

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
April 27, 2011, San Mateo, CA**

The meeting was called to order at 6:03 p.m.

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

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 Tom Mohr, District Academic Senate President Diana Bennett

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the minutes of the meeting of April 13, 2011. The motion carried, all members voting "Aye."

SWEARING IN OF STUDENT TRUSTEE

President Holober administered the oath of office to Student Trustee-Elect Barry Jointer. Mr. Jointer introduced his mother, who has been a member of the Oakland Police Department for 18 years, and his sister, who is a Marine Corps sergeant and Iraq War combat veteran. She is currently a student at College of San Mateo. Mr. Jointer said he has been a student at College of San Mateo since fall 2009 and is a Marine Corps veteran. He said he will do the best job he can as a trustee and will work to help make the best choices when budget cuts are necessary. President Holober said he looks forward to working with Mr. Jointer.

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Chancellor Galatolo congratulated Mr. Jointer. He said he has been impressed with Mr. Jointer during the brief time he has known him and is confident he will do a good job representing the interests of students at the three Colleges. Chancellor Galatolo also welcomed Mr. Jointer's mother and sister.

President Stanback Stroud said the April 21st ribbon cutting for Building 4, the Multicultural, Cosmetology and Administration Building, was a wonderful and well-attended event. Students performed the song "Lift Every Voice and Sing," often called the Negro National Anthem. Filipino music and dance was presented by the Kababayan Learning Community. Refreshments and tours of the building followed. It was particularly gratifying to see how pleased the staff of the Cosmetology Program are with their new instructional space. The Skyline College President's Breakfast raised more than \$53,000. The Automotive Technology Program was recently recertified by the National Automotive Technicians Education Foundation (NATEF). The Career Network Night was successful and people were impressed with Vice Chancellor Harry Joel's presentation. Beta Theta Omicron, Skyline's chapter of Phi Theta Kappa, was recognized as a Distinguished Chapter at the Phi Theta Kappa convention in Seattle. Skyline has been contacted by the South San Francisco Rotary Club which has announced a \$27,000 ambassadorial scholarship for a student who lives in South San Francisco and wants to study abroad.

President Claire congratulated Student Trustee Jointer and said he has served well on College of San Mateo's College Council. President Claire thanked all who attended the ribbon cutting for the new College Center. The fall schedule just came out and the back cover features Jon Miller, broadcaster for the San Francisco Giants; his story is paired with that of a current student in the digital media program. On May 2, author Jeanne Wakatsuki Houston will be a guest at a screening of the movie *Farewell to Manzanar*; Ms. Houston wrote the memoir and also wrote the screenplay for the film. On April 29, President Claire, District Academic President Bennett, College of San Mateo Vice President of Instruction Susan Estes and Vice Chancellor Jing Luan will make a presentation on behalf of the Accrediting Commission for Community and Junior Colleges (ACCJC) on planning. College of San Mateo is now recognized as having a model planning system. All information on planning can be found on the College's planning website.

President Mohr said that seven Cañada College students have received grants from the Statewide Mathematics Engineering Science Achievement (MESA) program. Cañada had more scholarship recipients than any other community college in the State. The MESA program at Cañada College currently serves 131 students, all of whom are expected to transfer. Seventy-three percent of MESA students are students of color. In the past three years, 26 colleges throughout the United States have welcomed MESA students from Cañada. Cañada College hosted an Honors Research Conference on April 25 at which students presented their original research. Cañada also hosted a workshop on student completion rates; representatives from more than 25 Bay Area community colleges were in attendance. Cañada will host a Social Justice Conference on May 3 and a Women in Gaming Conference on May 13.

Chancellor Galatolo told President Mohr he was sorry he could not attend the Honors Research Conference. On that day, he was attending the Foundation's first annual golf tournament. The tournament raised close to \$60,000. Rick Bennett, Executive Director of Construction Planning, was instrumental in the event's success and was able to recruit professional golfer Russ Cochran who spent time with each golfer.

Executive Vice Chancellor Keller said the State of California reported that it received approximately \$6 billion more this month than anticipated. The auditors are currently gathering information at the District Office. The District has streamlined its process and all of the information needed by the auditors is now available electronically. Food service revenue at the new College Center (Building 10) at College of San Mateo has already doubled. The food service vendor's catering business has also seen a double digit increase. The District receives 7% of the gross for the catering activities based at the College, which benefits the enterprise operations.

President Bennett provided an update on SB 1440; 16 CSU campuses have agreed to the first three transfer model curricula – sociology, psychology and communications studies. CurricuNet will be implemented in the fall. Faculty across the District have asked to have open access; some faculty feel they can use CurricuNet without training. The Academic Senate is working with the curriculum chairs at the Colleges on training for faculty in June. There will be a District Academic Senate and Vice Presidents joint meeting in May and a focus will be curriculum and District collaboration. The Senate is identifying faculty to serve on the Tianhua Taskforce and is also reviewing the PIV policy. President Bennett attended the State Academic Senate Spring Plenary. The AFT and District Academic Senate Social has been rescheduled to May 12.

Jonathan Werden, Vice President of the Associated Students of Cañada College (ASCC), said there are currently 13 ASCC officers. There are 16 clubs and ASCC hopes to have 40 clubs next year. Students serve on 15 College and District committees. ASCC sponsored many events over the last semester, including World AIDS Day, Holiday Season Spirit Thursday, Welcome Back Week, Black History Week, St. Patrick's Day Spirit Thursday, Club Mixer, Spring Fever Spirit Thursday, and the Student Health Fair. Ten ASCC officers attended the Districtwide Winter Leadership Retreat at which they created ASCC benchmarks for leadership, community, change and mentorship. Four officers attended the Student Senate Spring General Assembly in Sacramento. Students also went by bus to participate in the March in March in Sacramento. The election for a student trustee was held and four Cañada students were candidates. ASCC elections are currently in progress. Upcoming events include Multicultural Week and the Transition Dinner and Club Leadership Awards Ceremony. ASCC has achieved many of their 2010-11 academic year goals – to improve ASCC communication; to have more than one candidate for the student trustee position; and to have a well planned and eventful spring semester. Trustee Miljanich said she is impressed with the concept of benchmarking and said it is a smart way to guide activities and leadership. Vice President Mandelkern thanked Mr. Werden for his report and said ASCC is doing good things and having fun while doing them.

BOARD SERIES PRESENTATION – INNOVATIONS IN TEACHING, LEARNING AND SUPPORT SERVICES: CAREER NETWORK NIGHT AT SKYLINE COLLEGE (11-4-4C)

Vice Chancellor Jing Luan said the March 23rd Career Network Night involved professionals from the community and the District Office, including Vice Chancellor Harry Joel, Chief Financial Officer Kathy Blackwood and Director of Web Services Jasmine Witham. Skyline College Vice President of Student Services Joe Madrigal said it was a successful event with approximately 300 people in attendance, including approximately 26 professionals. The purpose of the event was to provide students with the opportunity to connect with professionals from a wide variety of occupations. Vice President Madrigal introduced Virginia Padrón, counselor and Director of the Career Center at Skyline College. He said Ms. Padrón is an outstanding individual who has been with the District for 32 years and at Skyline College for 13 years. She began her District career in EOPS and was the first bilingual counselor hired by the District.

Ms. Padrón said Career Network Night offered a wonderful opportunity for students to connect with professionals in the field as well as to hold an event involving all of the learning communities on campus. The event brought professionals to talk with students about careers in six career clusters. Ms. Padrón said it takes a community to bring about understanding and support for students as they bridge between education and the world of work. Vice Chancellor Joel served on the Coordinating Committee as well as doing an outstanding job as guest speaker. Along with recruiting the District Office presenters mentioned by Vice Chancellor Luan, he recruited presenters from the community. Also serving on the Coordinating Committee were career counselors Lavinia Zanassi, Darlene Cárdenas and Lorraine De Mello, Counseling Aide Nadia Tariq and student helper Romina Muñoz. Career Night had complete support from the directors, coordinators and students in all of the learning communities, as well as College and District administration and the outstanding presenters from the community who gave of their time. Food was catered by Never Too Latte Café and Bakery in San Bruno. Ms. Padrón played a video, produced by a student in the First Year Experience learning community, which showed highlights of the evening.

Trustee Schwarz asked how attendance compared with the first Career Night held last year. Ms. Padrón said attendance was considerably higher this year.

Trustee Hausman said there were excellent presenters and asked if participants are given written information or direction. Ms. Padrón said she emails presenters directing them what to focus on and they are also provided brief training. Students are encouraged to ask questions about career paths. Faculty and student facilitators are present in all of the rooms with presenters. Students have informal communication with the professionals after their presentations.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

College of San Mateo student Shawn Kann said students were asked to hand deliver a letter from the Peninsula Chapter of the Sierra Club. Mr. Kann said students consulted a California Environmental Quality Act (CEQA) attorney. He said it appears that the demolition of Building 20 and the garden to build a parking lot is not currently part of the College Master Plan. He said it appears that this project has not yet been approved. He asked that the students be directed to the document or resolution if it has been approved. He said that, because there are potential environmental impacts, a CEQA initial study and environmental document should be prepared before approval of the Building 20 and gardens demolitions are considered.

College of San Mateo student Brandon Snyder made the following statement regarding comments at the last Board meeting:

“It is disappointing to hear from an elected official that they will not participate in a process in which constituents attend public meetings to voice concerns on important issues. It is especially so when this is the position taken by the Vice President of the Board of Trustees which governs our San Mateo County Community College District. Statements like these only help to foster a growing feeling of alienation felt by students who pay taxes and support public education and ultimately are supposed to be who the District serves. If students do not feel welcome to express their concerns within the system that was set up for them, then what do they do? At the last Board meeting, Vice President Mandelkern said ‘this issue should play out through a process that is well-established and should not play out at Board meetings over and over again.’ I and other students would like to know what this well-established process is and where it is laid out. On March 1, CSM President Claire told three students that he would put us in contact with the Dean of the Math/Science Division and be included to voice our concerns about the construction plans. This never happened and, because of that, you have groups of students coming to Board meetings trying to find answers. I can assure you that we will continue to attend public meetings and respectfully speak our minds, which is our right to do.”

Barbara Christensen, Director of Community/Government Relations, said a CEQA study is underway. Once an initial study is adopted, CEQA requires that any change in the plans initially studied needs to be examined to see if there is an additional significant effect or if one of the impacts that was previously identified is more severe. The District has contracted with a firm to do that and the study should be completed in May.

College of San Mateo student Vivian Abellana said the quality of the surveillance cameras on campus is not good; it is difficult to identify people and to read the license plate numbers of cars driving by in the parking lots. She asked who she should contact to find out what the budget is for campus security and whether the security systems and surveillance cameras can be upgraded. President Holober said the Board will ask staff to respond to Ms. Abellana’s concern.

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (11-4-2A)

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve the actions in Board Report No. 11-4-2A. The motion carried, all members voting "Aye."

RATIFICATION OF THE 2009-2010 CONTRACT MODIFICATIONS AND A NEW CONTRACT EFFECTIVE JULY 1, 2010 THROUGH JUNE 30, 2013 BETWEEN THE DISTRICT AND THE CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION (CSEA), CHAPTER 33 (11-4-3A)

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the actions in Board Report No. 11-4-3A. The motion carried, all members voting "Aye."

Other Recommendations

ADOPTION OF RESOLUTION NO. 11-5 IMPLEMENTING GOVERNMENT CODE SECTION 53094 TO EXEMPT THE CAPITAL IMPROVEMENT PROJECT AT CAÑADA COLLEGE FROM APPLICATION OF CITY OF REDWOOD CITY AND COUNTY OF SAN MATEO ZONING ORDINANCES (11-4-100B)

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve adoption of Resolution No. 11-5. The motion carried, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 11-6 IMPLEMENTING GOVERNMENT CODE SECTION 53094 TO EXEMPT THE CAPITAL IMPROVEMENT PROJECT AT CAÑADA COLLEGE FROM APPLICATION OF TOWN OF WOODSIDE AND COUNTY OF SAN MATEO ZONING ORDINANCES (11-4-101B)

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve adoption of Resolution No. 11-6. The motion carried, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 11-7 IMPLEMENTING GOVERNMENT CODE SECTION 53094 TO EXEMPT THE CAPITAL IMPROVEMENT PROJECT AT SKYLINE COLLEGE FROM APPLICATION OF CITY OF SAN BRUNO AND COUNTY OF SAN MATEO ZONING ORDINANCES (11-4-102B)

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve adoption of Resolution No. 11-7. The motion carried, all members voting "Aye."

APPROVAL OF SAN MATEO COUNTY COLLEGE DISTRICT PROPOSED BOARD GOALS FOR 2011-12 (11-4-103B)

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the Board goals as presented in the report. The motion carried, all members voting "Aye." Trustee Holober noted that the goals contain minor changes suggested during previous discussions.

APPROVAL OF CONSTRUCTION CONSULTANTS (11-4-104B)

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

AUTHORIZATION TO AUGMENT THE CONTRACT FOR CAÑADA COLLEGE BUILDINGS 5 AND 6 MODERNIZATION PROJECT (11-4-105B)

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

AUTHORIZATION TO AUGMENT THE DESIGN-BUILD CONTRACT FOR COLLEGE OF SAN MATEO CIP2 DESIGN-BUILD PROJECT (11-4-106B)

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the authorization as detailed in the report. Trustee Schwarz said she would like an explanation of the request for augmentation for this and the other design-build projects in the reports that follow. She noted that the Board has approved augmentations for this contract several times to include things that came up along the way. Mr. Bennett said this is correct; the original contract, in the amount of \$150,000,000, was augmented on March 25, 2009 in the amount of \$21,100,000 and on September 22, 2010

in the amount of \$3,250,000. The augmentation being requested tonight is for a small amount (less than 1% of the project) for the contractor to complete additional work to finish the project.

Chancellor Galatolo said that with the design-bid-build method, changes are typically made because the builders realize that the designer's specs are not correct or clear and thus ask that the plans be redrawn. In design-build projects, more often than not the modifications are owner-driven. For example, in the San Mateo Fitness Center, Chancellor Galatolo noticed that, originally, a large portion of the wall looking out to the pool deck would block the view of Fitness Center patrons and, after conferring with the architect and builder, it was changed to a glass wall. A similar change was made in the Bay View and City View rooms in Building 10 which originally were to have solid walls going the entire length of the rooms. In the Aquatics Center, it was determined that the pumps for the swimming pool were not performing as desired and it would be wiser to use energy efficient pumps to lower energy consumption and reduce operational costs; this change will pay for itself in one year.

Chancellor Galatolo said the Construction Planning Department team has listed all of the recommended augmentations and the reasons for them. He said he meets regularly with them, Vice Chancellor Nuñez and others and they discuss all changes to determine if they are in the best interests of the District. Some potential changes are rejected and, therefore, do not come to the Board.

Trustee Schwarz said that with the design-build method, the price is known at the beginning and she questioned whether adding augmentations defeats the purpose. Mr. Bennett said he believes the design-build method is being used as intended. For example, in the park that was created for students across from Building 10 at College of San Mateo, there was a knoll that was not noticed until the building went up. The knoll was flattened so that students can sit in the park and look over the Bay. If the project had been a design-bid-build project, the change would have had to be re-bid. Chancellor Galatolo said the design-build mechanism allows for flexibility. He said contingency dollars were put in the budget, knowing that changes might be recommended.

Trustee Schwarz said that if her understanding is correct, the main difference is that when a need for change in a design-build project is recognized, it does not have to be re-bid but will be included in the existing contract. Mr. Bennett said that is correct. He added that there is negotiation about any change order; staff looks at industry standard practices and pricing and brings in a cost consultant if necessary.

Trustee Schwarz said she appreciates the explanation and feels more comfortable about the augmentations. She said it is important to make sure the remaining money is spent correctly and wisely.

Tricia Gardner asked if the authorization would allow the Executive Vice Chancellor to make changes to the contract other than the changes specifically listed in the board report. President Holober said the Board is being asked to approve only the specific list of items in the board report.

After this discussion, the motion carried, all members voting "Aye."

AUTHORIZATION TO AUGMENT THE DESIGN-BUILD CONTRACT FOR THE COLLEGE OF SAN MATEO BUILDINGS 12/15/17/34/9 MODERNIZATION PROJECT AND THE HILLSDALE PARKING LOT PROJECT (11-4-107B)

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

AUTHORIZATION TO AUGMENT THE DESIGN-BUILD CONTRACT FOR THE CAÑADA COLLEGE PARKING LOT 4, FIRE LANES, AND 5/6/8 PEDESTRIAN PATH PROJECT (11-4-108B)

It was moved by Vice President Mandelkern and seconded by Trustee Miljanich to approve the authorization as detailed in the report. Trustee Schwarz noted that previous augmentations to this contract include work at different campuses. Mr. Bennett said the base contract with Robert A. Bothman was for the Cañada College Gateway project. Subsequent augmentations were approved and the contract was used to supplement other projects at Cañada College and Skyline College. The original contract has been kept open because of the flexibility it allows. Chancellor Galatolo said that when the need arises to request augmentations to existing contracts, the District approaches the design-build contractors that are being used throughout the District and conducts negotiations through an internal bidding structure in order to get the best value it can. After this discussion, the motion carried, all members voting "Aye."

ACCEPTANCE OF CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE CAREER ADVANCEMENT ACADEMY GRANT (11-4-109B)

It was moved by Trustee Schwarz and seconded by Trustee Hausman to accept the grant as detailed in the report. The motion carried, all members voting "Aye."

ACCEPTANCE OF CALIFORNIA COMMUNITY COLLEGES CHANCELLOR OFFICE CAREER PATHWAYS INITIATIVE COMMUNITY COLLABORATIVE GRANT (11-4-110B)

It was moved by Trustee Hausman and seconded by Vice President Mandelkern to accept the grant as detailed in the report. The motion carried, all members voting "Aye."

INFORMATION REPORTS

SPRING 2011 CENSUS REPORT (11-4-5C)

Vice Chancellor Jing Luan asked if there were questions about the report. Trustee Hausman noted that Skyline College was the only College that did not have a decrease in total number of students. Chancellor Galatolo said the District is consciously shrinking its institutions with the goal of getting to within 100 FTES of the funded cap. For every dollar the District is above the funded cap, it has a marginal expense with no benefit of revenue to offset it. The unfortunate effect is that the District continues to serve fewer and fewer students. Enrollment for summer session opened today and classes are already full and have waitlists. The District is trying to maximize utility to students but minimize the economic impact to the District. President Claire said College of San Mateo had the largest decline in headcount. He said the College had to cut sections by 7% to balance the budget. A good portion of the losses were in classes that had high student count but were the farthest away from the Board's core values statement. Therefore, President Claire believes the cuts were made in the right places. Vice Chancellor Luan pointed out that for the first time, there was a significant increase in the number of out-of-state students.

REPORT ON DISTRICT INVESTMENTS (11-4-6C)

Chief Financial Officer Kathy Blackwood said State Government Code 53601 allows governments to invest funds not needed for immediate cash flow. It sets limits on the type and term of investments and on the proportions of investments. District Board Policy 8.06 sets somewhat stricter limits on the types of investments, sets priority of investments, and sets criteria of (1) safety, (2) liquidity and (3) yield. While the Local Agency Investment Fund (LAIF) has recently increased the amount that local agencies can invest to \$50 million, District policy limits investment in LAIF to \$20 million. District policy allows investment costs of normally no more than 0.25% of the amount invested.

As of March 31, the District had a total of \$143 million in cash and investments, as follows: \$125 million in the County Pool, \$14 million in LAIF, \$3 million in the East-West Bank, \$1 million in the Bank of East Asia, and \$27,000 in the 1st National Bank. The 1st National Bank investment is being phased out because the rates are not as good as the District can get elsewhere. Of that \$143 million, a total of \$135 million could not be invested:

- General Obligation Bond Fund and Bond Redemption Fund (\$96 million) – must be in County Pool per contract. CFO Blackwood said the District would write a different contract if it went out for a new bond.
- Tax and Revenue Anticipation Notes (TRANS) (\$14.6 million) – the repayment fund will be used up in June.
- Post-Retirement Reserve (\$24 million) – is gradually being moved to the Futuris Trust Fund.

The remaining amount - \$8 million – is small because the State is borrowing from school districts and the District does not receive its money in the year it is owed. Based on the budget just passed for 2011-12, community colleges will be lending the State close to \$1 billion and will not get their 2011-12 money until 2012-13. The \$8 million figure does not include property tax revenue which the District will receive in April when \$40 million of the \$50 million due the District is received. Because the District operates for months without the bulk of its property tax revenue, the cash flow situation is difficult and it is hard to put aside money to invest.

Chancellor Galatolo said he did not realize that general obligation bond and bond redemption funds were restricted through a contract with the County. He asked how enforceable that contract is. Executive Vice Chancellor Keller said it is not a contract with the County but is in the District's bond issuance documents. He said the County oversees the documents and the County Treasurer insisted, during several meetings, that the funds be put into the County Pool. Chancellor Galatolo said that before the Lehman Brothers collapse, he argued vehemently with the County that he wanted to take the District's money out and put it in a guaranteed investment contract. He was told he could not do this

for other legal reasons but the bond issuance documents were never raised as an issue. Executive Vice Chancellor Keller said the District asked to be allowed to do directed investments; the County Treasurer said he had the ability to do so but would not.

CFO Blackwood said the District does not have staff to do significant investing, which would include cash flow predictions and research into appropriate investments. The District could use an outside investment advisor for a fee. The fee currently being paid for the Retirement Board of Authority to receive investment management is .36%. The District maintains excellent relationships with the local banks for its Certificates of Deposit; these relationships result in scholarships that support the internship program.

Ms. Blackwood said the Board might want to consider changing Board policy to allow more flexibility, increase the amount that can be invested in LAIF to \$50 million, and allow more than .25% for investment advice. She suggested that the District should continue to explore relationships with local banks, monitor cash flow closely and provide more reporting to the Board.

CFO Blackwood provided websites resources on investments. She noted that the County of San Mateo's website contains an investment policy dated 2008 and another "proposed and adhered to" policy dated 2010, which obviously has not been adopted. Vice President Mandelkern asked what would happen if there is a conflict between a policy that has been adopted and one that has been "proposed and adhered to." CFO Blackwood said an agency can only be held to the policy that has been adopted.

Vice President Mandelkern asked for clarification on the Futuris Trust Fund. CFO Blackwood said the District has established its own Retirement Board of Authority which is a separate entity and has more flexibility in terms of investments. The Board approved contracts with Keenan, which provides management advice and support, and Benefit Trust Co., which holds funds in the District's name and monitors and manages the funds. Benefit Trust contracts with Morgan Stanley for advice about investments. The 2009-10 Retirement Futuris Public Entity Investment Trust audit report was presented to the Board earlier this year.

Trustee Miljanich said she is concerned about where the District's money is currently being invested. She asked if there is anything that can be done at this time. CFO Blackwood said the District must keep enough money in the County Treasury to cover payroll and accounts payable checks, and there is not much money available after covering day-to-day operations. Trustee Miljanich asked if it is conceivable that the District could lose money that would be used for payroll if investments are not properly covered in the County Pool. CFO Blackwood said this could happen and noted that, along with the Lehman Brothers loss, the District lost \$4 million from the general fund; the student bodies and auxiliary operations also lost money. Executive Vice Chancellor Keller said that if the District passed another bond, it would make different choices on how the funds would be invested and managed. He said that if the District becomes basic aid and receives property tax payments on a regular basis, there would be an opportunity to have surplus funds which could be invested.

Trustee Miljanich asked if there is any reason to have greater confidence in how the District's money is being invested now as opposed to when the Lehman Brothers bankruptcy occurred. Executive Vice Chancellor Keller said he does not have greater confidence. CFO Blackwood added that staffing in the County Treasurer's office has not changed and, therefore, the same people are doing the investing.

Vice President Mandelkern expressed concern that under the County's proposed investment policy, they can lend securities and reverse repos without collateralization up to the full value of the portfolio. Chancellor Galatolo said he thought government code requires that repurchase agreements be fully collateralized for governmental agencies. Executive Vice Chancellor Keller said that after the Lehman Brothers collapse, the Federal Reserve was granted the ability to back up commercial paper.

Vice President Mandelkern said he is less concerned about events that occurred in the past and more about unforeseen next steps, particularly with regard to securities lending out of the portfolio. He said the District has \$96 million committed to a fund and he does not have faith in the current management of that fund. He asked if there is any way that the District can insure its invested funds. Executive Vice Chancellor Keller said the District has the ability to request that the County Treasurer direct the investment of its funds. He said a resolution could be brought to the Board asking the County Treasurer to put District funds into a special account and to allow directed investment of these funds

and securities as the District feels comfortable. Chancellor Galatolo said this would be particularly important for long-term funds, i.e. if another bond were to be passed. Vice President Mandelkern agreed that the District should make the request, but said he recalls that, during a meeting some time ago at which superintendents, chancellors and chief financial officers were present, the current County Treasury administration soundly rejected the idea of allowing directed investments. He asked if there is another way to purchase insurance to protect the District's investments. Executive Vice Chancellor Keller said he does not believe the District has that ability. Chancellor Galatolo added that most of the insurers which took the District from A+ to AAA went broke and are no longer in existence, proving that insurance is only as good as the resources the insurers have to back up the insurance.

Trustee Miljanich said she believes the District should at least ask to be allowed to have directed investments. She asked if there are further steps that can be taken. Chancellor Galatolo suggested that the executive staff of the County Treasury be invited to come and speak to the Board.

President Holober said there seems to be consensus that discussions regarding the District's investments should occur, including the request to allow directed investments. He asked that executive staff begin to have those discussions.

President Holober said it was his understanding that there is one comingled fund that held the District's money, along with that of most other school districts and other agencies. He asked if there are segregated funds for specific local governments within the County Pool. Vice President Mandelkern said he believes there are three different funds, differentiated by the expense charge but basically having the same investment policy. CFO Blackwood said she believes there is a difference in the term of the investments as well. Chancellor Galatolo said there have been circumstances in which funds were segregated but he does not believe that it the case currently. When he requested directed investment of the original bond funds, he was told that a previous exception had been granted but the Treasurer's office did not have sufficient resources and manpower and would not make exceptions again.

Vice President Mandelkern said he believes the suggestion to increase the investment limit in LAIF to \$50 million makes sense and he would like that recommendation to be brought to the Board for action. He would also be willing to review and consider other suggestions to update the District's investment policy to increase flexibility. He believes the option to use an outside investment advisor would be cost prohibitive given the relatively small amount of money that is discretionary. Vice President Mandelkern said the financial markets are still extremely unstable and he is not confident that there will not be another loss in the County Fund similar to Lehman Brothers.

President Holober asked if District funds invested with banks are all fully covered by federal deposit insurance; CFO Blackwood said they are. President Holober asked if the \$50 million investment limit in LAIF is the maximum allowed by the State. CFO Blackwood said it is. President Holober asked if other large issuers of bonds, such as cities and school districts, also turn to their counties to invest the funds. Chancellor Galatolo said he is not sure, but would assume that they do. Vice President Mandelkern said that some local entities were not affected by the Lehman Brothers loss; for example, the City of South San Francisco has their own investment fund and investment advisor. However, the costs required to do that must be weighed against the benefits.

President Holober asked if the documents associated with the voting and issuance of the bonds bound the District to the County. Executive Vice Chancellor Keller said the documents included specifications about who has the authority to invest, where to invest and how much has to be insured. The documents had to be sent to the County for review. For the first issuance, the District was informed that it must put the money in the County Pool. President Holober asked if the County has the ability to stop the District from investing the funds elsewhere. Executive Vice Chancellor Keller said that in this case, his recollection is that the County Board of Supervisors agreed to the issuance of the bonds. President Holober said that, speaking as an individual, he does not want the District to ever again have to get the approval of another agency if it can be avoided.

STATEMENTS FROM BOARD MEMBERS

Student Trustee Jinter thanked everyone for welcoming him, including College of San Mateo Associated Students President Vivian Abellana and other students in the audience, who he encouraged to continue to advocate for their cause. He said he understands these are difficult times because of the budget crisis and knows that everyone on the Board wants to do the best they can for students. He is happy to be a member of the Board and is ready to go to work.

Trustee Hausman said Student Trustee Jinter is off to a very good start and she looks forward to working with him over the next 18 months. Trustee Hausman attended the ribbon cuttings at College of San Mateo and Skyline College and said there was a high level of enthusiasm at both events. She also attended the Peninsula Interfaith Action luncheon at which Chancellor Galatolo was honored as a Community Hero. State Senator Joe Simitian introduced Chancellor Galatolo and said he not only thought outside the box, but did not even know a “box” exists! Trustee Hausman said the honor bestowed on Chancellor Galatolo is well-deserved.

Trustee Miljanich told Student Trustee Jinter that Board members will do everything they can to support him in his role. She said the student perspective is very important to the Board. Trustee Miljanich congratulated Chancellor Galatolo on his honor from Peninsula Interfaith Action.

Trustee Schwarz welcomed Student Trustee Jinter. She said was pleased with the election process as each College put forth a serious effort and found several candidates to run. She said the Board is here for students. She said she is sure Student Trustee Jinter will enlighten the Board and will also gain a great degree of patience during his term. Trustee Schwarz attended the following events:

- CSM Athletes as Readers & Leaders Appreciation Reception. She said this is a successful program that benefits both the children at the Child Development Center and the athletes who read to them. The head of College of San Mateo’s Athletic Department said he would like to see this become a Districtwide program.
- Skyline College President’s Breakfast which was a wonderful event; the video plays regularly on Peninsula TV.
- Building 10 ribbon cutting at College of San Mateo. She said she was told that many employees, along with students, are using the new cafeteria.
- President Claire’s all-College meeting. She said President Claire’s presentation contained valuable information that all employees should hear. She was particularly impressed with his words on the shared governance process.
- Building 4 ribbon cutting at Skyline College. She noted the excitement of the Cosmetology Program staff and added that the music provided by the Kababayan Learning Community was beautiful.
- Cañada College Honors Transfer Program Honors Research Conference. Cañada Alumna Veo Rice’s speech inspired confidence in other students. Trustee Schwarz chose to attend the Theatre Improvisation session which was entertaining and enjoyable.

Trustee Schwarz said she will not be at the May 25th Board meeting. She will attend commencement ceremonies at College of San Mateo and Cañada College. Trustee Hausman said she also will be out of town on May 25. Chancellor Galatolo said staff will work on finding an alternate date for the May meeting.

Vice President Mandelkern said he would like to address the students in the audience and respond to Mr. Snyder’s earlier comments. Vice President Mandelkern said he reviewed his comments from the previous meeting. He believes he explicitly stated that students are always welcome to come and address the Board and the Board welcomes student input. The comment Mr. Snyder referred to was that Vice President said the mere repetition of the same information over and over again does not help advance the debate. Vice President Mandelkern previously advised that providing solutions to problems is much more helpful than just coming and repeating the same information. Also, continuing to present this in outside forums – whether it be the Sierra Club, other elected officials or bodies, or in the press – and stating that students can go around the College President or above the President’s head is not particularly productive and does not advance the student cause. Vice President Mandelkern asked the students to take as friendly advice that the students’ current tactics are not an effective way to succeed in trying to influence this Board or other people.

Regarding identifying a “process that is well-established,” Vice President Mandelkern said he is sure President Claire would be happy to tell the students about the shared governance process, which governs every aspect of the institution, including the budget process, how and where budget cuts should be made, which buildings should go up, where they should go up and what should be in the buildings. There is student involvement at every step of the way in the shared governance process and Vice President Mandelkern said he would encourage students to get involved upfront and early on in the process because that is how the student voice can be heard.

Vice President Mandelkern welcomed Student Trustee Jinter and said he looks forward to working with him. He congratulated Student Trustee Jinter and his family for their dedication to public service, noting his mother’s service to the City of Oakland and his sister’s and his own service to the country. Vice President Mandelkern attended the following events:

- Skyline President's Breakfast. There was a record attendance of approximately 370 people.
- Foundation golf tournament which raised a substantial amount of money for student scholarships. He said the event was well organized and congratulated Foundation Executive Director Stephani Scott, Board of Directors President Ken Varner and the entire Board of Directors.
- Ribbon cuttings for Building 10 at College of San Mateo and Building 4 at Skyline College. He said the highlights for him were the student involvement, including the Polynesian dancers at College of San Mateo and the African American students singing "Lift Every Voice and Sing" and the performance by the Kababayan group at Skyline College. Vice President Mandelkern said a number of people have told him they plan to have non-college related events in Building 10 and he hopes they will avail themselves of Pacific Dining's catering services as well.
- Peninsula Interfaith Action luncheon, at which Chancellor Galatolo received a well-deserved honor.
- Progress Seminar, at which President Mohr did an excellent job chairing a workforce development panel. Vice President Mandelkern said that because of the priorities of the State, the Colleges are forced to turn away students every year and it is difficult to focus on what is being done to generate additional student graduates. At the Progress Seminar, President Mandelkern met someone from Tesla Motors, who is also a Redwood City public official, who is interested in working with the Automotive Technology program to create an electric vehicle track within the program. Vice President Mandelkern will work on putting this individual in contact with President Stanback Stroud and the appropriate Automotive Technology staff.

Vice President Mandelkern reminded voters that an election is in progress and ballots must be mailed and received in the elections office by May 3rd.

President Holober welcomed Student Trustee Jinter and saluted his service to the country. President Holober attended the Peninsula Interfaith Action luncheon. He said Peninsula Interfaith Action is an interfaith alliance focused on social justice. One of the honorees was Cañada College student Linda Martinez who worked to get streets paved in East Palo Alto so that people could walk safely. President Holober congratulated Chancellor Galatolo for being honored as a Community Hero. He said Chancellor Galatolo always makes sure someone else gets credit, including the Board, District employees and students; however, the truth is that the lion's share of credit goes to Chancellor Galatolo for his innovative ideas. The reason for Chancellor Galatolo's honor is his creative brain. President Holober is pleased to see him recognized for furthering the cause of social justice.

COMMUNICATIONS

President Holober said the Board will accept the letter from the Sierra Club and direct it to staff.

RECESS TO CLOSED SESSION

President Holober announced that during Closed Session, the Board will consider the personnel items listed as 1-A and 1-B on the printed agenda and conduct a conference with District Labor Negotiator Harry Joel; the employee organizations are AFSCME, AFT and CSEA.

The Board recessed to Closed Session at 8:50 p.m. and reconvened to Open Session at 9:45 p.m.

CLOSED SESSION ACTIONS TAKEN

President Holober 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 personnel 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 9:50 p.m.

Submitted by

A handwritten signature in blue ink, appearing to be 'Ron Galatolo', written in a cursive style.

Ron Galatolo
Secretary

Approved and entered into the proceedings of the May 16, 2011 meeting.

A handwritten signature in black ink, appearing to be 'Dave Mandelkern', written in a cursive style.

Dave Mandelkern
Vice President-Clerk