

**AUDIT COMMITTEE MEETING OF THE BOARD OF ADMINISTRATION  
RETIREMENT BOARD  
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

**MEETING – March 1, 2006**

**Present:**

Eugene Canzano	Chairperson
Mike Moore	Audit Committee Member
Ron Vazquez	Audit Committee Member

**Others Present:**

Sangeeta Bhatia	Retirement Plan Manager
Michael R. Wilkinson	Deputy City Attorney
Rody Abarro	Acting Assistant Retirement Plan Manager
Manoj Desai	Chief Accountant
Irene Colon	Recording Secretary

Chairman Canzano called the Audit Committee Meeting to order at 1:30 pm.

Ms. Bhatia indicated a quorum of the Audit Committee was present.

**1. Approval of Audit Committee Minutes:**

- a) **December 15, 2005**
- b) **February 15, 2005**

Chairman Canzano inquired if there were any comments on the minutes. Michael Moore moved approval of the minutes. Ron Vazquez seconded the motion, adding he wanted to thank staff for the work and detail that went into the minutes. He noted they were very helpful in making their decision. Chairman Canzano added his thanks. The motion was carried unanimously after the following vote:

Ayes: Canzano, Vazquez, and Moore

Nays: None

## **2. Discussion of Request for Proposals and Selection of an External Auditor to Conduct Annual Audits of Financial Statements and Perform Related Advisory Services for the Water and Power Employees' Retirement Plan**

The Audit Committee Members gave their rankings for each of the 5 respondents. Mr. Vazquez stated his top three respondents were Simpson & Simpson, Macias Gini & Co LLP and Calibre CPA Group. Mr. Moore stated his top three respondents were Macias Gini & Co; Simpson & Simpson and Calibre CPA Group. Chairman Canzano's ranking were Macias Gini & Co.; Miller Kaplan tying with Simpson & Simpson and Calibre CPA Group.

Mr. Vazquez moved that Macias, Gini & Co. be engaged for a three-year period as the External Auditors for the Water and Power Employees' Retirement Plan.

Seconded by Mr. Moore and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, and Moore

Nays: None

There was some discussion on the disposition of the scoring sheets of the respondents.

Mr. Vazquez moved that the scoring sheets not be retained. Seconded by Mr. Moore

and carried unanimously after the following vote:

Ayes: Canzano, Vazquez, and Moore

Nays: None

Mr. Vazquez stated that the Committee discuss the frequency of convening Audit Committee meetings and the schedule of future audits. Mr. Bhatia suggested that staff prepare a contract with the new Auditing firm, arrange a meeting with the firm and the Committee where they can discuss expectations and strategies, time schedules, etc.

Mr. Moore added that the Audit Committee had not really concluded what their charter should be noting that Macias, Gini & Co. be asked for advice on the charter before they meet with them. Mr. Vazquez concurred, noting that since they do audit a number of similar clients, they can get a sample of their charters. Mr. Canzano added the firm also be asked for suggested best practices for an Audit Committee.

Ms. Bhatia summarized staff will come back with a draft contract after negotiating with Macias, Gini & Co. She clarified that the Audit Committee wanted to meet with them before they come on board. Mr. Vazquez recommended that at the next Committee meeting the first agenda item be the approval of their contract, and the second agenda item would be them briefing the Committee on the role of the Audit Committee, any material they can give them on best practices used by other Audit

Committees and a sample Audit Committee Charter used by one their other clients that they think would be representative and useful to the Committee and provide a time schedule and strategy for their audit.

Mr. Canzano stated that, he would prefer to meet on the same day of the Regular Board meetings, which take place on the first Wednesday of the month.

Mr. Moore inquired when staff anticipates the next Audit Committee meeting. Ms. Bhatia replied either the first meeting in April or the first meeting in May. Mr.

Vazquez noted that at the first meeting, all they need do is approve the contract. The face-to-face meeting with Macias, Gini and Co. can wait until the June meeting.

The Audit Committee adjourned at 1:55 pm.

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EUGENE CANZANO

Chairperson

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SANGEETA BHATIA

Secretary

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IRENE COLÓN

Recording Secretary