PALO VERDE COMMUNITY COLLEGE DISTRICT
STUDY SESSION
BOARD OF TRUSTEES
One College Drive in Blythe – CL 101
(and Teleconference held at 725 West Broadway in Needles-Classroom #8)
Tuesday, May 8, 2012
4:30 p.m.

Meeting 12-08

MINUTES

OPENING OF MEETING
The Study Session of the Board of Trustees was called to order by the President of the Board, Mr. Gonzales at 4:30 p.m.

The Salute to the American Flag was led by Mr. Lewis, Trustee of the Board.

Present:	Ed Gonzales, President Millie Rodriguez, Vice President Jerry Lewis, Clerk of the Board Ted Arneson, Trustee Sam Burton, Trustee Lincoln Edmond, Trustee George Thomas, Trustee Frannie Gregory, Associated Student Government
Administrators Present:	Denise Whittaker, Interim Superintendent/President Kay Ragan, Interim Vice President of Student Services
Absent	William Smith, Vice President of Instructional Services
Recorder:	Carrie Mullion, Administrative Assistant to Superintendent/President and Board of Trustees

Visitors: On file in the Superintendent/President's Office.

It was moved by Mr. Edmond, seconded by Mr. Lewis, and unanimously carried, that the agenda for this meeting be approved.

ITEMS FOR DISCUSSION IN CLOSED SESSION **(AT END OF MEETING WITH REPORTABLE ACTION POSSIBLE IN OPEN SESSION)**

1. Conference with Labor Negotiator, Denise Whittaker - CCA/CTA, CSEA, and Non-Represented Employees.
2. Real Property, Palo Verde College Property Assets.

HEARING OF CITIZENS **(AGENDA ITEMS)**
None.

REPORT OF THE INTERIM SUPERINTENDENT/PRESIDENT ON THE ACCREDITATION SITE VISIT
Denise Whittaker, Interim Superintendent/President stated that Palo Verde College had a very successful Accreditation Site Visit which took place on May 3, 2012. Ms. Whittaker thanked the staff of Palo Verde College for their efforts. Ms. Whittaker stated the Accreditation Team felt Palo Verde College had made great progress since being put on Probation, but did not feel the college was

REPORT OF THE INTERIM SUPERINTENDENT/PRESIDENT (continued)

ready to be let go of. The Accreditation Team wanted to see evidence of sustainability. The Accreditation Commission will meet June 6 or 7, 2012, and Ms. Whittaker will attend the meeting in order to provide a personal statement to the Commission as to how the college is doing. Ms. Whittaker will provide a follow-up report showing evidence of the progress made since the Special Report, submitted on March 28, 2012. The follow-up report will be submitted next week. The Accreditation Team made it very clear that they wanted to see evidence. Ms. Whittaker felt the Commission could require additional follow-up reports, and potential visits. The College is to be commended for their participation and their forthrightness in meeting with the Accreditation Team who were very impressed. The Accreditation Team stated they did not feel that the Board of Trustees had not received sufficient training, but commended the college for taking a new path in training Trustees.

STUDY SESSION/WORKSHOP; PALO VERDE COMMUNITY COLLEGE DISTRICT BUDGET DEVELOPMENT FOR 2012-2013

Ms. Whittaker, Interim Superintendent/President conducted a PowerPoint presentation titled "Palo Verde College, FY 2012-13 Budget Development Process". The Board of Trustees were presented a budget binder with a copy of the PowerPoint as well as a resource book from Community College League of California titled "Introductions to Fiscal Responsibilities".

Ms. Whittaker reviewed board budgeting roles on page 7-9 in the "Introductions to Fiscal Responsibilities book". Discussion took place and questions were answered. Ms. Whittaker stated that the Trustees will be provided copies of completed policy and procedures that pertain to the budget development process and the role of the Trustees.

Ms. Whittaker, Ms. Egan, and Mr. Brahmbhatt provided clarification and answered questions for the Trustees during the presentation. The following points were reviewed:

- Sample Budget Development Process
- Committee Values – values are needed so that when making decisions, the decisions made need to match the funding values that are important. Palo Verde College community stated that preserving jobs and employment integrity is the number one funding value.
- Committee Purpose
    1. Develop budget parameters on financial scenarios
    2. Provide budget training to members
    3. Fund priorities as identified by College Council/Strategic Planning Steering Committee through program review
    4. Provide an infrastructure for collegial and transparent discussion among constituent leaders
- Challenges Facing Palo Verde College
    1. Deficit budget and long-term debt
    2. State revenue reductions
    3. FTES
    4. Chancellor's Office oversight
    5. ACCJC Probationary status
    6. 25% federal requirement for incarcerated students
    7. Image
    8. Fifty percent law
- State of California Scenarios for 2012-13
    1. State workload reduction
    2. November ballot measure for tax initiatives must pass or we can anticipate mid-year cuts

STUDY SESSION/WORKSHOP (continued)

- Overview of What Happened in the 2011-12 State Budget; $412,000 cut to Palo Verde College
    1. Workload reductions
    2. January trigger cuts
    3. February cuts
- Explanation of Budget Ingredients, what components impact balancing the budget
- Explanation of Fifty Percent Law
    1. Mathematical Formula/Calculation
    2. Request for exemption for 2010-11
    3. Will request exemption for 2011-12
    4. Status – Palo Verde College received exemption for 2010-11 except for $23,176
- Proposed Temporary Solution Through Consultation Process
    1. Involuntary transfer of qualified non-teaching faculty
    2. Recalculation of the Fifty Percent Law
    3. Involuntary transfer of qualified classified to 1 year, temporary non-tenure track position
    4. Future – identify funds to hire new faculty to be able to stay at 50% without using all transfers above
- Definitions
    1. FTES generation and how to calculate
    2. Base – comes from prior year
    3. Growth – not now
    4. Cap – annual target
    5. Workload Reduction and the connection to revenue
- Budget Planning History – looking back and forward for trends
- Budget Priority Funding Process

Ms. Whittaker provided 2012-13 Budget Planning Training, as shown in the PowerPoint presentation. An explanation of budget accounting codes was explained by Ms. Egan. Ms. Egan, Ms. Whittaker, and Mr. Brahmbhatt answered questions from Trustees. The following points were reviewed:

- 5% Board Reserve
- $7600,00 Relating to SERP and $855,000 for Certificates of Participation (COP) debt
- Insufficient Funds for IT priorities
- No New Funds for Institutional Priorities
- $250,000 added for ISA's to increase FTE's – Ms. Whittaker stated that Needles Center funding will be reduced by $138,000 this year, due to not meeting FTES requirements
- Updated Projected Revenue
- How To Get A Balanced Budget
    1. Identifying areas to reduce/cut
    2. Identifying areas for savings
    3. Identifying items for collective bargaining and meet-and-confer negotiations resulting in savings
    4. Identifying ideas for new sources of revenue
- Summary of Budget Cuts and Saving Ideas – Immediate, short term, and long term
- Additional Ways to Cut
    1. March 15th notices (rescinded 4/24/12)
    2. Incentives to reduce employees costs
    3. Negotiated cuts
- New Sources of Revenue Ideas – Immediate, short term, and long term
- On-Going Monitoring of the Budget

STUDY SESSION/WORKSHOP (continued)

- Ending Balance Projections – between $400,000-$500,000. The plan is to use these funds to meet the 5% board reserve requirement and set aside remaining funds for emergencies, including but not limited to a mid-year cut in 2012-13
- Planning For Mid-Year Cuts
- Calculating Apportionment (Ms. Egan provided explanation)
    1. Part I – Basic Allocation Calculation – total base allocation for PVCCD $4,013,534, total revenue entitlement $11,574,106, total State general apportionment $10,396,550,
    2. Part II – State Revenue – Adjusted Anticipated State Revenue $10,571,462
    3. Part III – Total Anticipated Local Revenue - $1,281,002
    4. Total Anticipated Revenue - $11,862,464
- Tentative Budget Summary – will be presented at June 24, 2012 Board meeting
- 2011-12 General Fund Ending Balance Expectations- data showing 2010-11 actual expenses and what was budgeted for the current year
    1. Unrestricted revenue
    2. Unrestricted payroll/benefits and other expenses
- Next Steps
    1. Accreditation follow-up report due May 15, 2012
    2. Finalize Meet – And – Confer and CSEA negotiations
    3. Budget Committee to review augmentation requests
    4. Number crunch to verify where we are financially and with the Fifty Percent Law
    5. Present tentative 2012-13 Budget to the Budget Committee and the Board of Trustees in June
    6. Finalize budget numbers during the summer
    7. Special Board Budget Study Session in August to review Final Budget
    8. Board approves Final Budget in September

Ms. Whittaker asked if the Trustees would like to form a Board Finance Committee to review audits, review finances, set policy for budget, and generally look at the budget a little closer. Usually there are 2 board members, Superintendent/President, fiscal services manager, CBO or Vice President of Business Services, a representative from CTA, CSEA, Classified Management/Confidential, Academic Senate and a student that make up the committee. This is a one year appointment. The Trustees approved forming a Board Finance Committee.

PRESENTATION; C.M. BRAHMBHATT

Mr. Brahmbhatt provided an update done by Financial Magis Advisors, Public Finance Consulting in regards to the Certificates of Participation (COP's), and answered questions from Trustees. Mr. Brahmbhatt stated that the disclosures are up to date. There are two ways of handling the sale of the COP's. 1)Rather than going into the stock market and asking bond holders to pledge their bonds in order to purchase; we must provide equal opportunity to each bond holder in order to be in compliance. The option of buying the bonds out-right from the bond holders is being considered. 2)Magis Advisors is looking at the July 1, 2016 date, when the college does not have to pay any more of the premimum. At that time, it could be possible to refinance the leftover bonds. Legal counsel is being consulted. A meeting with Magis Advisors will be held next Thursday. Magis Advisors will not be involved in the sale of the bonds due to a conflict of interest. A broker/dealer and legal counsel will overlook the sale of the bonds. Mr. Brahmbhatt stated there is a target date of June 30, 2012 for a decision on the sale of the COP's. It is anticipated that an engagement letter will be in place at the next Board of Trustee meeting in order to initiate the sale. Ms. Whittaker explained that RCB has withdrawn from the process.

HEARING OF CITIZENS (NON-AGENDA ITEMS)
None.

ADJOURN TO CLOSED SESSION **(POSSIBLE REPORTABLE ACTION IN OPEN SESSION)**
The Board of Trustees and Interim Superintendent/President adjourned to closed session at 7:24 p.m. to discuss the following:

1. Conference with Labor Negotiator, Denise Whittaker - CCA/CTA, CSEA, and Non-Represented Employees.
2. Real Property, Palo Verde College Property Assets.

OPEN SESSION
Trustees and the Interim Superintendent/President returned to Open Session at 8:20 p.m.and stated that no reportable action was taken.

ADJOURNMENT
The meeting was adjourned at 8:21 p.m.

The next Regular Meeting will be held on Tuesday, May 22, 2012, in Blythe.

Minutes approved at the June 26, 2012
Regular Meeting of the Board of Trustees

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Interim Secretary of the Board