



MINUTES OF THE REGULAR MEETING OF THE GOVERNING BOARD

April 9, 2009



CALL TO ORDER / OPEN SESSION

This meeting of the Governing Board of the West Hills Community College District was held on site at the West Hills Community College District Office and via conference call. President McKean called the meeting of the Board of Trustees to order at 3:02 p.m.

Board members present:

Mark McKean, President
Bill Henry, Vice President (participating via conference call)
Nina Oxborrow, Clerk
Jeff Levinson
Edna Ivans
Jack Minnite
Steve Cantu

Board members absent:

Jaqueline DePue, Student Trustee

Administrators present:

Frank Gornick, Chancellor
Ken Stoppenbrink, Vice Chancellor of Business Services
Jana Cox, Director of Human Resources
Frances Squire, Director of Marketing
Carlos Diniz, Dean of Student Learning, West Hills College Coalinga
Carole Goldsmith, Director of Workforce Development/Title V/VTEA

Introduction of Guests

Ms. Frances Squire, Director of Marketing, introduced the following guests: Mr. EA Sachs and Mr. Ken Ough of Nollenberger Capital Partners.

Public Comments

There were no public comments made at this time.

STUDY SESSION

Capital Projects Finance Funding – Dr. Frank Gornick provided brief comments on the state budget. Mr. Ken Stoppenbrink provided a presentation on Capital Projects Finance Funding. He stated that over the next 18 months the district will need to have enough cash to pay for the state’s part of the construction projects until reimbursement. The current receivables from the state for construction is \$1.3 million. \$400,000 is over five months old and the balance is three months old. Additionally, deferral for apportionment for the next few fiscal years will be \$4 million based on the budget that was passed in February. The next 18 months will place additional demands on the district’s cash.

Current projects will require the district to front the state’s match and wait for reimbursement. In addition to the current receivable of \$1.4 million the additional demands for the next 18 months will total \$30.94 million. The demand on cash will occur in various amounts during the next 189 months as follows:

- 4th Quarter, 2008-2009 - \$1.786 million
- 1st Quarter, 2009-2010 - \$7.611 million
- 2nd Quarter, 2009-2010 - \$7.611 million
- 3rd Quarter, 2009-2010 - \$7.716 million
- 4th quarter, 2009-2010 - \$5.824 million
- 1st Quarter, 2010-2011 - \$.393 million

During this time the district will be spending their match of \$13.729 from the local bonds that are issued.

Based upon the cash demands from our projects, the issuance of COPs in the amount of \$14 million is being proposed to maintain enough cash flow to keep the projects moving forward. Based on our current months in receivables, the district could be out as much as \$15.32 million. Additionally, for the apportionment shortfall, we propose to use our TRANs to help with our operational needs. These funds must be paid back in the same fiscal year they are borrowed, thus only a short term solution.

Additional information was provided concerning the timeline for the Wellness Center, Multi Use Sorts Complex and Ag Science Facility. Dr. Gornick commented that if we saw it was going to be more than a few months, we would make sure that the projects were put into the next funding cycle and then we would delay the bidding process again. We could try to get as much as possible out of the calendar and use time as our ally. He stated that we would move to keep these projects moving forward.

President McKean questioned if we can use existing bonds. It was stated that we can, as long as we are using the resources for other bond projects. Dr. Gornick briefly commented on the projects that have been submitted for stimulus funds.

Mr. Ken Ough discussed the possibility of a COP. He stated that it gives us the flexibility to pay it down. The risks associated with a three year COP are that it has to be managed. It is only a three year issue, but there are no pledged revenues. It is a unique form of financing. He stated that other districts have done it and more and more are getting on board. Trustee Levinson questioned the other districts that have used this method. Mr. Ough stated he will need to get the list together. Trustee Oxborrow questioned how long this product has been in use. Mr. Ough responded that it has been in use for some time, but is receiving more interest now. Discussion took place concerning the interest rate. Mr. Ough stated that it is a fixed rate for the three year term until the issue comes due. He stated that we are going to see rates of 5% - 5½%. He has heard that because of liquidity issues, TRANs may be in the 7% range.

With regard to costs, all costs are funded in the issue and taken out. The major cost is legal costs. The total cost is about \$150,000 (the cost of issuance on \$14 million). Discussion took place concerning the reserve fund which is about 10% more. It was stated that the reserve fund sits with the trustee and the reserve fund makes the last payment on the issue. Trustee Oxborrow questioned the market or index the interest rate is based on. Mr. Ough responded that it is the market average but we won't know the exact number until it is priced. Dr. Gornick questioned potential buyers for this issue. Mr. Ough responded that Nollenberger could take it internally, but this is not the only issue. Trustee Oxborrow questioned payments. Mr. Ough responded that everything comes due in the third year, but interest is due every six months. President McKean questioned the interest payment and the impound account. Mr. Ough responded that if all goes smoothly, the reserve account pays off the issue. Trustee Oxborrow questioned how the interest is calculated and Mr. Ough stated that it is simple interest. Trustee Minnite questioned the district's TRANs and Mr. Stoppenbrink stated that we pulled down \$1.2 million last year for the first time in several years.

Dr. Gornick commented on feeling very comfortable with Mr. Kevin Cobb, Mr. Stoppenbrink, and his staff to keep our projects moving and keeping an eye on our cash flow. Trustee Cantu stated that he wants to have a printout of payments and information on the amount of money. Mr. Stoppenbrink distributed a cash flow and match handout.

Dr. Gornick stated that the intent is to have a resolution for the Board's consideration at the April 21 Financing Corporation meeting. President McKean stated that he is not too excited about the idea and thinks there are some other ways we can have options. He stated that it doesn't make sense financially at this time. Trustee Oxborrow asked Mr. Stoppenbrink to provide calculations on expenditures. Dr. Gornick questioned the minimum COP that is recommended. Mr. Ough responded that it would be \$3 million - \$5 million. Dr. Gornick stated that we can provide a scenario on delaying approved projects and what it would buy us in terms of time. He stated that if they are comfortable as a Board going to the Citizens' Advisory Committees, he could explain to them what we think we need to do.

Dr. Gornick stated will look at more options and come up with theories about making payments, etc. Board members stated that they want to see scenarios. Mr. Stoppenbrink stated that there will be a direct impact on the budget.

CHANCELLOR'S OFFICE

CO-49 Resolution - Intention to Convey Real Property - The resolution in the matter of intention to convey real property was adopted on a motion by Trustee Cantu, seconded by Trustee Oxborrow, and carried unanimously.

CO-50 Resolution - Membership in Protected Insurance Program for Schools JPA (PIPS) - Mr. Stoppenbrink explained that PIPS is the Workers Compensation component that is administered through Keenan. This resolution is a formality that they take to officially accept us on October 1.

The resolution declaring membership in the Protected Insurance Program for Schools JPA (PIPS) was adopted on a motion by Trustee Levinson, seconded by Trustee Oxborrow, and carried unanimously.

CO-51 Resolution - Membership in Statewide Association of Community Colleges JPA (SWACC) - The resolution declaring membership in the Statewide Association of Community Colleges JPA (SWACC) was adopted on a motion by Trustee Levinson, seconded by Trustee Minnite, and carried unanimously.

PERSONNEL SERVICES

PS-9 Appointment of Administrator - Dr. Gornick introduced Dr. Rick Post. Trustee Oxborrow stated it would have been nice to have been contacted personally rather than by memo concerning this appointment.

The appointment of Dr. Rick Post as the Temporary Interim Executive Substitute for the West Hills Community College Foundation was approved on a motion by Trustee Minnite, seconded by Trustee Ivans, and carried unanimously.

BOARD REPORTS / COMMENTS / REQUESTS AND ANNOUNCEMENTS

Trustee Cantu stated that the meeting was good.

Trustee Ivans stated that she appreciates the financial information from the study session.

Trustee Minnite stated that he appreciates his fellow Board members and the discussion regarding finances and budget. He stated that each one has a responsibility to their fellow man and this is part of the action we take to fulfill the responsibility.

Trustee Oxborrow echoed Trustee Minnite's comments and stated that there was good discussion and she always looks forward to it. Trustee Oxborrow welcomed Dr. Post and stated that she looks forward to talking with him.

President McKean announced that the next regularly scheduled meeting of the Board of Trustees will be held on April 21, 2009.

CLOSED SESSION

The meeting was adjourned to closed session at 3:42 p.m.

- Potential Litigation (as per Government Code Section 54956.9). Number of potential cases: 2

RECONVENE TO OPEN SESSION

The meeting was reconvened to open session at 5:45 p.m.

On a motion by Trustee Levinson, seconded by Trustee Ivans, and carried on the following roll call vote, the Board of Trustees rejected the tort claim received on March 31, 2009 from Ms. Barbara Caganich:

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|------------------|---------|
| Trustee Cantu | Aye |
| Trustee Henry | Abstain |
| Trustee Ivans | Aye |
| Trustee Levinson | Aye |
| Trustee Minnite | Aye |
| Trustee Oxborrow | No |
| President McKean | Aye |

ADJOURNMENT

There being no further business before the Board of Trustees, the meeting was adjourned at 5:46 p.m.

Nina Oxborrow
Clerk of the Board of Trustees