

**Minutes of the Regular Meeting of the Board of Trustees  
San Mateo County Community College District  
December 15, 2010  
San Mateo, CA**

**The meeting was called to order at 6:08 p.m.**

**Board Members Present:** President Patricia Miljanich, Vice President-Clerk Dave Mandelkern, Trustees Helen Hausman, Richard Holober and Karen Schwarz

**Others Present:** Executive Vice Chancellor Jim Keller, Skyline College President Victoria Morrow, College of San Mateo President Michael Claire, Cañada College President Tom Mohr, Chief Financial Officer Kathy Blackwood, District Academic Senate President Ray Hernandez and Associated Students of College of San Mateo President Vivian Abellana

President Miljanich announced that Chancellor Galatolo was not present because he is recovering from surgery.

**Pledge of Allegiance**

**DISCUSSION OF THE ORDER OF THE AGENDA**

President Miljanich said there was a request to add the following item to closed session: conference with legal counsel regarding one case of potential litigation, pursuant to Government code Section 54956.9(c). This item arose after the agenda was posted. The Board unanimously agreed to the addition.

**MINUTES**

It was moved by Trustee Hausman and seconded by Vice President Mandelkern to approve the minutes of the meeting of November 17, 2010. Vice President Mandelkern wished to make the following clarification: under "Discussion of Potential Bond Measure" on page 3, paragraph 2, the sentence which reads "In addition, the District lost approximately \$25 million due to the Lehman Brothers bankruptcy" should read "In addition, the District lost approximately \$25 million due to the County Treasurer's investment in Lehman Brothers securities." The minutes will be amended to reflect this change. After this discussion, the motion carried, all members voting "Aye."

It was moved by Trustee Holober and seconded by Trustee Hausman to approve the minutes of the November 20, 2010 special meeting of the Board. The motion carried, all members voting "Aye."

**STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES**

Executive Reports were presented by Executive Vice Chancellor Keller, Skyline College President Morrow, College of San Mateo President Claire, Cañada College President Mohr, District Academic Senate President Hernandez and Regina Ramos, Student Senator at College of San Mateo.

Executive Vice Chancellor Keller said reports indicate a \$28 billion deficit in the State budget and it is growing. The Governor has said there will be additional reductions in education and has called for a special education summit. District staff is closely following developments and how they might impact the District's budget.

President Morrow said that while working in the State Chancellor's office, she was in touch with many community colleges across the State and she believes there is no better run district than SMCCCD. She attributes this partly to the nature of the Board of Trustees, who understand their role and have a profound commitment to helping the Colleges do the best job for students; partly to the nature of Chancellor Galatolo, whose energy and leadership provide wonderful support for the Colleges; and partly to the nature of the senior staff, including Executive Vice Chancellor Keller, Vice Chancellor José Nuñez, Vice Chancellor Jing Luan, her colleagues sitting with her at the executive table, and staff throughout the District. President Morrow said the District has gone through a number of organizational changes which have resulted in more efficient operations and have made her job easier; examples are changes in the Facilities, ITS and Public Safety Departments. President Morrow said her time as President of

Skyline College has been the happiest of her career because of the people at Skyline and the District, as well as the Board of Trustees.

President Claire said he will miss working with President Morrow. He said she showed her leadership style at the retirement celebration when she thanked her community rather than speaking about her long and distinguished career. President Claire said he met with the San Mateo Downtown Association and the Executive Director of the Chamber of Commerce to discuss ways in which the College and Downtown can work together. He and KCSM general manager Marilyn Lawrence were invited to serve as masters of ceremonies at the annual City of San Mateo tree lighting ceremony. Other opportunities may include the music department performances at public events and student internships. In addition, there will be an opportunity to advertise the College in an empty window space and to display banners along a high-traffic area of El Camino Real; President Claire displayed the banner which was designed by Dave McLain, Visual Communications Coordinator at College of San Mateo.

President Mohr said President Morrow leaves a legacy of great leadership and it is a challenge to everyone to be as effective as she has been during her time at Skyline College. President Mohr said that, with the beginning of the new term, Cañada College will be a smoke-free campus and this was supported by 60% of students. During the past week, Cañada has hired new, outstanding faculty in math and interior design. In addition, he and Vice President Perkins have offered the Deanship of Humanities and Social Science to David Miles Johnson, Ph.D. who is currently a history professor and head of the PACE program at Berkeley City College.

CFO Blackwood expressed her admiration and appreciation to President Morrow. She reported that the audits of the District, KCSM, bonds and Retirement Board of Authority are all complete. In addition, the IRS conducted an audit of the Series B Measure A bond.

President Hernandez said all staff and faculty at Skyline College have had an incredible opportunity to work under the leadership of President Morrow and are all better for her being there. The District Academic Senate has reviewed its by-laws and voted unanimously to have the District Curriculum Committee be a recommending body to the District Academic Senate. For many years, the three Colleges have discussed aligning graduation requirements and this has now been completed; President Hernandez acknowledged the efforts of the District and College Curriculum Committees, the Vice Presidents of Instruction and Vice Chancellor Luan. At the January 12 Board of Trustees study session, a report on SB 1440 will be presented on behalf of the District Academic Senate, the Vice Presidents of Instruction and Vice Chancellor Luan. The report and discussion will include an overview of the bill, its effect on students and a plan for implementation.

Senator Ramos thanked Trustees Mandelkern, Miljanich and Schwarz for attending a recent Student Senate meeting. She played a video showing highlights of the fall semester. Featured events included Club Week, Oktoberfest, Halloween, Veterans Day and Casino Day. The video also highlighted victim relief efforts through the San Bruno Disaster Fund and the Holiday Angels Toy Drive. Events for spring semester include Spring Fling, Battle of the Bands, a Film Festival and Diversity and Social Justice Week.

President Abellana arrived later and added that there has been good turnout at events. She has reached out to as many students as possible, encouraging them to become involved.

**BOARD SERIES PRESENTATION – INNOVATIONS IN TEACHING, LEARNING AND SUPPORT SERVICES: ATHLETES AS READERS AND LEADERS AT COLLEGE OF SAN MATEO (10-12-1C)**

Vice Chancellor Jing Luan said this program is a collaborative effort between faculty, the College of San Mateo Library, the Athletic Department and the Child Development Center. Participating athletes read picture books to the young children and use their influence as role models to talk about nutrition, reading and the joy of learning. He introduced Lorita Ford, Director of Library and Learning Services at College of San Mateo, and Louise Piper, Coordinator of Child Care Services at College of San Mateo. Ms. Ford said that the Library provides access to resources such as books, research guides, electronic books, etc., and helps students with research needs. It serves all aspects of the community as it works with departments, divisions and students, providing the opportunity to build bridges within the campus community. The Library is concerned with giving back to the community and with helping to develop students who will give back to future generations. The Library was interested in finding additional ways to use picture books purchased with funds from a basic skills grant to support ESL students. The

idea for this project was generated when Ms. Ford heard of a similar project at Napa High School. She contacted Ms. Piper, Dean of PE/Athletics Andreas Wolf and athletic coaches. Program goals were developed and included encouraging reading and promoting literacy; combating obesity and promoting exercise; promoting awareness of cultural diversity and of library resources; and helping athletes understand their impact as role models.

Ms. Piper said it was critical to provide orientation for the athletes. The first orientation was held last spring and included Language Arts Professors Teeka James and Jon Kitamura and football players from their "Writing in the End Zone" classes, along with women's basketball coach Michelle Warner and players from her team. The participants toured the Child Development Center, met the children, and were told about the powerful impact that reading aloud can have on young children's learning and development. They were taught proven strategies for fostering early literacy skills and used role playing to learn ways to make reading a meaningful experience. The athletes were told that it is important to enjoy spending time with the children and appreciate the volunteer experience. Ms. Piper said the athletes have been amazing and the children delight in spending time with them.

Ms. Ford showed a video by student Alex King, which included photographs and quotes by athletes and children who have participated in the project. She said future goals include expanding the project by having athletes go out to local public schools. She said that athletes at the other two District Colleges might want to get involved and help to brand the District as one that gives back to the community.

#### **STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**

None

#### **ORGANIZATION OF THE BOARD OF TRUSTEES**

President Miljanich announced that tonight is the annual organizational meeting of the Board to elect officers for the coming year, as required by the Education Code.

President Miljanich called for nominations for President. It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to elect Trustee Holober to serve as President. The motion carried, all members voting "Aye." The gavel was turned over to President Holober.

President Holober called for nominations for Vice President-Clerk. It was moved by Trustee Schwarz and seconded by Trustee Hausman to elect Vice President Mandelkern to serve another term as Vice President-Clerk. The motion carried, all members voting "Aye."

President Holober called for nominations for the position of Representative of the Board to the County Committee on School District Organization. It was moved by Trustee Schwarz and seconded by Trustee Miljanich to elect Vice President Mandelkern to serve as Board Representative. The motion carried, all members voting "Aye."

It was moved by Trustee Miljanich and seconded by Vice President Mandelkern to reaffirm the appointment of Chancellor Galatolo as Secretary for the Board. The motion carried, all members voting "Aye."

It was moved by Vice President Mandelkern and seconded by Trustee Miljanich to reappoint Trustees Hausman and Schwarz as representatives of the Board to the San Mateo County Community Colleges Foundation Board. The motion carried, all members voting "Aye."

President Holober said Trustee Miljanich experienced an eventful year as President, presiding over difficult budget cuts and the Measure G campaign. She put in many hours over several months dealing with difficult issues, some of which were addressed in closed session. Her involvement in the selection of a president of Skyline College involved travel. President Holober said Trustee Miljanich represented the District very well.

Trustee Hausman said Trustee Miljanich was an outstanding president. She was forced to deal with many difficult issues and was able to make it look effortless.

Trustee Schwarz said Trustee Miljanich has a busy life with her advocacy position, but still contributed much time to Board of Trustees business, handling it with class. Trustee Schwarz agreed that Trustee Miljanich represented the Board very well.

Vice President Mandelkern commended Trustee Miljanich for handling a difficult year with grace, skill and diplomacy. He noted that the only Board meeting she missed was due to her fighting to help a father of a family remain in and become part of this country; Vice President Mandelkern said this speaks to her character.

President Holoher presented a crystal award to Trustee Miljanich. Trustee Miljanich thanked Vice President Mandelkern for filling in for her at some social events that she was unable to attend. She said she was only as good as the rest of her colleagues and they made it easy. She said she is proud of Board members; while they don't always agree, they always come together on behalf of the students of the District.

## **NEW BUSINESS**

### **APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (10-12-1A)**

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the actions in Board Report No. 10-12-1A. The motion carried, all members voting "Aye." President Holoher congratulated incoming President of Skyline College Regina Stanback Stroud, whose appointment is included in this report.

### **APPROVAL OF CONSENT AGENDA**

The Consent Agenda consists of the following Board Reports:

10-12-1CA	Acceptance of Gifts by the District
10-12-2CA	Ratification of September and October 2010 District Warrants
10-12-3CA	Approval of Community Education Youth Program, Summer 2011

It was moved by Trustee Schwarz and seconded by Trustee Hausman to approve the Consent Agenda. The motion carried, all members voting "Aye."

### **Other Recommendations**

### **ADOPTION OF DISTRICT ACADEMIC CALENDAR FOR 2011-12 (10-12-1B)**

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the District Academic Calendar as presented. The motion carried, all members voting "Aye."

### **PUBLIC HEARING AND APPROVAL FOR CATEGORICAL FUNDING TRANSFERS (10-12-100B)**

CFO Blackwood said approval of this item will allow continuation of the flexibility granted last year, as long as the District transfers at least \$1.00 out of and into each program listed on the report. It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to conduct the public hearing. Trustee Holoher declared the public hearing open and asked if there were questions or comments. Hearing none, he declared the public hearing closed. It was moved by Vice President Mandelkern and seconded by Trustee Hausman to approve the transfer of funds. The motion carried, all members voting "Aye."

### **PRESENTATION TO THE BOARD BY COLLEGE PRESIDENTS AND APPROVAL OF PLANS FOR MEASURE G MONIES AT CAÑADA COLLEGE, COLLEGE OF SAN MATEO AND SKYLINE COLLEGE (10-12-101B)**

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the plans as presented and to direct the Chancellor to prepare budget revisions necessary to reflect these plans.

Executive Vice Chancellor Keller thanked the Board for spearheading the parcel tax measure. He said that after the election, the District had to wait for the vote count and certification and to see if there were legal challenges. The Board believed it was important to allow faculty and staff to participate in discussions about how to spend the

monies; therefore, the dialogue regarding allocation of the funds began after faculty returned from the summer break. The District anticipates receiving approximately \$6 million per year for four years. Approximately 2,500 senior exemptions have been accepted and approximately 500 seniors who did not request the exemption on time have received refunds. The District is still in discussions with the County regarding the fees it will charge for collection of the tax. In addition, there are State regulations regarding use of some of the funds and Executive Vice Chancellor Keller will participate in a teleconference tomorrow about whether the State might change some of its policies regarding restrictions on the use of parcel tax funds.

Executive Vice Chancellor Keller said the Colleges went through their planning processes and stayed true to the goal of using most of the funds to add back and preserve sections. Some funds will also be used for student support services and to address new needs. Executive Vice Chancellor Keller asked President Morrow and President-elect Stanback Stroud to begin the presentation.

President Morrow said the Skyline College Budget Committee met repeatedly over the course of the fall semester to review Measure G ballot language and establish guiding principles for the planning process. Proposals were developed in the divisions and were submitted to the Vice Presidents. After review and further discussions, a College-wide proposal was developed and sent to the College Budget Committee. Based on the Committee's feedback, the proposal was revised and submitted to President Morrow. President Morrow concurred with the recommendations and forwarded them to Chancellor Galatolo. The plan has been fully vetted and discussed widely at the College. The plan has three major components: additional sections, student services, and course and program innovation.

Vice President Stanback Stroud addressed Course and Program Innovation (CPI) which she noted involves instruction and student services. CPI plans resulted from consideration of the ballot language and conversations about what strengthens the College's programs and services. For example, the plan includes a request to undergo the process for accreditation of the business program. Currently, no business program in a California community college is accredited by the Accreditation Council for Business Schools and Programs. Accredited status would give support and credibility to the program, attract resources and lead to more successful articulation with other business programs. Other CPI initiatives include development of new degrees and certificates, development of a Leadership Academy, and reinforcement of the Learning Academies. There are also proposals to expand support for faculty and students who are involved with online instruction and to provide resources to continue the development of innovative projects.

Vice President Stanback Stroud said the Student Services portion of the plan includes some triage. It is comprehensive as it includes Admissions and Records, Financial Aid, EOPS and Counseling. Vice President Stanback Stroud said there will be an increased need for Student Services as there is increased instruction and development of innovative programs.

Trustee Schwarz asked how the allocation model was determined. Executive Vice Chancellor Keller said Chancellor Galatolo left it up to the Colleges to develop and present their plans, without hindering them by giving specific dollar allocations; therefore, there was no strict formula.

Trustee Schwarz said she noted a strong emphasis in Skyline's plan on looking forward rather than simply replacing things that were lost. President Morrow said the language regarding looking forward came first from President Mohr. She believes all of the Colleges' plans include looking forward.

Trustee Schwarz asked if the entire community at Skyline was involved in the planning process. Vice President Stanback Stroud said it went through the entire governance process and included the Management Council, Academic Senate and College Budget Committee as well as discussions by the instructional leadership team and at staff meetings.

Vice President Mandelkern said that during earlier budget discussions, President Claire said that in crisis, there is an opportunity to examine where the Colleges want to be in the future. Vice President Mandelkern commended the College Presidents for their efforts to carefully consider whether programs that were cut in the past should be brought back, or whether there are more important things to put in place going forward.

Vice President Mandelkern said there were 12,000 to 14,000 students on waitlists for classes for the fall semester last year and for the spring 2010 semester. He asked how the College plans will address this issue and if there are estimates of how many students will be on waitlists after the plans are implemented. President Morrow said waitlists show enrollments rather than numbers of students. The counts are a function of the limits set on each class. Vice President Stanback Stroud said the waitlist is used as an enrollment management tool at Skyline. Waitlist limits are set up to allow as many as 50 seats waiting in a class, while at another college there might be no more than five seats waiting. If the large number of seats yields at least 20 enrollments, it will allow for the opening of another section. Vice President Mandelkern said Skyline has done a good job of managing load and fill rates. He said the high fill rates would suggest that there are students trying to get into classes where there is no capacity. He asked if there will still be students who are turned away due to lack of capacity after the plans for use of Measure G monies are put in place. Vice President Stanback Stroud said there is a great capacity to grow and that as more sections are added, the demand can be met. She added that it will take some time to let the community know that more classes are now available.

President Mohr said that all of the students on waitlists for classes at Cañada will be able to get classes. The one area in which there are not enough seats is in science classes; this is due to a lack of adequate lab space.

President Claire said waitlists are one of several enrollment management tools used at College of San Mateo. He said waitlists fill up again as students from around the Bay Area hear that there are open sections and want to enroll.

Vice President Mandelkern said he understands that waitlists are set differently at the Colleges. However, he asked if the Board can be provided with a rough order of magnitude of the issue so that they can tell voters what progress has been made on this issue. President Morrow said she would not tie the message to waitlists. Rather, she would tell voters that the Colleges are offering courses above cap and would tell them the number of sections being offered that could not have been offered without Measure G funds. Vice President Mandelkern asked if there is information on how many additional sections have been offered and their capacity. President Morrow said over cap data will be provided to the Board for the spring semester as soon as it is available. Executive Vice Chancellor Keller said the District will be able to report the number of students at each College and the number of students who are above cap. Vice President Mandelkern asked if any guidelines were given to the College regarding how far over cap to go. Executive Vice Chancellor Keller said the only limit given was that spending should be concentrated in the classroom.

Trustee Schwarz said that because the funds are available for only four years, she is concerned about the plan for “attracting and retaining qualified instructors.” Vice President Stanback Stroud said this refers to adjunct faculty and that there was complete awareness throughout the planning process that the funds are not an ongoing resource.

Regarding President Mohr’s comment about the lack of science lab space, Vice President Mandelkern asked if it is true at all of the Colleges that even if there was more money to add science sections, there is not adequate lab space to accommodate the additional students. All of the Presidents agreed that this is true. Vice President Mandelkern said this might suggest that more capital dollars could be effectively used to build more lab space; the Presidents agreed with this as well.

Executive Vice Chancellor Keller asked President Claire to present College of San Mateo’s plan. President Claire first expressed gratitude to the Board and Chancellor Galatolo for their leadership. He said the College’s long-term goals with respect to Measure G funds are to use the dollars as operational bridge funding; preserve the current College ending balance; maintain a minimum LOAD of 570; provide funding for expansion in strategic, high-priority areas; and continue to make deliberate decisions about programs and services in accordance with the Board’s Core Values and Principles. The College used the shared governance process to develop its proposal. The College Budget Planning Committee developed an overall framework consistent with Measure G language. Specific proposals were developed at the division level. A summary of the requests was forwarded to the President’s Cabinet, which then developed an overall recommendation. This recommendation was forwarded to the Institutional Planning Committee, a shared governance committee with representation from all constituencies. The Institutional Planning Committee adopted the overall Measure G recommendation.

College of San Mateo's plan calls for the bulk of the funds to be applied directly to the classroom. The College had a previous budget deficit but, prior to the passage of Measure G, the College was able to provide students with a predictable schedule. Measure G funds allow the College to maintain and add sections in high-demand areas to meet growing student demand. Waitlists are being monitored and sections will be added in accordance with Measure G language as spring semester classes begin to fill. The College has changed its Student Services model, but the current levels of services are not sufficient to meet student demand; therefore, the plan recommends an increase in counseling hours. The plan also includes a number of innovative projects, such as building distance education capacity; the College looks forward to working with its sister Colleges and Vice Chancellor Luan on this project.

President Mohr said the impact of the budget cuts of the last two and one-half years was severe, with overall budget reductions of more than 22%. With the passage of Measure G, 21 sections were added in the fall 2010 term and 53 are being added in the spring 2011 term. Cañada's plan recommends continuing to use Measure G funds to offer an adequate number of classes, which will increase the opportunity for students to complete their educational goals in a timely manner. It also will allow for the retention of honors sections and strengthening of basic skills and ESL classes. Cañada's plan also calls for additional Student Services support to increase library hours and address needs in the areas of counseling, articulation and support for veterans. In the area of innovation, there is a major plan to expand Workforce Development, move forward with the Math Jam and LEAP programs, and to expand online opportunities for students. Accelerated College is another example of using the funds in an innovative way to serve students at a higher level than the College was able to do before. President Mohr said that Measure G funding is making a significant difference and that everything the Board hoped would happen in conjunction with Measure G is reflected in the plan.

President Holoher said the District did a good job of communicating to voters why the parcel tax was needed. Now it is equally important to report on how the funds are being used to meet student demand for courses and related services. This should be done as soon as information is available regarding the number of classes that have been added, the number of students in the classes, etc. President Holoher would like to see such a report distributed to the entire community at the beginning of the spring semester if possible. Executive Vice Chancellor Keller said the same information must be provided to the Oversight Committee, which will meet when the College plans are approved. He added that spending must be carefully tracked and a report to the community will include information about the areas for which funds are being spent.

President Holoher said that during the painful budget cutting process last year, the Board was forced to examine programs that probably had needed examining for some time. He believes the availability of Measure G funds should not be viewed by anyone as a bailout for programs that need to go through program review and be fixed or eliminated. Rather, he hopes the dollars will be used for high-demand, core programs that are consistent with the District's mission of providing higher education and career training.

President Holoher said that the effectiveness of counseling programs at the three Colleges was considered at previous Board meetings. Staff resources vs. the number of students being served was examined and changes were made that were long overdue. He noted that the Colleges' plans recommend restoration of funding in counseling and asked how those funds will be used. President Mohr said Cañada's plan requires all students to receive mandated counseling sessions when they enroll. The counseling will take approximately three hours and will include any one-on-one counseling that is needed. Because these sessions are conducted correctly upfront, there is less need for one-on-one counseling later. President Claire said College of San Mateo changed its counseling model to include group sessions for specific majors. Counselors are teaching students how to matriculate, enabling them to make better decisions. Vice President Stanback Stroud said Skyline College increased hourly counseling and incorporated counseling into specific programs, such as Hermanos.

Trustee Hausman complimented the Presidents and noted that all are looking to the future with innovative projects. She was delighted to hear that there are many students who want to study science and math and she said something must be done to accommodate their wishes. She said Workforce Development is also very important given the current economic situation.

CFO Blackwood said the budget revisions reflecting the plans will be included in the midyear budget report.

After this discussion, the motion to approve the plans and direct the Chancellor to prepare budget revisions carried, all members voting “Aye.”

**APPROVAL OF REVISIONS TO DISTRICT RULES AND REGULATIONS: POLICIES 2.13, DISSEMINATION OF EMPLOYEE INFORMATION; 2.28, SAFETY; INJURY AND ILLNESS PREVENTION PROGRAM; 3.30, PAY PERIOD FOR FACULTY; 3.35, PAYROLL DEDUCTIONS (FACULTY); 3.50, SUSPENSION AND DISMISSAL; 4.35, PAYROLL DEDUCTIONS (CLASSIFIED); 5.10, MANAGERS: EMPLOYMENT AND REASSIGNMENT; 5.15, EMPLOYMENT REQUIREMENTS; 5.20, ACADEMIC SUPERVISORS: EMPLOYMENT AND REASSIGNMENT; 6.60, NURSING PROGRAM (10-12-102B)**

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve the revisions as detailed in the report. Regarding policy 2.28, Trustee Miljanich said she approves of the phrase “The District prohibits any behavior that poses a threat to the safety. . .” without specifically defining those behaviors because circumstances surrounding negative behavior may change over time.

Vice President Mandelkern said that following the discussion at the November 17 meeting regarding policy 4.15, Employment Requirements (for classified employees), some in the press implied that Board members did not understand the issue of the loyalty oath. Vice President Mandelkern said he completely understands the issues and the origin of the loyalty oath. His personal belief is that it may have a negative impact on academic freedom and freedom of speech of employees. However, he recognizes that State law requires employees to take the loyalty oath and that they must comply. President Holober said an editorial in one of the student newspapers seemed to imply that Board members were surprised by the loyalty oath requirement because they do not take the oath. He pointed out that Board members, like all elected officials in the State, do take the loyalty oath before serving. Any surprise expressed was related to the requirement that all employees take the oath.

After this discussion, the motion to approve the revisions carried, all members voting “Aye.”

**AUTHORIZATION AND UTILIZATION OF ELK GROVE UNIFIED SCHOOL DISTRICT CONTRACT FOR CUSTODIAL SUPPLIES (10-12-103B)**

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve the contract as detailed in the report. The motion carried, all members voting “Aye.”

**AUTHORIZATION AND UTILIZATION OF THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES CONTRACT FOR DISTRICTWIDE OFFICE SUPPLY PURCHASES (10-12-104B)**

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve the contract as detailed in the report. The motion carried, all members voting “Aye.”

**AUTHORIZATION AND UTILIZATION OF OAKLAND UNIFIED SCHOOL DISTRICT CONTRACT FOR DISTRICTWIDE MOVING SERVICES (10-12-105B)**

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve the contract as detailed in the report. The motion carried, all members voting “Aye.”

**APPROVAL OF CONSTRUCTION CONSULTANTS (10-12-106B)**

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the construction consultants as detailed in the report. Rick Bennett, Executive Director of Construction Planning, said there was a late request from Vice Chancellor Nuñez to add an additional consultant to the list. After discussion, the Board agreed that this request should be considered at the next meeting since Mr. Bennett confirmed there was no urgency in adding the consultant. The motion to approve the consultants as detailed in the report carried, all members voting “Aye.”

**INFORMATION REPORTS**

**DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2010 (10-12-2C)**

Vice President Mandelkern noted that the reported income is less than expenses, and he asked if this is due to a structural issue or a cash flow issue. Executive Vice Chancellor Keller said it is a cash flow issue and is due to



apportionment deferral and the triple flip. The District has issued Tax and Revenue Anticipation Notes (TRANs) to deal with the cash flow problem.

**REPORT ON FUNDS HELD IN COUNTY INVESTMENT POOL (10-12-3C)**

Executive Vice Chancellor Keller said this issue derives primarily from the District's loss of funds due to the County Treasurer's investment in Lehman Brothers securities. Most of the money that the District had in the County Pool was bond money and staff was told on many occasions that the District was required to put the funds in the County Pool. However, County Counsel has affirmed that, for the most part, school districts have the freedom to invest their surplus funds. County Counsel has indicated that the Board of Trustees has the authority to determine what funds are surplus. Executive Vice Chancellor Keller provided the Board with copies of the District's investment policy, which is part of the Board's District Rules and Regulations. He also provided charts indicating yields in the various places in which the District puts funds – the County Pool, Local Agency Investment Fund (LAIF) and Certificates of Deposits – along with Treasury Bills as a means of comparison. The difference in yields is primarily a function of the duration of the instruments held in the various investment areas. For example, the County Pool holds very short-term securities and, therefore, is able to take advantage of interest rate fluctuations in the short-term yield rate. Without investment managers, the District currently does not have the staff or expertise to handle investment of its funds. If a change in investment management were to be made, it would need to be reflected in a revised policy which would more carefully define investment parameters and would allow the flexibility to manage short-term investments on a daily basis.

Trustee Miljanich asked if there is an investment manager in the County Treasurer's office. Executive Vice Chancellor Keller said that, as far as he knows, there is not; the staff has limited expertise in the investment of funds. Vice President Mandelkern clarified that there is one investment professional managing the \$2.4 billion portfolio at the County Government Center in Redwood City and they do not use outside investment advisors. He added that this portfolio is managed completely separately from the County Retirement Fund.

Trustee Miljanich asked if an investment manager would be needed in order to do a responsible job if the District took over the management of its investments. Executive Vice Chancellor Keller said an investment manager would be needed, just as the Foundation uses an investment manager for its considerably smaller investment amounts.

Vice President Mandelkern said the current and future County Treasurers have a different interpretation than County Counsel regarding the District's freedom to invest what it considers surplus funds; they believe that all bond proceeds must remain invested in the County Pool. Vice President Mandelkern believes this is a battle worth fighting as the District needs to make sure, especially as it relies more on local sources of funding, that it does not suffer losses going forward as it did in September 2008 when Lehman Brothers went bankrupt. Executive Vice Chancellor Keller said he has heard that a County high school district successfully challenged the County's assertion that bond proceeds must be invested in the County Pool. Vice President Mandelkern said he believes the law is on the side of the District and the District needs to make sure it has greater latitude on how to invest its funds. He noted that the policy the County Treasurer's Office is using to manage the \$2.4 billion fund is the same policy that was in place when the Lehman Brothers bankruptcy occurred. That policy allows up to 10% investment in any single security per security class. In early 2008, more than 50% of the portfolio was invested in the financial services sector at a time when there was incredible turmoil in that industry. Slightly more than 20% was invested in individual issuers such as Wells Fargo Bank. At one point, well over 10% was invested in Lehman Brothers securities. A fair number of those bonds had matured shortly before the bankruptcy and had not been reinvested, resulting in a loss of approximately 6% of the total portfolio rather than 10% or more; Vice President Mandelkern believes this was due to sheer luck rather than investment skills. Even though the County has a proposed new policy which is scheduled to be brought to the Board of Supervisors in January or shortly thereafter, a number of things in that proposed policy are missing or have been changed which are not, in Vice President Mandelkern's opinion, to the benefit of the District's investments. The following are Vice President Mandelkern's areas of concern:

1. Diversification. While the policy decreases the percentage that can be invested in any one issuer to 5%, there is still no limit on concentration by sector. There is also no graduation based on securities rating, which flies in the face of the recommendation of the external consultants hired by the Board of Supervisors.

2. **Time to Maturity.** The County Pool is essentially a short-term, money market fund. By policy, there is a limit of 270 days time to maturity which, in the past, has not been followed. The Lehman Brothers bonds were five-year bonds and had no place in a portfolio with a 270 days statutory limit.
3. **Securities Ratings.** The proposed policy is still very weak in terms of what action, if any, will be taken when a security is downgraded. Vice President Mandelkern believes there is a need to take more control of the management of the process and to be willing to take action when a security is downgraded; this was not done in the case of Lehman Brothers.
4. **Credit Worthiness.** The independent consultants' reports commissioned by the Board of Supervisors indicate that they were able to find no documentation that any credit analysis was done on any holdings in the portfolio. There is no change in the new proposed policy to require an analysis of credit worthiness before purchasing commercial bonds in particular.
5. **Compliance Monitoring.** This consists of a manual spreadsheet updated each morning and reviewed by humans, resulting in a huge risk of error.
6. **Transparency of Trades.** There is a tremendous lack of transparency in what trades are taking place in the portfolio, which Vice President Mandelkern believes exposes the District and others to undue risk. The District receives a monthly report; it has requested that trades be reported in real time on the website but this is not currently done. There is also a question of whether day trading is taking place in the portfolio.
7. **Public Oversight.** The committee that is in place has met on average less than three times per year. The criteria for membership essentially excludes any person who might be knowledgeable about financial investments or who might be interested in the activities of a school district or city within the County.
8. **Securities Lending.** The new proposed policy proposes to dramatically increase the flexibility to lend securities from the portfolio. The independent financial consultants recommended against doing this and proposed very specific limits in terms of collateralization. The consultants' proposal was to make sure that borrowers put up collateral in the amount of 103% of the amount of the security they were borrowing; this is not in the new proposed policy. The consultants also recommended that no more than 20% of the portfolio be loaned at a given point in time; this also is not in the new proposed policy.

Vice President Mandelkern said he believes there are two ways to increase yield: (1) increase risk and (2) increase the length of maturity of the investment being held. Neither is appropriate for the District. He believes the District's funds are being put at risk by continuing to have 100% of funds invested in the County Pool. He would like to support the County but believes the Board's responsibility is to the taxpayers, investors who have bought District bonds, and parcel tax payers who have trusted the District with their money. He values Executive Vice Chancellor's opinion and agrees that to manage the District's funds internally would require resources beyond what are currently available. He sees some risk in having one individual try to manage a complex \$300 million portfolio. He said that outside managers are one option to consider. In the short term, he believes serious consideration should be given to investing in LAIF. In the current policy, there is a \$20 million limit on investing in that fund and, given the size of the portfolio, he believes consideration should be given to revising the policy so that more can be invested. Executive Vice Chancellor Keller said he believes LAIF has an investment limit per agency; he will investigate this further.

President Holober asked how much is known about LAIF's policies in terms of the concerns raised earlier by Vice President Mandelkern. Executive Vice Chancellor Keller said he will investigate and provide information to the Board. President Holober said that if LAIF appears to be more tightly regulated in terms of those concerns, he would be interested in putting money in that fund to the extent possible and having it held there at least on a short-term basis while discussions continue on what to do next. He also said that investment in Certificates of Deposit and Fannie Mae securities seem safe and would not require a higher level of advisors. President Holober suggested the possibility of reallocating money on a temporary basis by investing in Certificates of Deposit at a level at which all would be federally insured. Executive Vice Chancellor Keller said more attention will be given to this suggestion and he will report back to the Board.

Executive Vice Chancellor Keller said expertise is needed to monitor cash flow needs on a daily basis and manipulate the portfolio accordingly. This is done currently but not at the level needed if the majority of funds were being managed. He said the Foundation policy is fairly sophisticated in terms of limiting amounts by sector, industry and individual companies. Investments are tracked and discussed by the committee quarterly. In addition, reports are provided for every transaction. There is also a willingness to accept an occasional loss in order to prevent further loss.

Trustee Hausman said that if changes are made, it is important to be aware of what it will cost and also to be aware of the responsibility for risk. Vice President Mandelkern pointed out that the District currently must pay some amount to the County for managing its funds.

Trustee Miljanich suggested, and the Board unanimously agreed, that the Board direct staff to provide more information on various options for managing the District's investments. Executive Vice Chancellor Keller said more information will also be provided regarding a potential policy and staffing needs.

### **STATEMENTS FROM BOARD MEMBERS**

Trustee Miljanich said she appreciates President Morrow's experience as President of Skyline College. She said President Morrow leaves a legacy of outstanding leadership and that being a great leader involves having a great team. She said it was comforting as a trustee to know that President Morrow was leading Skyline. She added that Skyline will also be in good hands with President-elect Stanback Stroud.

Trustee Hausman attended the retirement event for President Morrow and said the accolades and resolutions were well-deserved. She said President Morrow has given the District her best. She said Vice President Stanback Stroud seems to feel very much at home and the College will be in good hands. Trustee Hausman attended the CSEA holiday luncheon. She also attended the District Office holiday party held at the Cañada Vista Club House and enjoyed the informality and opportunity to mingle. Trustee Hausman wished everyone a happy holiday.

Vice President Mandelkern said that as the District becomes more dependent on local sources of funding, it is important to communicate with the public about what the Colleges are doing. One suggestion might be to use the back cover of the printed College catalogs, which are sent to all County residents at least twice a year, to provide a report to the community. Information could include how many students have been able to transfer, the transfer percentage and how it compares with Statewide averages, the number of degrees and certificates granted each year, enrollment data, etc. Vice President Mandelkern said that at a future meeting, he would like to have a discussion among Board members about ways to improve communication to the public.

Vice President Mandelkern attended the CSEA holiday luncheon and the District Office holiday party and said he appreciated the invitations. He thanked CSEA officers for attending Board meetings. He also attended the Associated Students of College of San Mateo meeting and reception. Vice President Mandelkern welcomed President-elect Stanback Stroud. He said the accolades and heartfelt feelings expressed at the retirement ceremony for President Morrow were touching. This was the first public event held in Building 4 and Vice President Mandelkern said people will always remember President Morrow when they see the transformation the campus. He read the following quote by Eleanor Roosevelt, which is inscribed on the front of Building 4: "The future belongs to those who believe in the beauty of their dreams."

Trustee Schwarz said a family tragedy prevented her from attending some events she would have liked to attend. She was able to attend the Jazz Festival at College of San Mateo and said it was a wonderful afternoon of music. She also attended the District Office holiday party and enjoyed the casual atmosphere. Trustee Schwarz said President Morrow has been a blessing for Skyline College. She has brought the College and outside communities together and the College and District are better for having her there. Trustee Schwarz said President Morrow deserves the best and she wishes her Godspeed. She said she is confident there will be a smooth transition as Vice President Stanback Stroud assumes the presidency of Skyline College. Trustee Schwarz wished everyone an enjoyable and safe holiday.

President Holober attended the CSEA holiday luncheon and said it was a spirited and fun event. He was not able to attend the retirement event for President Morrow due to long-standing prior commitment. He said President Morrow

was a fabulous leader for Skyline College and it was clear to everyone who knew her and worked with her that she put the interests of students and the institution first. She was a role model who helped transform the College for the better. President Holoher read the following quote by Lao Tzu (changing the gender pronouns to fit President Morrow), which he said is applicable to President Morrow: "A leader is best when people barely know she exists, less good when people obey and acclaim her, worse when they fear and despise her. But of a good leader, when her work is done, her aims fulfilled, they will say, 'We did this ourselves.'"

### **COMMUNICATIONS**

None

### **MEETING OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT FINANCING CORPORATION**

The meeting was called to order at 9:16 p.m.

Present: President Miljanich, Secretary Mandelkern, Treasurer Keller, Directors Hausman, Holoher and Schwarz

Absent: Vice President Galatolo

#### **Approval of Minutes of the December 9, 2010 meeting**

It was moved by Secretary Mandelkern and seconded by Director Hausman to approve the minutes as presented. The motion carried, all members voting "Aye."

#### **Naming of Officers for 2011**

President Miljanich said that in accordance with the bylaws of the Financing Corporation, the officers for 2011 will be:

President – Board of Trustees President Richard Holoher

Vice President – District Chancellor Ron Galatolo

Secretary – Board of Trustees Vice President-Clerk Dave Mandelkern

Treasurer – District Executive Vice Chancellor Jim Keller

It was moved by Secretary Mandelkern and seconded by Director Hausman to approve the new officers. The motion carried, all members voting "Aye."

President Holoher announced that the next scheduled meeting of the Financing Corporation will be held on December 14, 2011.

It was moved by Director Schwarz and seconded by Director Hausman to adjourn the meeting. The meeting was adjourned at 9:21p.m.

### **RECESS TO CLOSED SESSION**

President Holoher announced that during Closed Session, the Board will (1) consider the personnel items listed as 1-A and 1-B on the printed agenda, (2) conduct a conference with District Labor Negotiator Harry Joel; the employee organizations are AFT and CSEA, and (3) conduct a conference with legal counsel regarding one case of potential litigation, pursuant to Government Code Section 54956.9(c).

Trustee Miljanich asked that this meeting be adjourned in memory of Trustee Schwarz' mother-in-law, Steffi Schwarz, who passed away recently. The Board unanimously agreed to this request.

The Board recessed to Closed Session at 9:30 p.m. and reconvened to Open Session at 10:05 p.m.

### **CLOSED SESSION ACTIONS TAKEN**

President Holoher 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 items listed as 1-A and 1-B.

ADJOURNMENT

It was moved by Trustee 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. in memory of Steffi Schwarz.

Submitted by



Ron Galatolo  
Secretary

Approved and entered into the proceedings of the January 12, 2011 meeting.



Dave Mandelkern  
Vice President-Clerk