

MINUTES OF FINANCE COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

February 19, 1993

The Finance Committee of the Lane Transit District Board of Directors met on Friday, February 19, 1993, at 12:00 p.m. in the District conference room at 3500 E. 17th Avenue, Eugene.

Present: Peter Brandt, Committee Chair
Jack Billings
Keith Parks
Phyllis Loobey, General Manager
Mark Pangborn, Director of Administrative Services
Tamara Weaver, Finance Administrator
Jo Sullivan, Recording Secretary

CALL TO ORDER: Mr. Brandt called the meeting to order at 12:15 p.m.

PROCESS TO SELECT INDEPENDENT AUDITOR: Mr. Brandt stated that the District's contract with the current auditor had expired, and the Board was required, by federal law, to go out to bid for a firm to perform the District's annual independent audit. He said the District had received three proposals, and he had asked that they not be mailed out to the committee members before the meeting.

Ms. Weaver said that two of the proposals, from Jones & Roth and Coopers & Lybrand, were fairly close in price, and one, from Isler & Company, was quite a bit higher. She explained that Jones & Roth, formerly Derikson & Gault, had been the District's auditors before Coopers & Lybrand. Staff were recommending that the Committee review only the two lower proposals. Jones & Roth had submitted the lowest proposal, and Ms. Loobey commented that Jones & Roth also was totally locally owned.

After the District received the proposals, new federal regulations were received, and the bidding firms were given an opportunity to review the regulations and increase their proposals, if necessary. Coopers & Lybrand said they would want to negotiate annually for unusual circumstances, but had included the new specifications in their proposal. Jones & Roth gave a proposal for additional work to be done on the Eugene Station project. Jones & Roth also asked if the inventory was being audited, and gave a price for that, included in their base bid. Coopers & Lybrand viewed the amount of inventory as insignificant in relation to the District's budget, and did not plan to audit it. Also, Coopers & Lybrand had a permanent waiver from the Federal Transit Administration (FTA), so did not audit the District's Section 15 report.

Ms. Weaver said that the audit would be simpler, from staff's perspective, if the District continued with Coopers & Lybrand, but she was neutral on the decision because both were good firms.

Mr. Parks asked about the bottom line for the price. Jones & Roth's proposal was lower, even with the added options.

Mr. Billings asked staff for an analysis of continuity versus changes from time to time to avoid complacency. Ms. Weaver said this depended on the Board's goals, because the Board hired the firm. Ms. Loobey said that the decision to change to Coopers & Lybrand five years ago was made partly to avoid complacency and have a fresh look at the audit. Mr. Billings then asked if it was more likely that the manager at Coopers & Lybrand could change during the next five years. Mr. Brandt said that it was; that bigger firms like Coopers & Lybrand handled their staff differently than smaller, local firms. He added that Coopers & Lybrand might have better liability insurance, and asked the staff if they would check the amount for both firms. He believed that the District's auditors should have at least \$2 million in liability insurance. If they did not already have that amount, they might be willing to purchase it. Ms. Weaver said that only \$1 million was required in the request for proposals (RFP), so staff would have to call the firms to check.

Mr. Brandt said that he was comfortable with awarding the contract to either firm, because he knew both of them, and knew that either would do a good job for the District. However, Jones & Roth might consider this contract as a "bigger deal," as a smaller, local firm. Mr. Billings agreed. Mr. Parks said he had no particular preference, but since Jones and Roth had submitted the lowest proposal, if the contract were awarded for other reasons, those reasons would need to be stated.

Mr. Billings suggested that the Committee recommend to the full Board that the Board employ Jones & Roth as its independent auditors, depending on the response to the question about malpractice insurance. The other Committee members agreed with this recommendation. It was decided that Ms. Weaver would call Jones & Roth to determine their malpractice insurance coverage. If it were less than \$2 million, staff would arrange a conference call for the Committee to discuss the recommendation further.

Ms. Weaver asked how the Committee members wanted to handle notification to Coopers & Lybrand if they did not receive the contract. Mr. Brandt suggested a letter thanking them for their past service and asking them to provide any information requested by Jones & Roth. Because the letter could not be written until after the Board voted on the selection, Mr. Brandt asked that staff call Coopers & Lybrand and tell them what was going to be the recommendation to the Board, but that the decision would not be final until after the Board voted, then follow up with a letter.

Mr. Pangborn asked if, since this was a professional services contract, the Committee was comfortable making a decision based on the documents, without meeting with the firms' representatives. The Committee members said that, in this case, they were familiar with the quality of each firm's work and knew individual members of the firms, and were comfortable making this decision based on the bid documents.

ADJOURNMENT: There was no further discussion, and the meeting was adjourned at 1:00 p.m.


Recording Secretary