

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
January 23, 2013, San Mateo, CA**

The meeting was called to order at 6:10 p.m.

Board Members Present: President Helen Hausman, Vice President Karen Schwarz, Trustees Richard Holober (arrived at 6:20, after presentation of the four audit reports), Dave Mandelkern and Patricia Miljanich, Student Trustee Bailey Girard

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, Skyline College President Regina Stanback Stroud, College of San Mateo President Michael Claire, Cañada College President Larry Buckley, District Academic Senate President Diana Bennett

President Hausman said a number of events have occurred over the past several months that caused her to reflect over the holidays. A personal issue is that she is experiencing problems with her eyes. She is working on resolving the problem but does not know what the future holds. President Hausman said she wants to inform her colleagues that she is considering retiring from the Board but does not have a date and is not making any announcement tonight. She will be at future meetings, including the Board Retreat. She asked Vice President Schwarz to chair the meeting tonight.

DISCUSSION OF THE ORDER OF THE AGENDA

Vice President Schwarz said that in order to accommodate the auditor, it was requested that items 13-1-100B through 13-1-103B be placed first on the agenda. There were no objections from the Board.

RECEIPT AND ACCEPTANCE OF THE 2011-12 DISTRICT AUDIT REPORT (13-1-100B)

It was moved by Trustee Mandelkern and seconded by Student Trustee Girard to approve the audit as presented. Auditor Xiupin Guillaume of Vavrinek, Trine, Day & Co., LLP, said the audit covers the period July 1, 2011 to June 30, 2012. The purpose of the audit is to provide an opinion on whether the District's financial statements are fairly stated. She said the auditor issued an unqualified opinion, meaning that the District's financials are fairly stated. Management's Discussion and Analysis is shown on page 5. The District's financial statements are shown on pages 19-25 and show that the District ended the year with total net assets of \$111 million. Page 63 shows that there were no audit adjustments. Summaries of findings are shown on pages 78-82; the findings are related mostly to attendance accounting and reporting. Management's Response and Corrective Action Plan is included at the end of each finding. There are no questioned costs associated with the findings.

Trustee Mandelkern said the auditor's letter to the Board of Trustees and Management mentions that they became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. He said that the issue of internal controls around inventories of materials is not addressed in the list of recommendations or in the notes accompanying the financial statements. He said that, given that the District suffered losses believed to be in excess of \$100,000 due to employee fraud, he is surprised that this is not addressed as an issue of internal control. Ms. Guillaume said the auditor does not issue an opinion on internal controls. It reviews them but this is not an extensive part of the audit. Executive Vice Chancellor Blackwood said this issue was discussed with the auditors. She said that in terms of the District as a whole, the losses did not represent a material amount of money. She noted that it was the District's own internal control procedures that uncovered the fraud. Nevertheless, the District has engaged a different audit firm, Crowe Horwath, to review the District's internal controls and is awaiting the results. Trustee Mandelkern said it would seem that a commentary on this issue would be warranted since the auditor did make comments about student accounts receivables and other items that are comparable in terms of dollar amount. After this discussion, the motion to approve the receipt and acceptance of the District audit report carried, all members present voting "Aye."

RECEIPT AND ACCEPTANCE OF THE 2011-12 KCSM AUDIT REPORT (13-1-101B)

It was moved by Trustee Miljanich and seconded by Student Trustee Girard to approve the audit as presented. Ms. Guillaume said the opinion of the auditors for both KCSM-FM and KCSM-TV is unqualified. KCSM-FM ended the year with net assets of \$1.1 million, an increase of \$244,000 from the previous year. The indirect support from the District was approximately \$275,000 for the year. KCSM-TV ended the year with net assets of \$3.3 million, a decrease of \$890,000 from the previous year. Approximately \$650,000 of the decrease was due to depreciation expense. Support

from the District was approximately \$960,000 for the year. There were no findings or audit adjustments. The motion to approve the audit report carried, all members present voting “Aye.”

RECEIPT AND ACCEPTANCE OF THE 2011-12 GENERAL OBLIGATION BOND FINANCIAL AND PERFORMANCE AUDITS (13-1-102B)

It was moved by Trustee Miljanich and seconded by Student Trustee Girard to approve the audits as presented. Ms. Guillaume said the opinion of the auditors is unqualified. Measure A had a balance of approximately \$40 million at the end of the fiscal year, available to be spent on remaining projects. Total expenditures for the year were approximately \$22.5 million. There were no findings or adjustments. The motion to approve the audits carried, all members present voting “Aye.”

RECEIPT AND ACCEPTANCE OF THE 2011-12 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST AUDIT REPORT (13-1-103B)

It was moved by Trustee Miljanich and seconded by Student Trustee Girard to accept the audit report as presented. Ms. Guillaume said the opinion of the auditors is unqualified. The fund at the end of the fiscal year was approximately \$26.6 million. The contribution from the District was approximately \$10 million. There were no expenses other than administrative expenses to oversee the fund. Supplementary information is included on page 9. The motion to approve the audit report carried, all members present voting “Aye.”

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Chancellor Galatolo said it is important to note that the auditor found no adjustments and this is a testament to the District team, including Executive Vice Chancellor Keller, Executive Vice Chancellor Blackwood and Chief Financial Officer Raymond Chow.

Skyline College President Stanback Stroud said Environmental Science Professor Bruce Greenstein received a San Mateo County Sustainability Award. Professor Greenstein created the Solar & Building Science Learning Center at Skyline College. The Center for International Development (CITD) has made strong connections with business and industry and is working on the Success Summit scheduled for October. More information on CITD is included in President Stanback Stroud’s written report. Students in the Youth Entrepreneurship Program at Skyline College participated in the Student Business Plan Competition. Winners receive monetary awards to help get their businesses started. Skyline College hosted the San Bruno Chamber of Commerce State of the City address and installation of board members.

College of San Mateo President Claire said that, beginning in fall 2013, the College will offer a new certificate program in astroimaging and observatory operation, the first of its kind in the nation. President Claire said that one piece of data considered in the program review process is student success and retention. He said a significant achievement gap has been identified with respect to the 18 to 22 year old demographic. The College is taking action to try to close this and all achievement gaps. Last fall, under the leadership of Vice President Jennifer Hughes, College of San Mateo engaged a consultant and went through a business process analysis using a systems approach, similar to Completion by Design. This involves looking at every interaction and process that students in the incoming freshman class go through with the College, from the time of the first contact in high school through the completion of the freshman year. The College will map the processes and change those that do not work, as much as possible within the law.

Cañada College President Buckley said Professor Michael Hoffman and five students gave presentations about Math Jam at the joint conference of the Mathematical Association of America and the American Mathematical Society. President Buckley said that today’s basic skills students are tomorrow’s transfer students and Math Jam is one of the programs that helps these students succeed. President Buckley said Cañada College has added several new employees funded by the Hispanic Serving Institution grant; more information on this is available in President Buckley’s written report. President Buckley said the Associated Students of Cañada College has agreed to provide \$900 to support the STEM Speakers Series, which will be held on Wednesday nights beginning January 30 through March 27. The first speaker will be Juan Orduna, Senior Scientist at SRI International.

Executive Vice Chancellor Keller said Governor Brown introduced his proposed 2013-14 budget on January 10. He said it is different than most budgets in the recent past in that it: talks about only one year; does not depend on a non-existent tax; does not have automatic triggers; is a non-deficit budget; and the LAO has confirmed the numbers as being reasonable estimates. Executive Vice Chancellor Keller said the District will be affected differently by the 2013-14 budget because it is now a basic aid district.

Executive Vice Chancellor Keller said the proposed budget includes a 5% increase for the community college system, with a \$196.7 million increase in apportionment. It is not clear how this will be split between COLA and enrollment restoration. He said he believes that anything that affects COLA will not be quite as good for the District because the District's increase will be dependent on assessed valuation and property taxes. Anything that affects enrollment restoration will be good because there are still some things that will impact the District based on enrollment, such as Proposition 30, lottery funds, and Proposition 39 (energy dollars) which the Governor proposed to distribute on an FTES basis.

Executive Vice Chancellor Keller said there is no change proposed in student fees except a five-fold increase for students who exceed a proposed 90-unit cap. There is \$179 million in deferral buy-down; this does not affect basic aid districts because they receive property taxes in December and April rather than having to wait until the following year to receive funds. \$49.5 million is proposed for Proposition 39 for sustainability projects and training. This amounts to \$45 per FTES but probably will be adjusted because small districts would receive very little money for projects. \$16.9 million is proposed for online efforts, indicating an emphasis to put more money into this effort. The Governor proposes shifting \$300 million from K-12 to community colleges for adult education, focusing on ESL, high school graduation and GED, citizenship, and vocational education. The impact on the District, including potential partnerships with K-12 districts, is not clear. There is also a \$15.7 million shift from K-12 to community colleges for apprenticeships. The proposed budget continues to shift more items into Proposition 98, allowing the Governor to fulfill the Proposition 98 promise by changing the definition.

Executive Vice Chancellor Keller said the following issues concern him because they would limit student access:

- The five-year phase-in of the change in apportionment which would calculate enrollment based on end of term rather than census. This would decrease the burden on the State because it reduces the FTES count.
- The requirement that BOG waiver applicants complete the FAFSA, which some students do not do for a variety of reasons.

Executive Vice Chancellor Keller said he also is concerned about the Governor's proposal to roll categorical funds for K-12 into a new funding formula. Under the new formula, basic aid districts would be defined as districts whose local property taxes equal or exceed their district's revenue limit. Those districts would continue to retain local property taxes in excess of their revenue limit. Executive Vice Chancellor Keller said that while the proposed budget couches this as restoring local control, its true intent is to take local property taxes and use them to redistribute wealth. He said this will greatly affect K-12 districts in San Mateo County and may eventually affect the District.

Chancellor Galatolo said he is very concerned about categorical funding being folded into the funding base for K-12 because any funding folded into the base disappears. He said he believes it is only a matter of time until the Governor makes the same recommendation for community colleges. In that case, he would recommend to the Board that the District not accept the funds and instead build its own programs for those students who are currently being served by categorical programs. Chancellor Galatolo said he also does not agree with the League's evaluation that some items are revenue neutral, particularly the shift in calculation of enrollment from census to end of term. He said he will raise issues about the proposed budget when he attends the Chief Executive Officers of the California Community Colleges (CEOCCC) meeting on January 27. He said the District also should work with local legislators to make sure they understand what the budget means for the schools in their district.

District Academic Senate President Bennett said the Academic Senate invited the State Academic Senate's Distance Education Committee to its December 10 meeting to share their thoughts and concerns about Massive Online Open Courses (MOOCs). In addition, the District Distance Education Advisory Committee and the Academic Senate will hold a joint meeting on February 13 to open a Districtwide discussion with faculty regarding MOOCs. Udacity will be asked to make a presentation at this meeting, after which faculty will be provided an opportunity to ask questions and express concerns. President Bennett said she is working with Peter Bruni, Distance Education/Instructional Design Coordinator, and others to develop a FAQ page and to open a blog for faculty to share their thoughts on MOOCs.

Student Trustee Girard said a schedule has been developed for student reports to the Board and they will resume next month.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

Henry Tannenbaum, a broadcaster and teacher of broadcasting at San Jose State University, said he is concerned about the change in the direction taken by the Board with regard to the new Request for Proposal (RFP) for KCSM-TV. He said that between the time the original RFP was issued and the decision was made that none of the proposals was deemed appropriate, the FCC developed a new concept on spectrum allocation and a spectrum auction, in which portions of public airwaves will be auctioned off. As a result, the stations' bandwidth suddenly became potentially valuable. Mr. Tannenbaum said he suspects that the Board saw that they were selling off not only the station, but potentially valuable bandwidth. He said no one knows when the auction will take place, but there are already a number of speculators in the market who are buying stations or making arrangements with stations so they can support the stations until such time as the FCC develops their auction process. Mr. Tannenbaum said that if a speculator was found to support the station between now and an FCC auction, and if the partner came up with an adequate bid, the District could split the proceeds between the partner and the District. In that case, it would cost nothing to run the station before the auction and there might be some value to the spectrum allocation in the end. He said he worries about a decision to choose this speculative form of raising funds instead of choosing potential bidders who could use the station for the purposes for which the Board and the District committed themselves.

Tracy Rosenberg, Executive Director of Media Alliance, said that despite the RFP plan that was laid out to the Board, it seems that the District was not overwhelmed with spectrum speculators. She said she is pleased that most pre-bidders that expressed interest in the station appear to want to continue to operate a noncommercial, educational station. Ms. Rosenberg said the contention that the license has no value is not correct. She said she understands that the station might not be an asset that the District feels it can continue to operate successfully. However, if it cannot be hosted by the District any longer, she believes the District should look at who can do so in a responsible way. Ms. Rosenberg said that, in addition to the total liquidation option, there is an option to sell sidebands, which would bring in a significant amount of money, and keep a main channel for broadcasting. She urged the Board to consider this and all other options.

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (13-1-2A)

It was moved by Trustee Holober and seconded by Trustee Miljanich to approve the actions in Board Report No. 13-1-2A. The motion carried, all members voting "Aye."

APPROVAL OF CONSENT AGENDA

Vice President Schwarz said the Consent Agenda consists of Board Report 13-1-1CA, Approval of 2013-14 Budget and Planning Calendar. It was moved by Trustee Miljanich and seconded by Trustee Mandelkern to approve the consent agenda. The motion carried, all members voting "Aye."

Other Recommendations

NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2013 (13-1-2B)

Vice President Schwarz asked if there were any nominations of District Board members for membership on the CCCT Board. There were none. Trustee Miljanich said that, even without participating on the CCCT Board, Board members have opportunities to participate in meetings and to organize with others on particular topics or issues.

ADOPTION OF RESOLUTION NO. 13-1 IN SUPPORT OF SENATE CONSTITUTIONAL AMENDMENT 3 (13-1-3B)

It was moved by Student Trustee Girard and seconded by Trustee Holober to adopt Resolution No. 13-1. Student Trustee Girard said the California State Student Association has voted in favor of the amendment and the California Community Colleges Association of Student Trustees will take action shortly. Vice President Schwarz said she brought this item forward from the San Mateo County School Boards Association, using a sample resolution from another district. Trustee Holober asked if the amendment addresses only school districts or local governments as well. Chancellor Galatolo said the primary focus is on school districts and he does not believe it includes cities and other agencies. After this discussion, the motion to adopt the resolution carried, all members voting "Aye."

APPROVAL OF NONRESIDENT TUITION FEE, 2013-14 (13-1-104B)

It was moved by Trustee Miljanich and seconded by Trustee Mandelkern to approve the fee as detailed in the report. The motion carried, all members voting "Aye."

APPROVAL OF DISTRICT ORGANIZATIONAL MEMBERSHIPS, 2012-13 (13-1-105B)

It was moved by Trustee Miljanich and seconded by Trustee Holoher to approve the memberships as detailed in the report. Trustee Mandelkern said the list of memberships is extensive and asked how it compares with previous years. Chancellor Galatolo said memberships have been cut back for several years because of budget constraints. Executive Vice Chancellor Blackwood said that while reviewing Board policies, it was noted that staff is required to bring applications for new memberships to the Board for approval on an annual basis. Since this was not being done, the list presented in this report includes every membership. In the future, only new memberships will be submitted. Trustee Mandelkern asked if the number of memberships is now expanding. Chancellor Galatolo said memberships have been added in the past two years as needed. Trustee Mandelkern urged continued prudence as expenses are added back into the budget. Trustee Holoher asked if the District has renewed its membership with the American Association of Community Colleges (AACC). Chancellor Galatolo said that for some years, the District chose not to pay the fee and subsequently had one college pay, rotating annually. President Stanback Stroud said it would be in the District's best interest to be a member of AACC because of the difference in member vs. non-member registration fees for conferences; the fee can be earned back in just one registration. Trustee Miljanich said this balance should be considered when determining whether to pay a membership fee. President Claire said there are a number of memberships that do not incur a cost to join. Noting that some memberships also carry low membership fees, Chancellor Galatolo recommended that future reports include dollar amounts. He said the Board may choose to put a threshold on reporting requirements. Vice President Schwarz said she would also like to see information on which organizations the District chooses not to join. After this discussion, the motion carried, all members voting "Aye."

BOARD MEMBER COMPENSATION (13-1-106B)

Vice President Schwarz said that according to law, the Board is allowed to adopt a 5% increase in compensation on an annual basis. For the past four years, the Board has agreed to forgo any increase. It was moved by Trustee Holoher and seconded by Vice President Schwarz to adopt a 5% increase. Trustee Holoher said the four-year period during which the Board did not opt to take an increase was the same period during which employees did not receive increases. He said the 5% increase would total \$2,000 or less for all Board members. Trustee Mandelkern said that while economic times are better for the District, he does not believe this is the time to increase the Board's salary. He said the salary increase for other employees was less than 5%. He said that while the dollar amount of an increase for the Board is small, the symbolism is high. Vice President Schwarz said she is in favor of a 5% increase, noting the Board has not taken an increase in four years and the dollar amount is small. After this discussion, the motion to approve a 5% increase carried, with Trustee Mandelkern voting "No" and the remainder of Board members voting "Aye."

APPOINTMENT OF PATRICIA GRIFFIN TO MEASURE G CITIZENS' OVERSIGHT COMMITTEE (13-1-107B)

It was moved by Trustee Miljanich and seconded by Student Trustee Girard to approve the appointment of Patricia Griffin to the Measure G Citizens Oversight Committee. Trustee Mandelkern asked which constituent category would be represented by the appointment. Barbara Christensen, Director of Community/Government Relations, said categories are not required for parcel tax oversight committees. After this discussion, the motion carried, all members voting "Aye." Vice President Schwarz asked that a thank you letter be sent to outgoing committee member Jim Wyatt.

STATEMENTS FROM BOARD MEMBERS

Student Trustee Girard said several bills regarding students and education will be considered in the new legislative session. He said the annual March in March will take place on the first Monday in March. He said classes have just begun and students are adjusting to their schedules. Student Trustee Girard said he will attend Assemblyman Rich Gordon's Higher Education Committee meeting on Friday.

Trustee Holoher suggested limiting the number of items on the agenda for the Board retreat. He proposed spending time on a discussion of what the Board believes needs to be done over the next couple of years with regard to parcel taxes, bond measures and other such items. He said it would be beneficial to discuss this when there is no time pressure for putting measures on a ballot. Chancellor Galatolo said this can be included in the discussion of the Board's goals and priorities. He will develop a proposed agenda with the Board president and send it to Board members for their input.

Trustee Mandelkern said that in light of recent school shootings, he would like to proceed with plans for a study session on security. Chancellor Galatolo said this topic is scheduled for the March 13 study session. Trustee Mandelkern said he attended the opening of the Veterans Resource Center and the Automotive Luncheon at Skyline College and the Student Honors Research presentations at College of San Mateo. He also attended the Foundation's Chancellor's Circle dinner held at Skyline College, at which District alumnus Jon Miller gave an entertaining presentation. Trustee Mandelkern said he received a communication from Senator Barbara Boxer's office regarding a student claim of discrimination under the Americans with Disabilities Act and violation of due process. He said he will pass this communication on to the Board president. President Hausman said it will be referred to appropriate staff for response.

President Hausman said she attended the Chancellor's Circle dinner and found Mr. Miller's presentation entertaining and enjoyable. She said Skyline College provided an excellent venue for the event.

Trustee Miljanich said she attended the Foundation Board of Directors meeting. She said the Foundation has great ambitions, many of which have been fulfilled or are on their way to being fulfilled. President Hausman said she was invited to attend the Foundation meeting as an outgoing Foundation Board member and was presented with a beautiful plaque. She thanked the Foundation and said they are doing an outstanding job.

Vice President Schwarz said she attended the Veterans Resource Center grand opening and congratulated Skyline College for making veterans feel welcome and providing a place for them to talk with one another and receive counseling to begin new careers. She attended a holiday celebration at College of San Mateo and a retirement party for Cañada College employees Danny Glass, Chuck Iverson, Julie Mooney, Jacqueline Phillips and Rita Sabbadini. She also attended the Foundation meeting and said the Foundation is beginning its annual campaign. The goal this year is \$213,000; 50% of the funds are distributed to the Foundation and 50% to the Colleges. Enrollment was discussed at the meeting and Vice President Schwarz said she was surprised to hear that Skyline College now has a higher enrollment than College of San Mateo. New Foundation Board members Patricia Miljanich and Cañada College President Larry Buckley were welcomed.

Student Trustee Girard said one Foundation goal this year is to reach out to student leaders and this was done at today's District Student Council meeting.

Trustee Mandelkern said he wishes President Hausman a speedy resolution of her health issues and hopes she will soon be able to resume her full function on the Board. Vice President Schwarz said she is available to help in any way needed.

COMMUNICATIONS

Vice President Schwarz said that as requested by the Board at the December 6, 2012 meeting, Chancellor Galatolo sent a letter to SamTrans asking that the needs of Cañada College students be considered before making a decision regarding the potential discontinuation of Route 274 on Saturdays. The Board received a response stating that because of community input, staff is reviewing restoration of this route before drafting a final recommendation for consideration in spring 2013. The route will continue to be at risk for discontinuation if ridership does not increase. Vice President Schwarz thanked Student Trustee Girard for bringing the issue to the Board's attention and to Chancellor Galatolo for following through.

RECESS TO CLOSED SESSION

Vice President Schwarz announced that during Closed Session, the Board will (1) consider the personnel items listed as 1A, 1B and 1C on the printed agenda and (2) hold a conference with District Labor Negotiator Harry Joel; the employee organizations are AFSCME, AFT and CSEA.

The Board recessed to Closed Session at 7:58 p.m. and reconvened to Open Session at 8:57 p.m.

CLOSED SESSION ACTIONS TAKEN

Vice 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 items listed as 1A, 1B and 1C.

ADJOURNMENT

It was moved by Trustee Mandelkern and seconded by Trustee Miljanich to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 8:59 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the February 27, 2013 meeting.

Karen Schwarz
Vice President-Clerk