

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
November 14, 2012, San Mateo, CA**

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

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

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

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

President Mandelkern said that there was a request to change the order of the agenda to accommodate presenters of three reports, as well as the presenter of the student report. It was requested that the following items be heard first:

1. Statement from Student Representative
2. 12-11-1C, Where Education Meets Fitness
3. 12-11-2C, Report on the Work of the SEED Committee
4. 12-11-4C, Update on KCSM-TV

There were no objections from the Board.

STATEMENT FROM STUDENT REPRESENTATIVE

Paige Kupperberg, President of the Associated Students of College of San Mateo (ASCSM), said constitutional changes have been made to ASCSM; there is now an Advocacy Board and a Programming Board; the number of senators has been changed; the secretary is an ex-officio member; and the finance director is now elected. The Advocacy Board is charged with researching and evaluating state and federal legislation that impacts students, advocating on behalf of the students of the College, and planning events to inform students of legislation that may impact them. The Programming Board plans campus events for students and directly serves as the public relations group for ASCSM. There are currently ten senators and an executive board. ASCSM is involved in participatory governance and members serve on a large number of College and District committees and councils. ASCSM students participated in a summer retreat and have held events over the current semester, including Welcome Week, Voter Registration Week, Latino Heritage Week, Harvest Festival, and a Student Leadership Conference. In addition, student leaders attended two statewide conferences. There are currently 22 active clubs on campus, which have sponsored events including a chess tournament, Veterans Awareness Day and an Alpha Gamma Sigma conference. Future events include: Diwali: Festival of Lights, Relaxation Week, Canned Food Drive, Holiday Angels Toy Drive, Reboot Week, March in March, and Spring Fling.

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS: WHERE EDUCATION MEETS FITNESS (12-11-1C)

Tom Bauer, Vice Chancellor, Auxiliary Services and Enterprise Operations, said that early on in the process of creating the San Mateo Athletic Club (SMAC), Chancellor Galatolo challenged him and his colleagues to create a community-based fitness center that would operate with the academic program. Vice Chancellor Bauer, Vice President of Instruction Susan Estes, Dean of Kinesiology, Athletics and Dance Andreas Wolf and Fitness Center General Manager Diana Thomas worked with Bev Madden, Director of College Development and Marketing, and Dave McLain, Visual Communications Coordinator, to develop the concept of a teaching health club. The process culminated in the concept titled "Where Education Meets Fitness" which encapsulates what is occurring at SMAC.

Vice President Estes said she enthusiastically supports the partnership between the Kinesiology and Dance Departments and SMAC. She said the partnership was originally designed to promote a collaborative and collegial relationship between instruction and fitness that would benefit students, staff and community members. She said she is pleased to see that vision becoming a reality.

Dean Wolf said he worked with faculty to develop the curriculum for the four certification programs now being offered: Pilates Instructor, Personal Training, Yoga Teacher Training, and Group Exercise. Dean Wolf said the academic programs give students the knowledge base to go into the workforce and the partnership with SMAC offers opportunities

to provide students with real-life, practical experience so that they are “job ready.” Students who go into the workforce can earn continuing education credits through SMAC.

Sara Artha Negara, Director of the Pilates Instructor Certificate Program, presented information on this program, as well as on the Yoga Teacher Training Certificate Program on behalf of Director Denaya Dailey. The Yoga Teacher Training includes studies of yoga technique and practice, anatomy, yoga pedagogy, teaching ethics, and yoga lifestyle and culture. Program graduates teach yoga at health clubs and yoga studios all around the Bay Area. Students’ education continues after graduation by joining Open Heart Yoga Family, a student club which provides continuing education for its members and the surrounding community. The certificate program was established in spring 2012. There has been one graduating class of 22 students, a number of whom went on to internships at SMAC. The certificate program at College of San Mateo is the only such program offered at a California community college and is one of only six in the country.

Ms. Negara said the Pilates Instructor Certificate Program was established in spring 2011 and is one of only two such community college certificate programs in the United States. The program is aligned with Balanced Body, the largest and arguably most regarded corporation in the industry, and students have the option to obtain a Basic Body certificate as well. Students procure personal sessions, observation hours, and student teaching hours by taking the Pilates lab course. The opportunity to complete the hours is also available through SMAC. Graduates are well-prepared to enter a growing industry with abundant job opportunities. Program participants are already working at more than 20 Bay Area locations. Eight SMAC employees entered the program for training and five interns currently at SMAC came from the program. SMAC provides open studio time, allowing students to procure the hours they need to obtain certificates. SMAC also offers continuing education hours.

Diana Thomas introduced Katie Elgaaen, Aquatics Director, and Francisco Flores, Group Exercise and Pilates Coordinator, and described their backgrounds, outstanding qualifications and passion for educating others. Ms. Thomas said SMAC offers internships in the four certificate programs. Interns gain experience in their chosen field as well as academically. They are required to complete 40 hours of teaching and are then evaluated. Mr. Flores named four current SMAC interns who came from the Yoga Certificate Program and one who came from the Pilates Certificate Program. Ms. Thomas said SMAC has hired several employees who completed a certificate program. She said Medifit, the management company at SMAC, also allows advancement opportunities for individuals within the organization at 200 centers nationally.

Sybille Draper said that three years ago, she toured SMAC and subsequently became a member. She enjoyed Spinning classes, took a certification class and became an instructor. She currently is enrolled in the Pilates Certification Program and hopes to finish this semester. She is teaching eight classes at SMAC and ten at other facilities.

Ms. Elgaaen said SMAC offers approximately five Lifeguard Certification courses per year, with approximately ten students per class, through the American Red Cross. During the course of this year, SMAC has hired three of these students. Four SMAC staff have joined the College of San Mateo Swim Team, including Miya Oto, the College’s first All-American water polo player.

Ms. Thomas said 43% of SMAC staff are college students, faculty or staff. She said SMAC works actively to hire and engage students in a collaborative effort to help them with development and to help them get jobs.

Vice President Hausman said the cooperation between the academic program and SMAC is very impressive and she congratulated all who have worked to make it successful.

Chancellor Galatolo commended Vice President Estes, Dean Wolf and their team, along with Ms. Thomas and the staff at SMAC, for their collaborative effort. He said the symbiotic relationship has made a difference in the lives of students and members of the community.

Trustee Schwarz said she was supportive of this venture from the beginning and is now overwhelmed by how well the academic program and fitness center are working together. She said she is impressed with the number of students who participate and are gaining employment. She commended everyone who has worked to make the vision a reality.

Trustee Miljanich said she is impressed with the great investment in the health of the community. She said there is a growing awareness of the importance of the types of activities offered and she is please to see it occurring here.

BOARD SERIES PRESENTATION – INNOVATIONS IN TEACHING, LEARNING AND SUPPORT SERVICES: REPORT ON THE WORK OF THE STEWARDS OF EQUITY, EMPLOYMENT EQUALITY AND DIVERSITY (SEED) COMMITTEE IN DEVELOPING THE COMPREHENSIVE DIVERSITY FRAMEWORK AT SKYLINE COLLEGE (12-11-2C)

President Stanback Stroud said the District's Strategic Plan has a component calling for the development of a comprehensive diversity framework and Skyline College agreed to take the lead. The report tonight will provide the background, what has been developed, and future plans. President Stanback Stroud introduced Nohel Corral, Director of the Learning Center and TRiO Program and co-coordinator of the Basic Skills Initiative, and Vanson Nguyen, one of the co-chairs of the SEED Committee who teaches math and coordinates the First Year Experience Learning Community.

Mr. Corral said the Student Equity and SEED Committees merged in 2011. The Committee looks at diversity and equity issues as well as issues across the campus as they relate to the community, instruction, student services and, most importantly, students. The Committee bases its work on the Equity-Driven Systems Change Model, which comes from California Tomorrow's Culture of Inquiry. The Committee is building a culture of inquiry across the institution among students, faculty, staff and administration. It is looking at four levels of change: (1) organizational policies and practices, (2) campus environment and political climate, (3) access, supports and opportunities, and (4) student outcomes.

Mr. Nguyen said the SEED Committee is comprised of faculty, staff, administrators and students. The Committee focuses its research on the following question: "How do our practices and processes in outreach, entry, progress, and completion impact campus equity and student success at Skyline College?" The Committee was broken into several domains and an equity audit was completed. Following the equity audit, subcommittees conducted research in each of the domains, which include student services, resources, hiring, community connections, communications and curriculum.

Mr. Corral said the SEED Committee held a retreat in August, to which students, staff, faculty, administrators and with community partners, were invited. The following goals were developed: to understand the diversity framework history, goals, and current work; to develop vision and strategies; and to identify one to two year actions steps. The group also heard reports from the subcommittees. Some of the work resulting from the retreat is included in the Committee's Vision: cultivate a culture of bold leadership; engage the community through comprehensive outreach and mutual connections; explore technology and bridge the digital divide; fundamentally change the organizational structure; promote equitable hiring and capacity building; expand international initiatives; develop and fund resources for professional growth; and map educational pathways to ensure continuity.

Mr. Nguyen said the work of the SEED Committee is congruent with the District's mission and strategic plans, as well as with the Board's goals. He said the Committee is now looking at strategies in relation to the vision. Mr. Corral said some research has already informed change. For instance, the Communications subcommittee looked at how scholarship information is disseminated and, as a result, the subcommittee held a social to promote scholarship awareness month and will hold scholarship workshops and address classes.

Trustee Miljanich asked how many people are involved in the work of the SEED Committee. Mr. Corral said the original groups was comprised of 30 to 35 individuals. The group works with the Associated Students of Skyline College to promote student participation. There is also a design team, comprised of faculty, staff and administrators from among the original group, who help drive the work that is being done by the entire Committee. President Stanback Stroud said the group wanted to make sure that the diversity work being done by the SEED Committee was not separate from the work of the College. She said the group engaged people who had an interest in areas of diversity and attempted to build upon work that had been done by other committees and activities. She said the group focused on institutional structures or practices as the source problems rather than on students. For example, when online registration for classes opens at 12:01 a.m., those students who have technology resources at home can register right away, while students who have to come to the library or computer lab cannot begin registering until 8:00 a.m., when many classes are already filled. While the intention was not to shut out students who cannot afford technology, the structural practices had that effect. Therefore, it was determined that either the College resources would open at midnight or the registration time would be changed so that it would be the same for all students.

Trustee Miljanich said this is important work and she looks forward to hearing more about it as it progresses. President Mandelkern said it is important work as it focuses on providing access to the entire community that the District serves.

UPDATE ON KCSM-TV (12-11-4C)

Jan Roecks, Interim Dean of Business, Workforce and Athletics at Cañada College, introduced KCSM General Manager Marilyn Lawrence, Deputy County Counsel Eugene Whitlock and, by telephone, Federal Communications Commission (FCC) attorney Larry Miller. Ms. Roecks said this group worked together for the last 18 months to try to sell KCSM-TV. On October 24, 2012, the Board rejected all bids. The presentation tonight will provide information on what has changed since the RFP was issued and what might be an appropriate strategy moving forward.

Mr. Miller said the Middle Class Tax Relief and Job Creation Act of 2012, hereinafter called the Spectrum Act, was enacted on February 22, 2012. Among other things, the Spectrum Act authorized the FCC to hold a spectrum auction in order to move spectrum from broadcast use to wireless use. The proceeds of the auction must cover (1) payments to successful licensee bidders, (2) the costs of repacking the remaining television stations, and (3) the costs of conducting the auction. The economic incentives are debt reduction and job creation for wireless infrastructure.

Mr. Miller said the FCC announced a major initiative on October 2, 2012 to fast track the auction. It proposes to finalize the rules by mid-2013 and conduct the auction in 2014. This timing goal of 2014 was a significant development, as most people in the industry expected that an auction would be held four to five years later.

Mr. Miller said the FCC invited comments on auction design. Comments are due by December 21, 2012 and reply comments are due by February 19, 2013. The FCC has asked many questions on how to conduct the auction, including whether the auction proceeds should contribute to a national public safety broadband network and whether the auction should contribute to the U.S. Treasury to pay down national debt.

Mr. Miller said the FCC will clear UHF channels nationwide by repacking the TV band. However, more spectrum will be needed in top markets, up to Market 30 or 35, to meet wireless demand. San Francisco is Market 6. In repacking the TV band, the FCC will move many stations to new channels but UHF stations such as KCSM-TV cannot legally be moved involuntarily to VHF channels. The FCC encourages TV licensees to offer their spectrum for auction to accommodate excess wireless demand not met through repacking.

Mr. Miller said there will be a reverse auction and licensees have a number of choices:

1. Surrender spectrum, although the FCC asks for comments as to whether it should assure that at least one public television station is left in each market.
2. Agree with another commercial or non-commercial market licensee to share a channel and jointly surrender spectrum.
3. Move from UHF to VHF.
4. Do nothing and perhaps agree to accept interference or to modify facilities to restrict coverage.

Mr. Miller said that when a TV licensee submits a bid, that would be the price at which it would take the proposed action. The FCC will interactively balance the repacking, the reverse auction bids, and the wireless companies' "forward auction" (conventional auction) bids to decide which reverse auction bids to accept. The successful bidders will get either their bid price or the highest accepted bid price, possibly with some sort of adjustment to reflect their television area or population coverage. The remaining licensees will be paid any costs of changing channels.

Mr. Miller said entities new to the business have reacted by buying commercial TV stations from bankrupt and financially troubled licensees, some at surprisingly high prices. A commercial station in the San Francisco market sold in June for \$8 million and another sold in May of last year for \$15 million. A low-powered "Class A" station in Novato is under contract for \$6.65 million. Some entities are seeking arrangements with public television licensees to pay for the right to participate in auction proceeds. There is some difficulty under existing FCC policy on how to do this because public TV licensees have the absolute right to operate the station in the public interest, decide on a successor and turn in a license, and this right cannot be delegated to another party. However, the FCC has made clear on an informal basis that they will permit arrangements that will effectively let a non-commercial entity participate in an auction with a non-commercial entity.

President Mandelkern asked if Mr. Miller or staff has an idea of how repacking will impact the San Francisco market. Mr. Miller said it is likely that almost everyone in this area will be repacked but the public will not see any difference and will not be impacted. Trustee Holober asked if a station could be forced to do something it does not want to do if it

chose to not participate in the auction. Mr. Miller said the only thing a station can be forced to do is to change channels, in which case there would be no impact financially or in terms of viewers.

Trustee Holober asked if the process deals with freeing up spectrum for cell phones. Mr. Miller said it does; spectrum that becomes available through repacking and economic incentives will be auctioned off to wireless operators, including Verizon, AT&T, Sprint, T-Mobile and possibly others who will have the opportunity to bid. Mr. Miller said there is a notoriously low amount of spectrum in this market and a growing need for more spectrum for wireless use.

Trustee Holober asked if the options outlined above for a reverse auction are finalized or if they are still in a rule making process. Mr. Miller said everything is in rule making process at this time but it is clear that there will be a three-part process: repack the TV band, hold a reverse auction, and hold a forward auction during which wireless operators can bid. There are still many questions about the fine points of how it will be done.

Trustee Holober asked if there are any current changes in the way non-commercial stations can be sold. Mr. Miller said that nothing is finalized and, if the District were to sell the television station today, the regulations would be the same as when the original RFP was issued. The change is that FCC staff has signaled that, while they have yet to complete the rule making, their view is that public licensees can now enter into arrangements with commercial entrepreneurs whereby they could jointly participate in the auction down the line.

Audience member Bill Heiden asked Mr. Miller to compare what the FCC wants to do now with what Nextel did with the BAS transaction, i.e., might a private entity bid for an entire market like the Bay Area. Mr. Miller said there will not be an opportunity for a single entity to purchase an entire market at one time. He said the FCC has said it intends to auction off spectrum in 5 MHz blocks. There is some question as to whether there will be a limit on how much a bidder can get and whether licensees who already have vast amounts of spectrum will be allowed to participate.

Mr. Heiden asked if there will be an order of preference for remaining stations that are distressed. Mr. Miller said whoever participates in the reverse auction and offers to give up spectrum for the least amount of money will be chosen first. Mr. Heiden asked if there will be an opportunity for KCSM-TV to partner with other stations to work as a group to achieve a higher payout. Mr. Miller said the FCC has said a licensee can negotiate a private commercial deal with another licensee, commercial or non-commercial, to share a channel and free up another channel. The licensees would have to decide how to split the channel they keep and how to split the proceeds from the channel that was given up. However, there could be Antitrust Act considerations in talking with other licensees. Additionally, once the FCC accepts auction rules, there will be an anti-collusion provision that will prevent reverse auction bidders from speaking with each other. At the same time, there was an announcement yesterday that an organization has been formed that will represent the interests of television licensees in seeking to assure that the rules adopted are fair and transparent and as favorable as possible for television licensees.

Ms. Roecks said the landscape has changed with the FCC's change in the timeline for the spectrum auction. She said there are clearly additional entities interested in purchasing television stations and, in order to make the sale of KCSM-TV attractive to partners, the operational costs must be reduced.

Ms. Lawrence said that last year, KCSM-TV closed with a \$600,000 deficit. The pledge drive was stopped due to the expected sale and this will impact the budget by an additional \$320,000. If nothing changes, fiscal year 2013 will come close to a \$1 million deficit. Ms. Lawrence said that if the decision is made to seek a spectrum partner rather than to sell the station, she would propose finding a program service to reduce the workload for programming and possibly bring in some revenue. She is currently looking at four different program services. Ms. Lawrence said that staff must be ready if a successful bidder is selected as a partner in the spectrum auction. In that case, Ms. Lawrence said she could reduce costs further and the likely outcome would be a \$500,000-\$600,000 deficit which would have to be made up by the partner in the spectrum auction.

Ms. Roecks said the team would like to craft a new RFP, with consideration that an FCC spectrum auction may occur in 2014. The strategy is to evaluate and recommend to the Board the most responsible bidder based on the proposal that is most advantageous to the District, including financial capacity and the overall ability to consummate the contract. Bids may be based on a variety of scenarios:

1. Accept a buyer for KCSM-TV; must meet FCC licensing requirements and have proof of financing.
2. Accept a partner for spectrum auction; does not have to meet FCC licensing requirements; some possibilities might include upfront payment, cost reimbursement, and percentage of spectrum auction proceeds.

3. Reserve the right to negotiate best and final offers.

Ms. Roecks said the team proposes the following as next steps: release the RFP as soon as possible, share RFP documents with entities that are currently buying television stations, require bids by mid-February, and continue to investigate other revenue increases and expense cuts for KCSM-TV.

Tracy Rosenberg, Executive Director of Media Alliance, said she wishes the District would continue to operate the station but understands that the Board's resolve to sell is unwavering. She said it has been helpful to her to review the bids. In the bids, she was hoping to see money on the table, a commitment to local quality programming, and keeping a presence on campus. She said all of these were present in the bid from San Mateo Community Television. Her understanding is that this bid was rejected because of the convoluted ownership structure. However, she said she would encourage further dialogue before rejecting this \$5.8 million bid. Regarding a spectrum auction, Ms. Rosenberg said no one can predict what the timing will be or what the final rules will be. Ms. Rosenberg said that AT&T, Verizon, Clearwire and others are sitting on a vast amount of spectrum and may or may not be pushed out of the auction. She said the "spectrum crisis" is often considered to be a figment of the corporate imagination.

Mr. Heiden said he was a student at College of San Mateo in the 1980s. He said KCSM-TV has a rich history and impact in the community. He said he believes KCSM-TV should not worry about revenue or competing with commercial markets as it has much potential in and of itself. He said Ms. Lawrence has been trying for the past three to four years to run a station with expectations of a commercial nature in a public world, and these are two different things. He said the District should tap into the wonderful diversity at the three Colleges to use as programming for the station, e.g., Pilates classes, sports, and broadcasting the Board meetings.

President Mandelkern said the Board's objective was not to sell KCSM-TV. However, given the financial pressures on the District and the fact that tens of thousands of students could not get the educational opportunities they needed due to a lack of money, the Board agreed that the District could no longer afford to subsidize a public television station, in the amount of \$1 million or more per year, that was not primary to the goals of the District. President Mandelkern said the Board's goal remains consistent. Trustee Holober agreed, stating that the District is rationing education and, as much as the Board values the television station, the subsidy to the station means that thousands of class seats will not be filled. He said the Board has been clear that making classroom opportunities available to students is and will continue to be its priority.

President Mandelkern said all the bids received for KCSM-TV were rejected because it was the opinion of the attorneys and staff that none would satisfy FCC requirements. He said there is an option to shut down the station but he hopes it does not come to that point. He said that he sees walls full of tapes at the station that could be used for programming and asked why it would not be possible to have minimum staffing and use the content already there rather than contracting with someone else for program content. Ms. Lawrence said staffing has already been cut to one person per shift. She said the tapes all have rights attached to them and the station has to pay people if it airs them. She added that the cost of the transmitter and its power bill is \$500,000 per year.

Trustee Miljanich asked if an organization such as AT&T would be qualified as a potential partner since they would not be able to meet FCC requirements. Ms. Lawrence said it is permissible to partner with any commercial entity as long as the contract is written in the correct way to partner for the spectrum sale. However, to sell the station outright, the buyer must still be a non-commercial, educational licensee. Either option could be selected, depending on what is considered best for the District. Trustee Holober asked if staff is considering two separate but parallel RFPs. Ms. Lawrence said it will be one RFP which includes different options.

Trustee Holober said that after listening to tonight's presentation, he feels a combination of some new hope and some apprehension. He said the hope is that there will be a successful market created that the District can be part of which will have a more positive financial result than the bids that were rejected. However, he said it is difficult to be comfortable with this when the FCC has not even developed the rules. Chancellor Galatolo said that with the previous RFP, the District was looking only at a sale and had to conform to various FCC rules and regulations. Now, the landscape has changed dramatically and there is a new group of potential investors with commercial interest who could enter the process and fully underwrite the District's continuing operation of the station. At the same time, they would agree to terms on the breakout in percentage if and when the District goes to auction. Trustee Miljanich asked if it is assumed that all of the spectrum would be gone if and when that spectrum auction takes place. Chancellor Galatolo said there would be options, but it is likely that the Board would look at selling all of the spectrum. He said this is an attractive and high-

demand market with an imbalance in supply and demand. He said the goal of the proposed RFP is to go out to the market and see what is there.

President Mandelkern said there is a thriving digital media program at College of San Mateo and that, even if the spectrum is sold, it would not mean the end of educating students in the digital media and broadcast arts.

Vice President Hausman said this is a complicated and painful subject. She said the idea of having someone underwrite the cost of operating the station is appealing. She asked who would decide the program content if a partnership was formed. Ms. Lawrence said that as an FCC licensee, the District must control content and would continue to do so if a partnership was established.

Trustee Schwarz thanked the audience members for their comments. She said she understands that issuing a new RFP which includes seeking an entity to help underwrite the costs of operating the station is a new option, and she would support doing so.

Trustee Holober said the new option includes unknown legal factors. He asked if a potential partnership could continue to go forward and if the District could receive money from the partner if the FCC does not in the end approve of the partnership agreement. Mr. Whitlock said it is not known at this point what would be required because it will be decided in the rule making. However, agreements are typically written with provisions that say that, to the extent the contract has to be reformed to conform to the rules, the parties agree to work together to do that. He said a contract would be written so that risk is assumed by the partner.

Ms. Rosenberg said there was a five-page letter from an attorney attached to the proposal from San Mateo Community Television which addressed the FCC requirements regarding local control. She said there was no response included and asked for an explanation of why the proposal was considered non-viable. Ms. Roecks said that when evaluating the proposals, it was Mr. Miller's legal opinion that this proposal would not get FCC approval and was, therefore, not viable.

Vice President Hausman asked how much time would be allowed to look for success with a new RFP, considering that the subsidies to KCSM-TV are continuing. Chancellor Galatolo said the objective is to pass the financial obligation to another party who would get a return on its investment when the spectrum auction takes place. Ms. Roecks said the process would be greatly speeded up if a party who does not have to be vetted through the FCC was chosen.

Trustee Miljanich said she is confident that when the original RFP was issued, the Board was motivated to make a sale and that they were appropriate in the negotiations and in advice from legal counsel. She said she is supportive of proceeding with the RFP that has been proposed.

Trustee Holober said that he has faith in staff and in the attorneys but continues to feel there is more he would like to understand. He said he does not have a problem going forward with the new RFP and that, while time is of the essence in terms of not spending large amounts of money to subsidize the station, he would like to make sure that the RFP is comprehensive and explains the risks to a potential partner. He would also like to have an advice letter from the attorney which explains to the Board the issue of what would happen if the agreement is not ultimately approved by the FCC.

Trustee Holober said that if in two to three years, there is a windfall of money for entities that are getting into the field, it may be something the District should consider doing itself. He asked if going through a bid process would eliminate that possibility. Chancellor Galatolo said it would not eliminate the possibility because the Board could elect to not pursue the options.

President Mandelkern said he shares some legal concerns, particularly with regard to the issue of how a public entity goes about entering into an agreement with a private commercial entity. He said legal advice is needed not only on the FCC side, but from County Counsel as well to make sure that what is done is legal from the perspective of disposing of public assets.

President Mandelkern said the Board is in agreement that it wants to reduce the subsidy to KCSM-TV as much as possible and they trust that Ms. Lawrence will work to do so. At the same time, President Mandelkern said he believes KCSM-TV is an asset that has value and it is the Board's responsibility to the public to try to maximize the value of assets. President Mandelkern said he believes the Board should direct staff to go out to bid as suggested, on an expedited basis, before making a decision; the Board agreed with this direction.

MINUTES

It was moved by Trustee Miljanich and seconded by Vice President Hausman to approve the minutes of the meeting of October 24, 2012. The motion carried, all members voting "Aye."

STATEMENTS FROM EXECUTIVES

Chancellor Galatolo said he was pleased with the passage of Proposition 30.

Skyline College President Stanback Stroud said Natasha Trethway, 2012 U.S. Poet Laureate, will present a lecture at Skyline on November 30. Skyline student Jamela Brown received the Phi Theta Kappa Coca Cola Leaders of Promise Scholarship. Skyline College recently hosted a conference which was a convening of the Centers for Working Families colleges from around the country.

College of San Mateo President Claire acknowledged students at the College who participate in student governance. He said students have been very active in the current political process in appropriate ways. College of San Mateo recently hosted the Northern California Alpha Gamma Sigma conference.

Cañada College President Keller said two Interior Design students earned certification in green building. The Cañada Women's Golf team won its third consecutive title.

Executive Vice Chancellor Blackwood said she is grateful for the passage of Proposition 30 which will help community colleges throughout the state.

Academic Senate President Bennett said she and other Senate leaders attended the Fall Plenary of the Academic Senate for California Community Colleges. She said that hearing stories from other attendees reminded her of how well the administration, faculty and staff of the District and three Colleges work together. Among the topics discussed at the Plenary were: Title 5 and Education Code changes; unintended consequences in prerequisite implementation; professional development; program discontinuance; effective messaging to students; effective evaluation processes; updated minimum qualifications; and new disciplines.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS**APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (12-11-1A)**

It was moved by Vice President Hausman and seconded by Trustee Schwarz to approve the actions in Board Report No. 12-11-1A. The motion carried, all members present voting "Aye." (Trustee Holober stepped out of the meeting and was not present for this vote.)

Other Recommendations**APPROVAL OF COMMUNITY SERVICES CLASSES, SPRING/SUMMER 2013: CAÑADA COLLEGE, COLLEGE OF SAN MATEO AND SKYLINE COLLEGE (12-11-1B)**

It was moved by Trustee Schwarz and seconded by Vice President Hausman to approve the classes as detailed in the report. The motion carried, all members present voting "Aye."

APPROVAL OF REVISIONS TO DISTRICT RULES AND REGULATIONS: POLICIES 2.28, SAFETY; INJURY AND ILLNESS PREVENTION PROGRAM; 6.12, DEFINITION OF CREDIT COURSES; AND 6.17, COURSE REPETITION (12-11-100B)

It was moved by Vice President Hausman and seconded by Trustee Miljanich to approve the revisions as detailed in the report. President Mandelkern said that Policy 6.17, Course Repetition, is being removed for consideration at this time. The Board approved the revisions to Policies 2.28 and 6.12, all members voting "Aye." (Trustee Holober had returned to the meeting and participated in this vote.)

APPROVAL TO OPEN 90-DAY PUBLIC COMMENT PERIOD ON POTENTIAL TRUSTEE AREA BOUNDARIES AND TO POST MAP OF POTENTIAL BOUNDARIES ON THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT WEBSITE (12-11-101B)

It was moved by Trustee Miljanich and seconded by Trustee Holoher to approve the public comment period and post the map as detailed in the report. President Mandelkern said the Board has had a number of discussions and two public hearings regarding the issue of changing from at-large elections to by-district elections. He said the Board has not made any decisions on this issue and is not proposing making any decision at this meeting. After working with a demographer and receiving public input at several meetings, the Board has agreed on a map of potential boundaries to consider if the decision is made to move to by-district elections. The Board would now like to post the map and solicit public comment for a period of 90 days. Barbara Christensen, Director of Community/Government Relations, will send out a press release which will include the website address. Trustee Holoher asked if the public will have a chance to ask for further details. President Mandelkern said Ms. Christensen's email address is listed on the website and people can contact her with comments and/or questions. After this discussion, the motion carried, all members voting "Aye."

APPROVAL OF PARKING PERMIT INCREASE (12-11-102B)

It was moved by Trustee Holoher and seconded by Trustee Miljanich to approve the increase as detailed in the report. Executive Vice Chancellor Blackwood said a recent change in State law allows an increase in parking fees. Staff originally made a recommendation to increase the fees last spring but, at the request of students, waited so that the recommendation could be presented to each of the student bodies in the fall. After these presentations, the recommendation was taken to a meeting of the District Shared Governance Council. The Council recommended that the implementation become effective on January 1, 2013 to give students adequate notice and to allow them to purchase permits at the current rates. The new law also allows the District to increase the fee annually based on the rate of inflation. This will allow the increases to be more moderate in the future, and staff recommends approval of this provision. This is the same process that occurs with the student health fee, which goes up automatically as the State permits. The automatic increases do not come to the Board for approval. Student Trustee Girard said students do not have a problem with this provision.

Student Trustee Girard said students have discussed the increase previously and again at today's District Student Council meeting. He said students understand the need for the increase. He said they are more comfortable with the recommendation because of the change in the timing of implementation

Executive Vice Chancellor Blackwood said the convenience fee that is currently added to online purchases of parking permits will be absorbed by the District upon approval of the fee increase. Student Trustee Girard said students appreciate this not only because of the monetary savings, but because it will shorten the lines at Admissions and Records.

President Mandelkern asked if parking fees can be paid as a part of the registration process. Executive Vice Chancellor Blackwood said this is not possible now but she is in discussion with vendors to try to provide a place where students can pay for everything.

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

INFORMATION REPORTS

DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2012 (12-11-3C)

President Mandelkern asked for an explanation of the "Oil Well Bond Account." Chief Financial Officer Chow said the District has an oil well in Half Moon Bay and, by law, must carry a license and insurance, necessitating the continuation of an account.

OVERVIEW OF INTERNAL CONTROLS (12-11-5C)

Chancellor Galatolo said that a few weeks ago, he informed employees that staff had uncovered an unfortunate discretion by two employees. The District engaged a forensic team that is here tonight to provide a report to the Board. Since this is an ongoing investigation, some information cannot be divulged publicly at the request of the District Attorney.

Executive Vice Chancellor Blackwood introduced Raymond Chow, Interim Chief Financial Officer; Terri Montgomery and Xiupin Guillaume of Vavrinek, Trine & Day, the District's external auditor; and Tom Perry-Smith and Tim Bryan of Crowe Horwath, the accounting and consulting firm engaged by the District.

Executive Vice Chancellor Blackwood said an effective internal control system provides reasonable, but not absolute assurance for the safeguarding of assets, reliability of financial information, and compliance with laws and regulations. Reasonable assurance acknowledges that control systems should be developed and implemented to provide management with the appropriate balance between risk of a certain business practice and the level of control required to ensure business objectives are met. The degree of control employed is a matter of good business judgment. When business controls are found to contain weaknesses, a choice must be made among the following alternatives: increase supervision and monitoring; institute additional or compensating controls; and/or accept the risk inherent with the control weakness. The cost of a control should not exceed the benefit to be derived from it.

Executive Vice Chancellor Blackwood said two Board policies – 1.10, Duties and Responsibilities of the Board, and 8.00, Fiscal Management – establish internal controls.

Ms. Montgomery said auditing standards define the roles of the parties involved in the external audit. Management and those charged with governance have the primary responsibility for the prevention and detection of fraud. The purpose of the external audit is to obtain reasonable assurance that financial statements are free of material misstatement resulting from error or fraud. The external audit is not used on a day-to-day basis as the main internal control. A strong line of defense for any agency is a whistleblower hotline and the internal auditor, or that group of people who have the mindset of internal auditors, who ask questions about unusual transactions they may notice. Statistically, the largest percentage of fraud is detected through tips and an internal audit.

Executive Vice Chancellor Blackwood said the issue at hand is fraud that staff believes may have occurred within the District. In July 2012, a staff member was reviewing procurement card purchases using established internal audit procedures. During this review, the reviewer saw that certain invoices provided by a now former employee (hereinafter referred to as the suspect) did not agree with information on the vendor's website. Subsequently, three purchases were identified for which forged invoices were submitted by the suspect. At that point, staff discussed the issue with the San Mateo police. Executive Vice Chancellor Blackwood also undertook a review of purchases made by the suspect from one particular vendor. She did not find more forged invoices, but did find multiple purchases of items that seemed to be in excess of what would be needed or used in the District. The District engaged Crowe Horwath to conduct further analysis of all purchases going as far back as records are available, to 2006. Crowe Horwath was able to review some of the suspect's emails and, as a result, it is believed that the suspect had been purchasing equipment and selling it over eBay, Craig's List and privately. The District contacted the San Mateo County District Attorney's office and directed Crowe Horwath to work with that office in providing evidence.

Mr. Perry-Smith said this is a difficult and emotional topic. He said he and Mr. Bryan cannot provide all details because of the ongoing investigation, but will provide an overview of their investigation and findings.

Mr. Bryan said the initial phase of their investigation, based on the facts that were presented to them, was to look at a one year (2011-12) time period. In doing that, they were given access to details of procurement card purchases as well as information on laptop and desktop computers. Using forensic technology techniques, they were led to believe that attempts had been made to wipe out information which they were able to recover. They saw a need to go beyond the one-year time period and went back as far as 2006. They believe there were transactions up to \$150,000 for items that were purchased and resold. They know the means by which they were resold – eBay, Craig's List and private transactions. Thus far, it appears that purchases were made using funds from the general fund, grant funds and, potentially, bond funds; this issue is still being investigated. It is very difficult to determine if transactions totaled more than \$150,000. It is known that one transaction was a barter transaction but it is not possible to identify transactions that may have been conducted in cash.

Executive Vice Chancellor Blackwood said the "Fraud Triangle" is a concept used in accounting circles. A person who commits fraud is someone who has (1) opportunity, (2) motivation, and (3) rationalization for his/her action. The only one of these that the District can control is opportunity.

Mr. Chow said that, with the support of the Chancellor and Executive Vice Chancellor, the College Internal Audit Group (CIAG) was formed in 2009. It is comprised of 28 people and includes line staff throughout the District. It is led by the Chief Financial Officer and College Business Officers. The group holds meetings and workshops and often invites outside experts to train members to look for suspicious transactions. A confidential email and telephone number were created for reporting purposes.

Mr. Chow said CIAG is charged with reviewing and rewriting procedures and audits. It has concentrated on the following areas: cash handling; bank reconciliations; purchasing cards; overtime, student accounts receivable; conference and travel; inventory controls; surplus sales; and tax risk management.

Trustee Miljanich said she goes through an annual external audit with her small non-profit and understands the issue of balance as discussed by Executive Vice Chancellor Blackwood. She said it is painful to see something like this happen because it concerns public assets and because it creates a morale issue. Trustee Miljanich said she appreciates hearing that CIAG was formed to conduct internal controls. She said she assumes that employees are aware of the existence of CIAG so that they know opportunities for fraud will not exist.

Trustee Holober said he appreciates the work of CIAG. He said he understands their work is an ongoing process and hopes that whatever weakness was exploited in the theft will be addressed to make sure the opportunities will not exist in the future. Executive Vice Chancellor Blackwood said staff has already changed some procedures and has asked Crowe Horwath to conduct a review of some of the District's internal controls.

Trustee Holober asked if the District allows self-assignment of overtime without managerial approval. Vice Chancellor Harry Joel said prior approval of overtime is required according to contract language.

President Mandelkern asked the external auditors if their audits over a six-year period should have exposed some of the fraud. Ms. Montgomery said external audits look at a broader scope than \$150,000 would fit. She said external auditors sometimes see areas where internal controls could be improved and will make recommendations to this effect. President Mandelkern asked if it is the responsibility of the external auditor to look at internal controls. Ms. Montgomery said the external audit does not give an opinion on internal controls. The purpose of the external audit is to say whether the numbers on the financial statement are accurate and this is different than hiring someone to conduct an internal audit. President Mandelkern asked if an internal audit is routinely done by community college districts. Ms. Montgomery said that because of the cost of internal audits, they are typically done only by companies that are publicly traded.

President Mandelkern asked what is being done going forward to make sure similar problems do not occur in the future. Executive Vice Chancellor Blackwood said some purchasing and internal control procedures have already been changed. She pointed out that it was internal control procedures that discovered the fraud. She added that almost half of the fraudulent transactions occurred in the last twelve months.

President Mandelkern asked if there is a change in the way the District audits the use of procurement cards. Executive Vice Chancellor Blackwood said procedures are being changed so that instead of selectively asking for invoices and auditing transactions over \$300, all invoices will be scanned and uploaded to a file. This will allow reviews to be made more easily. President Mandelkern said one issue was that the invoices were submitted electronically and were "doctored" rather than submitting original, hard copy invoices. Executive Vice Chancellor Blackwood said the purchases were made electronically and only online receipts were provided. In order to deal with this issue, the procedure has been changed so that all purchasers must sign on as the District; in that way, staff has access and can see the original purchase on the vendor's website and make comparisons.

President Mandelkern suggested that people with expertise in the items being purchased review the purchases to ascertain whether it makes sense for a person in a particular role to purchase those items. Executive Vice Chancellor Blackwood agreed and said managers need better training on how to review purchases.

President Mandelkern asked if the email address and telephone number to make anonymous reports are widely publicized throughout the District. Mr. Chow said they are given to the CIAG members who come from different departments throughout the Colleges and District Office. President Mandelkern suggested it might make sense to have a tip line that is more widely publicized. Executive Vice Chancellor Blackwood said this will be explored further.

President Mandelkern asked if the suspect was also running the District's online surplus sales. Executive Vice Chancellor Blackwood said surplus sales are done through the Purchasing Department. President Mandelkern asked if there is a process that validates when items are listed as surplus and disposed of. Executive Vice Chancellor Blackwood said there is a process and it works well. She said problems occur when no one records surplus items and, therefore, they do not get into the system.

President Mandelkern asked why conference and travel expenses have not been internally audited. Mr. Chow said staff has just finished revising the procedures on conference and travel expenses and this will likely be the next area of concentration for CIAG. Executive Vice Chancellor Blackwood said that since most conference and travel expenses are charged to procurement cards, they are audited.

Trustee Miljanich said she does not want to minimize the seriousness of what happened and the importance of everything that is being done in response, but said there must be a balance. She said she believes it is of primary importance to look at procedures, make sure the procedures are in place, and to make sure people understand the procedures and are held accountable. She said that with technology and other opportunities, it is good to have a structure in place to look at how people could take advantage. However, she does not want to create a working environment in which people feel they are not trusted because of the actions of one person.

Vice President Hausman said staff seems to be covering as many bases as possible at this point. She said that when talking about employees keeping an eye on one another, she hopes that employees will never be encouraged to make false accusations.

President Mandelkern said he appreciates that while the loss of \$150,000 is painful, it is important to recognize that the District has a very large number of transactions each year, with cash flow in excess of \$100 million. He said he agrees that it is important to consider what is reasonable and cost-effective when implementing processes.

Trustee Holober asked if the District has bonding for employees who are in positions to have access to money. Executive Vice Chancellor Blackwood said such bonding is included as part of the District's insurance. She added that she is anticipating some recompense from the insurance company.

Student Trustee Girard asked if it is possible to have at least two people review purchases to prevent this from happening again. Executive Vice Chancellor Blackwood said that when employees use procurement cards, all purchases must be approved by their managers. She said she is hoping that with the new way of scanning all invoices, the process will be even easier and more efficient.

Mr. Perry-Smith said that in an event like this, the Board and District management have an opportunity to reassert that such matters are not taken lightly. He said this tone at the top gets communicated to everyone in the District and anyone who is paying attention to District operations. He commended the Board and management for doing a tremendous job in this area.

COMMUNICATIONS

President Mandelkern said that since the last Board meeting, the Board received an email from a student regarding issues with classes and instructors. The issues are being addressed by appropriate staff.

STATEMENTS FROM BOARD MEMBERS

Student Trustee Girard said he attended the Student Senate for California Community Colleges General Assembly. Topics discussed included ballot issues, implementation of the Student Success Act, financial aid and grants. He also attended the open forums at Cañada College featuring the finalists for the Cañada presidency. Student Trustee Girard said SamTrans is considering discontinuing Saturday bus service next semester on the route that runs from the Downtown Redwood City Sequoia Station to Cañada College. He said this would provide hardship to students since Cañada offers many Saturday courses along with tutoring services and a farmers market. He will forward information on this issue to the Board. Student Trustee Girard said there will be an event tomorrow at Sequoia High School on AB540 and undocumented students. On Saturday, Student Trustee Girard will attend an Education Update with State Senator Joe Simitian and Assemblyman Rich Gordon. At the District Student Council meeting today, students expressed relief at the passage of Proposition 30.

Trustee Schwarz said she had not heard about the potential cancelation of the SamTrans bus route; she will look forward to receiving more information on this issue from Student Trustee Girard.

Vice President Hausman returned from a trip to Austin, Texas and said people there were aware of the propositions on the California ballot and which ones were successful.

Trustee Holober said he was pleased with the defeat of Proposition 33 which dealt with insurance regulations. Although the proponent far outspent the opposition, this proposition was soundly defeated. During the campaign, there was debate about whether the proposition would benefit or harm college students. The opposition argued that students would be hurt because as they graduated and entered the workforce, many would need cars and insurance and, as newly insured drivers, they would be penalized for lack of prior coverage. Trustee Holober said UC and CSU student leaders were among the opponents and their voices mattered. Trustee Holober said the election results, in terms of who got elected, indicate that there might be opportunities to reduce the supermajority requirements for passing parcel taxes. He suggested that the Board consider talking with the Community College League of California and others about this issue.

President Mandelkern said he was pleased with the passage of Proposition 30. He said he had not heard about the SamTrans bus route issue and will read the information to be sent by Student Trustee Girard. President Mandelkern said he will attend the Education Update with Senator Simitian and Assemblyman Gordon on Saturday.

RECESS TO CLOSED SESSION

President Mandelkern 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 Labor Negotiator Harry Joel; the employee organizations are AFT, AFSCME and CSEA.

President Mandelkern said the next Board meeting will be a regular meeting on Thursday, December 6 at 6:00 p.m. in the District Board Room.

The Board recessed to Closed Session at 10:30 p.m. and reconvened to Open Session at 12:00 a.m.

CLOSED SESSION ACTIONS TAKEN

President Mandelkern 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 Vice President Hausman and seconded by Trustee Schwarz to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 12:10 a.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the December 6, 2012 meeting.

Helen Hausman, Vice President-Clerk