

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
January 28, 2009
San Mateo, CA**

The meeting was called to order at 6:05 p.m.

Board Members Present: President Karen Schwarz, Vice President-Clerk Patricia Miljanich, Trustees Helen Hausman, Richard Holober and Dave Mandelkern, and Student Trustee Virginia Medrano Rosales

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, Skyline College President Victoria Morrow, College of San Mateo President Michael Claire, Cañada College President Tom Mohr, and College of San Mateo Academic Senate President Diana Bennett

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

In order to accommodate Auditor Heidi White, there was a request that the following items be placed first on the agenda: 09-1-100B, Receipt and Acceptance of the 2007-08 District Audit Report; 09-1-101B, Receipt and Acceptance of the 2007-08 KCSM Audit Report; and 09-1-102B, Receipt and Acceptance of the 2007-08 General Obligation Bond Financial and Performance Audits. The Board agreed unanimously to the request.

RECEIPT AND ACCEPTANCE OF THE 2007-08 DISTRICT AUDIT REPORT (09-1-100B)

It was moved by Trustee Mandelkern and seconded by Trustee Holober to accept the audit report. Ms. White noted the auditors' unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the District. The auditors also reported that the District has conformed to all regulations regarding federal grants and contracts. No audit adjustments are recommended. The "Statements of Revenues, Expenses, and Changes in Net Assets for the years Ended June 30, 2008 and 2007" show that net assets increased by \$6.7 million from 2007 to 2008. Regarding the finding relating to State program laws and regulations concerning concurrent enrollment, described on page 70, Ms. White said procedures were already in place at the time of printing to comply with the State Chancellor's Office rules. After Ms. White's report, the motion to accept the audit report carried, all members voting "Aye."

RECEIPT AND ACCEPTANCE OF THE 2007-08 KCSM AUDIT REPORT (09-1-101B)

It was moved by Vice President Miljanich and seconded by Trustee Hausman to accept the audit report. Ms. White said it is the auditors' unqualified opinion that the KCSM-TV and KCSM-FM financial statements present fairly the financial position of the stations. KCSM-TV has shown losses and the District has helped financially. Both KCSM-TV and KCSM-FM show positive ending balances. Trustee Mandelkern noted that the station license is not included as an asset. Ms. White said it is past practice to not include the license as no value has been placed on licenses by the Licensing Board. Trustee Mandelkern asked if this practice is the same at other stations. Ms. White said it is the same for stations that have been in existence for a long time; some newer stations include the license as part of the acquisition. Trustee Mandelkern asked if the indecency fine should appear as a potential liability. KCSM General Manager Marilyn Lawrence said before the fine would be listed as a liability, the Federal District Court must actually levy the fine. Chancellor Galatolo added that there must be a reasonable expectation that the fine will have to be paid in order for it to be shown as a liability. After this discussion, the motion to accept the audit report carried, all members voting "Aye."

RECEIPT AND ACCEPTANCE OF THE 2007-08 GENERAL OBLIGATION BOND FINANCIAL AND PERFORMANCE AUDITS (09-1-102B)

It was moved by Vice President Miljanich and seconded by Trustee Holober to accept the audit reports. Ms. White said it is the auditors' unqualified opinion that the financial statements present fairly the financial

position of the capital outlay – bond fund 2001 and 2005 elections. No adjustments are recommended. The 2001 election bond fund shows net assets of \$7.9 million which will be used to fund future projects. The 2005 election bond fund shows assets of \$417 million. Expenditures totaled \$42 million, of which \$32 million was in capital outlay. Both reports will be presented to the Bond Oversight Committee at their February meeting. After Ms. White’s report, the motion to accept the audits carried, all members voting “Aye.”

MINUTES

It was moved by Trustee Hausman and seconded by Vice President Miljanich to approve the minutes of the Study Session of January 15, 2008. Trustee Holober asked for a correction in his statement that “. . .with the State budget problems and the possibility of cutting academic programs, it is difficult to keep supporting the television station.” The statement will be amended to say that Trustee Holober said it is difficult to keep financially subsidizing the station; this clarifies that Trustee Holober does continue to support the station. The minutes were approved as amended, all members voting “Aye.”

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

None

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Executive Reports were presented by Skyline College President Morrow, College of San Mateo President Claire, Cañada College President Mohr, Executive Vice Chancellor Keller, and College of San Mateo Academic Senate President Bennett. Copies of the Presidents’ Executive Reports were available for distribution at the meeting and are attached to the official minutes of record.

Chancellor Galatolo commended the work of Executive Vice Chancellor Keller and Chief Financial Officer Blackwood and their staffs in presenting the necessary information for the audit reports. He added that it is important to confirm that the District is spending bond funds in conformance with the wishes of the voters. Chancellor Galatolo attended Senator Simitian’s Education Update on January 24. Senator Simitian spoke about the instability of the State and the uncertainty about when a budget will be agreed upon. Chancellor Galatolo said the “Big 5” are meeting with the Governor to try to come to an agreement. If the budget were to go through as currently recommended, community colleges would fare better than other institutions. Executive Vice Chancellor Keller will address issue of local property tax during his report.

Chancellor Galatolo asked Vice Chancellor José Nuñez to advise the Board of an incident that took place at Skyline College. Vice Chancellor Nuñez said that while a student was shopping in the Bookstore, his backpack was stolen from a cubby inside the Bookstore. The theft was reported to Skyline Public Safety. Through the video system that is in place, the incident was captured and that portion of the video was given to the San Bruno Police Department. The police recognized the two students who committed the theft and they were arrested. The backpack, which contained the student’s laptop, was recovered. AFT Executive Secretary Dan Kaplan asked if students must leave valuables in insecure areas. Chancellor Galatolo said students are not permitted to take backpacks into the main area of the Bookstore, but they may remove and carry their laptops. Student Trustee Medrano Rosales added that the cubbies are lockable but some students do not take the time to get a coin and lock the cubbies.

President Morrow said Skyline’s new website will go live on February 17. She said it involved a massive structural overhaul and thanked the many people involved, commending in particular the work done by Frank Vaskelis and Jasmine Witham in ITS. President Morrow distributed a postcard announcing the groundbreaking for Building 4 and ribbon cutting for Building 7 to be held on February 19 at 2:30 p.m. President Morrow also distributed a brochure on the Women On Writing (WOW) conference to be held on March 7, 2009. Copies of the “Skyline Building 7 News” were also provided to the Board.

Adding to his written report, President Claire addressed the Journalism 300 course (Newspaper Production) at College of San Mateo. The latest enrollment in this class was six students. Noting that District Rules and Regulations Section 6.04 states "classes with fewer than twenty (20) students will normally be cancelled or merged with another section," and having cancelled classes with enrolment of fifteen or sixteen students in an attempt to address the budget problems, the decision was made to cancel Journalism 300. However, the newspaper has not been cancelled and the students were given three options for continuing production of The San Matean: (1) continue in Journalism 300 at Skyline College, (2) continue to publish the paper as part of a club, or (3) take the class as an independent study course. President Claire provided copies of the CIP Program Welcome Newsletters for the newly reopened Buildings 2, 4, 14 and 16.

President Mohr recognized Vice President of Student Services Phyllis Lucas-Woods, who is retiring after 34 years with the District. A reception will be held February 2 from 1:00 to 3:00 p.m. in Building 9. Vice President Lucas-Woods began as a student at Skyline College and has held many positions in the District. Vice President Lucas-Woods said it has been an honor to spend her entire adult life as a student and employee in the District. She added that she will continue to serve students and the Colleges through fundraising and in any other way she can contribute. Chancellor Galatolo said the District is a better place because of Vice President Lucas-Woods' contributions.

Executive Vice Chancellor Keller said that Controller Raymond Chow and his staff deserve much credit for the successful audits. Thousands of transactions occur within the District and accurate records must be kept in compliance with regulations.

Executive Vice Chancellor Keller said that on January 26, he went to Sacramento, along with Chancellor Galatolo and Chief Financial Officer Blackwood, to meet with State Chancellor Jack Scott. Chancellor Galatolo began the meeting by acquainting Chancellor Scott with the effect the Lehman Brothers loss has had on the District along with the loss of State funding, and how the District is trying to recover that loss. The SMCCCD group then addressed the importance of property taxes to the District and the change of fortune experienced by the District through the triple flip, which caused the District to go from being a basic aid district to a revenue limit district. Through data collected by CFO Blackwood on all community colleges in the State and analysis by Vice Chancellor Jing Luan on what would happen without the triple flip, it was determined that many districts would become basic aid districts (supported solely by property taxes). This would benefit all districts in the State since more state funds would then be available. However, Chancellor Scott focused primarily on the importance of making sure revenue limits are the same for all districts. Chancellor Galatolo explained that all districts could be improved even if some are not equal in terms of property taxes, but Chancellor Scott did not appear to be receptive to this analysis. Trustee Holoher said that the issue of the property tax backfill was raised several times during the recent Legislative Conference in Sacramento and he would like to learn more details about it. Executive Vice Chancellor Keller said legislation is being proposed to give community colleges an automatic backfill as is done for K-12 districts. However, this legislation was passed twice before and was vetoed by the Governor, and it is likely to be vetoed again. Chancellor Galatolo said there is a proposal to "trade" the District's property taxes to K-12 and get their apportionment in return. Chancellor Galatolo said this would be disadvantageous to the District because it would be trading a stable revenue source – property taxes – for a very unstable revenue source – apportionment.

The Board then had extensive discussion about potential responses to the situation. Trustee Hausman asked if this could be a subject for the Bay 10 dinner. Chancellor Galatolo said it could, but the District has had this conversation with the group previously. Trustee Holoher said the District should try to find allies in other districts that are at or near basic aid status, create a lobbying organization and hire an aggressive lobbyist. Vice President Miljanich agreed with the need to hire a person who can help with an immediate, short-term campaign to educate the public on the issue of property taxes. Trustee Mandelkern suggested creation of a broader coalition with other districts to begin the campaign, including districts in southern California. Trustee

Holober said if there are ten or twelve districts working to make sure their interests are not harmed, they might be heard. Trustee Mandelkern said it is important to move very quickly with professional help and suggested consideration of hiring a former State representative such as Gene Mullin, who knows the players.

President Schwarz noted that there seemed to be consensus to move forward and asked if the Board agreed with the proposal to hire someone to conduct outreach to other districts and begin an immediate campaign. There was agreement and Trustee Holober pointed out that a vote by the Board is not needed since it is a part of the Board's job to protect the finances of the District. Therefore, the Board agreed to give direction to Chancellor Galatolo to conduct a search for a person to lead the campaign.

College of San Mateo Academic Senate President Bennett said that CSM faculty worked over the summer on accreditation, SLOs and assessments. Faculty members are currently involved with and concerned about the budget. The Senate has reminded faculty that Rules and Regulations 6.04 regarding minimum enrollment has been in force but has not been enforced. They were informed that any class with single digit enrollment before the break would be cancelled and subsequently, classes must have a minimum enrollment of 20. President Bennett said that with construction, faculty offices will be moved to swing space and faculty are unhappy because of changes in plans. She said faculty want to make sure there is communication at all times. President Bennett said that four program areas were reviewed using the Program Improvement and Viability (PIV) process, with PIV Committees reporting their findings on December 16. There was a strong message that programs must be very carefully assessed and must be sustainable. President Bennett said the District Academic Senate will be working on a plus/minus grading pilot and on the compressed calendar. The District Academic Senate and AFT will be holding a planning summit together.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (09-1-2A)

It was moved by Vice President Miljanich and seconded by Trustee Hausman to approve the actions in Board Report No. 09-1-2A. The motion carried, all members voting "Aye."

APPROVAL OF CONSENT AGENDA

The Consent Agenda consists of the following Board Reports:

- | | |
|----------|--|
| 09-1-1CA | Approval of 2009-10 Budget and Planning Calendar |
| 09-1-2CA | Renewal of Service Agreement with Descalso Lithograph, Inc. for Printing Services, 2009 – KCSM |

Trustee Mandelkern asked that item 09-1-2CA be removed from the consent agenda for further discussion. It was moved by Trustee Holober and seconded by Trustee Mandelkern to approve item 09-1-1CA. The motion carried, all members voting "Aye."

RENEWAL OF SERVICE AGREEMENT WITH DESCALSO LITHOGRAPH, INC. FOR PRINTING SERVICES, 2009 – KCSM (09-1-2CA)

It was moved by Trustee Hausman and seconded by Trustee Mandelkern to approve the agreement. Trustee Mandelkern noted that the report states that Descalso was awarded a one-year contract in January 2009 and asked if the date should be January 2008. KCSM General Manager Marilyn Lawrence said January 2008 is the correct date. With that clarification, the motion carried, all members voting "Aye."

Other Recommendations

NOMINATIONS FOR MEMBERSHIP ON THE COMMUNITY COLLEGE LEAGUE OF CALIFORNIA BOARD (09-1-2B)

President Schwarz asked if there are any nominations of District Board members to service on the League Board; there were none.

ADDITION OF INTERNATIONAL LOGISTICS DEGREE AND CERTIFICATE PROGRAM – SKYLINE COLLEGE (09-1-3B)

It was moved by Trustee Holoher and seconded by Vice President Miljanich to approve the degree and certificate program as outlined in the report. The motion carried, all members voting “Aye.”

APPROVAL OF NONRESIDENT TUITION FEE, 2009-10 (09-1-103B)

It was moved by Trustee Holoher and seconded by Trustee Hausman to approve the fee as outlined in the report. Trustee Mandelkern noted that the District is near the top in fees and asked if there is data on the percentage of foreign students in District Colleges compared with other districts. CFO Blackwood said the District’s program is significantly smaller than that of Foothill-DeAnza. Chancellor Galatolo said the fees are very close and the cost factor is one of the least impactful factors for foreign students coming to the District. President Schwarz asked that more comparative data be provided in this report next year.

APPROVAL OF PURCHASE OF ON-AIR VIDEO SERVER UPGRADE (09-1-104B)

It was moved by Vice President Miljanich and seconded by Trustee Holoher to approve the purchase as outlined in the report. Trustee Mandelkern asked if there is a time urgency on this purchase, especially in light of the ongoing study of KCSM. Chancellor Galatolo said this request was delayed until after the January 15 Study Session; the result of that meeting was direction from the Board to study options other than selling KCSM and this equipment is an integral part of gaining efficiencies. Trustee Mandelkern noted that there is uncertainty about whether the digital conversion will go into effect on February 17. General Manager Lawrence said the Sutro Tower group is planning on converting early even if the legislation is delayed. She added that with or without high definition, the server will help. Trustee Holoher noted that most of the funds will be from bond money rather than from the general fund. He asked for an estimate of equipment purchase needs that are yet to be brought to the Board. Ms. Lawrence said this is the last of the major buys for digital conversion. Trustee Mandelkern expressed an interest in helping to jump start the local economy and asked if the provider of the server is local or overseas. Ms. Lawrence said the manufacturer is in Sunnyvale. After this discussion, the motion to approve the purchase carried, all members voting “Aye.”

APPROVAL OF DESIGN-BUILD CONTRACT AWARD FOR COLLEGE OF SAN MATEO BUILDINGS 12/15/17/34 MODERNIZATION PROJECT (09-1-105B)

It was moved by Vice President Miljanich and seconded by Trustee Hausman to approve the contract award as recommended in the report. Ms. da Silva said that because of the Lehman Brothers and other dollar losses, these buildings cannot be modernized in the way originally planned. However, improvements can still be made. In December 2008, the Board adopted a resolution approving the design-build delivery method for the project. Eighteen Statements of Qualification were received and three were short-listed along with two alternates. The evaluation team used five criteria required by the Education Code and five additional criteria developed by the District. The team was pleased with all three of the design-build entities but unanimously chose to recommend Pankow Special Projects, L.P. It is also recommended that the Board approve payment of stipends to the two design-build teams that were not chosen, in recognition that all of the teams put substantial work and resources into preparing their Statements of Qualifications. Trustee Mandelkern asked why there is a differential in the amount of the two recommended stipends. Ms. da Silva said the difference is a reflection of the amount of work put into the submittals; the evaluation team found the second place design-build entity’s proposal to be very close to Pankow’s. Trustee Holoher noted that an additional \$800,000 is being requested for unforeseen conditions, and asked if any more change orders can be expected. Ms. da Silva

said the \$800,000 will be set aside and if unforeseen conditions occur, change orders would be submitted in a total amount not to exceed the \$800,000. After this discussion, the motion to approve the contract in an amount not to exceed \$5,500,000 and to approve payment of the recommended stipends carried, all members voting "Aye."

CONTRACT AWARD FOR DISTRICTWIDE HAZARDOUS MATERIALS ABATEMENT UNIT PRICE CONTRACT (09-1-106B)

It was moved by Vice President Miljanich and seconded by Trustee Hausman to approve the contract award as recommended in the report. Trustee Holoher asked why the estimate and dollar amount not to exceed are higher than the bid price. Mr. Bennett said this is for a two year contract and is meant to cover work that will be performed at all of the Colleges. The dollar amounts are based on the best estimate of what it will cost for all of the projects. Mr. Bennett emphasized that a contract is not awarded for \$1,500,000; rather the contractor identifies the scope of work for each project and that is the amount of the contract. Trustee Mandelkern asked that future reports make clear that the basis is unit price and that the unit cost be shown. After this discussion, the motion to approve the contract for multi-year Districtwide asbestos abatement projects in an amount not to exceed \$1,500,000 during the initial period ending January 28, 2011 carried, all members voting "Aye."

AMENDMENT OF DISTRICT RULES AND REGULATIONS SECTION 8.14, MEASURE C BOND OVERSIGHT COMMITTEE AND ACCOUNTABILITY MEASURES (09-1-107B)

It was moved by Trustee Mandelkern and seconded by Vice President Miljanich to approve the amendment of Section 8.14 as described in the report. The motion carried, all members voting "Aye."

INFORMATION REPORTS

DISCUSSION REGARDING BOARD MEMBER COMPENSATION (09-1-4C)

President Schwarz said the Board is legally entitled to an annual increase in their stipend and it is being brought forward for discussion. Trustee Hausman said that in light of the current economic situation, she believes the Board should bypass an increase this year. All Board members agreed. The item will be discussed again next year.

INFORMATION REPORT ON GASB 43 & 45 (09-1-5C)

CFO Blackwood said a group has been formed and will interview three teams to develop, set up and administer a retirement trust. The group will develop recommendations which will be brought back to the Board. At the Board retreat, there will be more detailed discussion of risk tolerance, funding and what policies are needed for the future. Trustee Holoher noted that putting funds in the trust limits the use of the funds and asked how this would affect borrowing, such as for housing. CFO Blackwood said this is clearly an issue. The money currently set aside is designated but is not in an irrevocable trust. There are advantages to irrevocable trusts in that State code allows different kinds of investments and they tend to be longer term and will generally result in a higher rate of return. However, the only thing the funds could be used for would be retiree benefit expenses. The District has been putting the money aside since 1993 and, although some has been used for cash flow purposes, no money has ever been taken out of the trust. Trustee Mandelkern asked if the entire \$30 million currently set aside would have to be put into the new irrevocable trust the first year, or only the amount of the annual liability. CFO Blackwood said that to have no liability on the books, the District would have to put in only the difference between the annual required contribution and the current pay-as-you-go amount, which is a little less than \$3 million. Trustee Mandelkern said that to minimize the liability exposure while maintaining maximum flexibility, it would seem the District should not put the entire \$30 million into the trust on day one. CFO Blackwood said there are reasons to put in varying amounts, but that she would not recommend putting in the entire \$30 million because she would be reluctant to have it all in one place. She added that the amount the District puts in may vary from year to year, depending on the situation. Trustee Mandelkern asked if, when these decisions are to be made, the figures will be brought back to the Board. CFO Blackwood said they will.

REPORT ON THE SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION (09-1-6C)

Foundation Executive Director Stephani Scott introduced Development Director Carrie Ridge and Development Associate Roxanne Brewer. She said the previous Foundation administration set things up very well to allow the Foundation to enter into its partnership with the District.

One-third of the way through the annual campaign, contributions are at \$70,000 and Ms. Scott said this is a very good bellwether of how the rest of the campaign will go and shows that the community supports the Foundation. With most annual campaigns for non-profits, 100% of the contributions are used for general operating expenses for the organization; the Foundation uses only 25%.

The Foundation has hired a consultant with experience in planned giving to assist in putting together a comprehensive program. A Legacy Circle will be created and seminars on planned gifts will be held, targeted to different audiences. Online tools are being utilized to correctly target alumni for fundraising purposes. Ms. Scott said the Foundation wants to position itself as being as sophisticated as other surrounding organizations (e.g., Stanford University, Silicon Valley Foundation).

Ms. Scott said the Foundation is moving from paying out all of the funds it has to paying out based on the rolling average of the market value of its funds. In that way, the Foundation will not pay out a very large amount one year and very little the next. The Foundation is hoping to grow the principle of the endowment and be able to pay out a little more each year.

Ms. Scott said a decision was made to not hire a finance manager because there is software available for endowment management. Currently, recognition is given, through the Chancellor's Circle, to donors who contribute \$1,000 or more. Ms. Scott said the Foundation will expand donor recognition to include more tiers.

President Schwarz thanked Ms. Scott for an informative presentation and for the enthusiasm exhibited by Ms. Scott and her staff.

STATEMENTS FROM BOARD MEMBERS

All Board members thanked Vice President Lucas-Woods for her contributions to the students of the District and said they enjoyed knowing her on a personal level as well. They extended best wishes to her.

Student Trustee Medrano Rosales enjoyed the tour of the beautiful facilities at the Coastside Center in Half Moon Bay. She attended the Legislative Conference and Student Trustee Workshop in Sacramento where she also met with some legislators. Student Trustee Medrano Rosales distributed postcards announcing a "March in March" from Raley Field in West Sacramento to the State Capitol on March 16, to express support for California community colleges.

Trustee Mandelkern thanked District staff and the Half Moon Bay Chamber of Commerce for hosting the mixer and study session in January. Trustee Mandelkern commended EVC Keller, CFO Blackwood, Controller Chow and the accounting staff for their presentation of information to the auditors, resulting in the very positive reports. Trustee Mandelkern said that the Skyline President's Council will meet on February 19 after the groundbreaking and ribbon cutting ceremonies, and invited Board members to attend the Council meeting. Vice President Miljanich will be not available; the rest of the Board expressed interest in attending.

Trustee Hausman said it is good to work in tandem with other groups as was done for the Half Moon Bay event. Trustee Hausman thanked everyone who contributed to the long reports at tonight's meeting.

Trustee Holober attended the Community College League of California Legislative Conference and brought back materials for Board members: a survey done by the Public Policy Institute of California and a report on the State's financial prospects. Topics that are normally discussed at this annual conference were put aside as

all issues were about survival. However, it was noted that community colleges are in a better position than almost all other agencies.

Vice President Miljanich will be out of town on the date of the reception for Vice President Lucas-Woods, but thanked her for her contributions.

President Schwarz shared two articles from last Sunday's San Francisco Chronicle; one was about former District employee Del Anderson and the other about a job faire for hiring faculty at community colleges.

COMMUNICATIONS

None

RECESS TO CLOSED SESSION

President Schwarz announced that during Closed Session, the Board will discuss the personnel items listed as Item 1-B on the printed agenda.

The Board recessed to Closed Session at 9:40 p.m.

The Board reconvened to Open Session at 10:05 p.m.

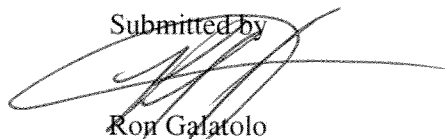
CLOSED SESSION ACTIONS TAKEN

President Schwarz reported that, at the Closed Session just concluded, the Board considered the personnel items listed on the printed agenda and voted 5-0 to approve the actions in Board Report No. 1-B.

ADJOURNMENT

It was moved by Vice President Miljanich and seconded by Trustee Hausman to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 10:10 p.m.

Submitted by



Ron Galatolo
Secretary

Approved and entered into the proceedings of the February 25, 2009 meeting.



Patricia Miljanich
Vice President-Clerk