesse, Express News; Roddy Stinson, Express News; Robert Carter, Leal & Carter, P.C.; John Kennedy, KPMG; John Fisher, KPMG; Robert Williams, Robert Williams CPA;

CALL TO ORDER

Councilmember Perez called the meeting to order.

I. Approval of minutes from the August 24, 2005 meeting.

Councilmember Herrera moved to approve the minutes of August 24, 2005.
Councilmember Wolff seconded the motion. Motion carried unanimously by those present.

II. Agenda Planning Related Items

Discussion and consideration of a request to direct staff bring forward a resolution in support of the appointment of an independent board of seven (7)

directors to manage the Crime Control and Prevention District (CCPD), as requested by Council Member Elena K. Guajardo, District 7. [Presented by Chief Albert A. Ortiz, SAPD; Christopher J. Brady, Assistant City Manager]

Police Chief Ortiz referenced a Power Point presentation titled Crime Control and Prevention District. Councilmember Perez requested the item be pulled from the agenda until after the election is held. He stated that said item was premature and should be considered once the item is voted on November 8, 2005.

Councilmember Wolff asked when the Council had to appoint the board members. He also noted that Councilmembers needed time to debate the appointment of a 7 versus 11 member board. Chief Ortiz stated that the Council has 60 days after the election to appoint the board members.

Councilmember Herrera stated that they were putting the cart before the horse and noted the 60 day timeframe to appoint the board members.

Thus, no action was taken.

III. Staff briefing on 2004 Single Audit and KPMG Management Letter, presented by Milo Nitschke, Finance Director.

Mr. Nitschke presented said item with the audit team of three public accounting firms; KPMG, Leal & Carter, P.C. and Robert J. Williams CPA. The three firms conducted the audit of City Financial records for the Fiscal Year ending September 30, 2004.

Mr. Kennedy and Mr. Fisher of KPMG reported on the audit of City Financial Statements. City employees of the Finance department completed A Comprehensive Annual Financial Report (CAFR). Mr. Fisher stated the CAFR is the most important financial report reviewed by bond raters.

Councilmember Hall entered the meeting at this time.

Mr. Fisher noted the difference between the qualified and unqualified opinion. Further stating an unqualified opinion is a clean opinion and a qualified opinion would be one with the exceptions. He further stated that the auditing firms issued an unqualified opinion.

Councilmember Perez asked how much the external auditors are paid. Mr. Nitschke reported \$350,000 was paid last year and \$550,000 to \$570,000 is estimated for the next audit. Councilmember Wolff asked how our City compares to other Cities of the same size. He asked if the City of San Antonio is five years behind or ahead of industry standards. Mr. Fisher responded that as far as the accounting system (SAP), it is a fully integrated city-wide system that is good for the City since San Antonio had not upgraded since 1970's.

Councilmember Wolff asked for an external viewpoint to putting in the necessary controls. Mr. Fischer responded that putting SAP in place is a great step but that he could not speak to its effectiveness.

Councilmember Wolff stated he has not had time to review the Audit finding since today is the first time he has seen the documents. Councilmember Herrera agreed and requested to come back and revisit the topic after all Councilmembers have had time to review the Audit. Ms. Ellis referenced page 140 for a summary of findings.

Ms. Major suggested the Council meet quarterly instead of annually to discuss the financials and to review the progress of the findings listed. It was the consensus of the Governance Committee that they would serve as the Audit Committee and that the review of the financials would be a recurring item on the agenda.

IV. Consideration of Scheduling of Items for Future Meetings.

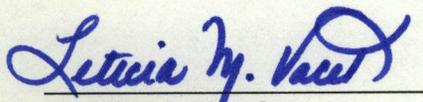
At this time, Councilmember Hall made several comments relating to Item II (d) of the Governance Committee Meeting Minutes of August 24, 2005. Councilmember Hall was absent due to the birth of his first child. He noted the importance of a two-year budget and asked that it be reconsidered for the upcoming budget. Ms. Sepeda stated he could circulate another CCR.

He also referenced his Council Consideration Request (CCR) for Item II of above referenced and asked what action he could take to revisit the issue. Councilmember Hall moved to reconsider Item II. Councilmember Wolff seconded the motion. The motion carried with no opposition by those present. He reported that people want to know the make-up of the Crime Control District Board. After due consideration, it was the consensus of the board to forward said item to City Council B Session on September 28, 2005.

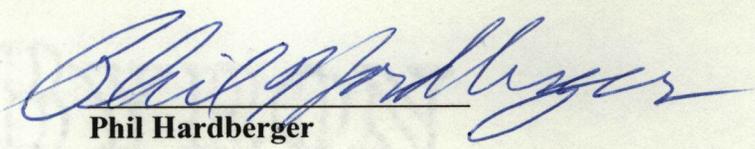
There being no further discussion, the meeting was adjourned at 3:00 pm.

Copies of these presentations are made part of the file and are available upon request

ATTEST:



Leticia M. Vacek
City Clerk



Phil Hardberger
Mayor