I. SPECIAL BOARD MEETING

CALL TO ORDER  President Lumm called the Special Board Meeting to order at 8:15 a.m.

A. ELECTION OF GOVERNING BOARD OFFICERS FOR CALENDAR YEAR 2011

President Lumm declared the vacancy of the office of President of the Maricopa County Community College District Governing Board and called for nominations. Governing Board Member Debra Pearson proposed the nomination of Governing Board Member Randolph Lumm for the office of President. The nomination was seconded by Governing Board Member Doyle Burke.
MOTION NO. 9766

There being no further nominations, President Lumm closed the nominations and called a motion to approve. The election of Mr. Randolph Lumm for the office of President of the Maricopa County Community College District Governing Board for 2011 passed by a vote of 5-0.

President Lumm declared the vacancy of the office of Secretary of the Maricopa County Community College District Governing Board and called for nominations. Governing Board Member Dr. Don Campbell proposed the nomination of Mrs. Debra Pearson for the office of Secretary. This nomination was seconded by Governing Board Member Doyle Burke. Governing Board President Mr. Randolph Lumm proposed the nomination of Mr. Doyle Burke for the office of Secretary. Governing Board Member Dana Saar seconded.

MOTION NO. 9767

There being no further nominations, President Lumm closed the nominations and called a roll call vote to approve the office of Secretary of the Maricopa County Community College District Governing Board.

Campbell: Pearson
Pearson: Pearson
Burke: Burke
Saar: Burke
Lumm: Burke

President Lumm declared the office of Secretary of the Maricopa County Community College District Governing Board for 2011 filled by Governing Board Member Doyle Burke by a vote of 3-2.

With Elections having been completed, Mr. Lumm offered his appreciation for everyone’s support and best wishes for a successful year.

APPROVAL OF ACTION ITEMS

I.B APPROVAL OF Maricopa AADGB Representative- authorize one of its members to serve as the representative and one member to serve as the alternate representative to the Board of Directors of the Arizona Association of District Governing Boards (AADGB).

MOTION NO. 9768

President Lumm moved that Governing Board Member Doyle Burke serve as the primary Maricopa AADGB Representative, and that Governing Board Member Debra Pearson serve as the backup. The motion was seconded by Governing Board Member Dana Saar. Item I.B be approved. Motion approved 5-0.
I.C APPROVAL OF Maricopa ASBA Representative - authorize one of its members to serve as the representative and one member to serve as the alternate representative of the Arizona School Boards Association (ASBA).

MOTION NO. 9769
President Lumm moved that Governing Board Member Dana Saar serve as the Maricopa ASBA Representative. The motion was seconded by Governing Board Member Doyle Burke. Motion approved 5-0.

MOMENT OF SILENCE:
President Lumm requested a moment of silence for those injured and killed during the weekend’s violence in Tucson.

ADJOURNMENT OF SPECIAL BOARD MEETING AND CALL TO ORDER OF BOARD RETREAT ON GOVERNANCE POLICIES - The Special Board Meeting adjourned at 8:20 a.m.

BOARD RETREAT ON GOVERNANCE POLICIES

CALL TO ORDER
The retreat on governance policies was called to order at 8:30 a.m. by President Lumm

WELCOME & PURPOSE
Governing Board President Randolph Lumm welcomed everyone present. He commented that board members had met in August with Mr. Charney and it had been decided at that time to have him review the existing board policies with the intent of rephrasing, as well as condensing. With this, he stated he looked forward to the day’s discussions.

INTRODUCTION OF RETREAT FACILITATOR
Chancellor Rufus Glasper also welcomed those present to this retreat intended to focus on a discussion of effective governance principles. As a start off to a new semester, he extended everyone new year greetings and welcomed them to today's retreat. Having just elected its officers for the 2011 calendar year, he indicated the Board was ready to engage in discussions about policies that outline leadership roles for both the Board and the Chancellor. Last August, Bill Charney of Charney & Associates had been invited to meet with the Board to discuss the principles of policy governance. From there, Mr. Charney had been requested to review existing Board policies and offer recommended updates to the language. The outcomes or deliverables offered to our students, taxpayers and community partners and how we determine whether the outcomes are being achieved -- are key components to practicing good governance. After an extensive review of the language (including feedback from the Spring 2010 community forums) and consultations with staff -- Mr. Charney was back today to share his feedback.

Today would the first in a series of steps involving policy review. From
review of the draft, everyone would see that this was a major undertaking of effort. Staff was continuing to examine the proposed language for legal, statutory and operational purposes, and a work session was being planned in February to evaluate the outcomes and metrics that would be used to monitor the statements. Board member input would be key at each of these stages. After having the opportunity for full internal review, the Chancellor anticipated submitting a formal agenda item to the Governing Board sometime in the coming weeks regarding proposed policy revisions.

The morning would be spent reviewing the suggested revisions and recommendations; after lunch, everyone would review the connection between the Board Outcomes and the Chancellor's Evaluation; the retreat would end with a separate presentation on Budget & Finance. Following this introduction, the Chancellor turned the retreat over to Mr. Charney.

Bill Charney, principal of Charney Associates out of Colorado, would be the facilitating.

**Review of Agenda**

Consultant Bill Charney remarked that unlike the work in August which was educational workshop, today the plan would be to do a thorough review of the board’s policies, focusing on outcomes, aligning the Board, the Chancellor, and faculty, and what it should look like if we are successful. The morning’s intent would be less focused on outcomes and the afternoon would focus on the Chancellor’s Evaluation, and the process to agree on metrics. He commented that the previous document was a 60 page document, of which the outcomes were on one-and-a-half pages. The morning would focus on a discussion of the remaining pages included in the document. Mr. Charney commented that the current policies were written in an attempt towards policy governance based on ten or twelve years ago, then other policies were added as other issues came up, and now there is a massive document which includes some redundancies, duplications, and contradictions. The document would be reviewed before lunch. It was his intent for the Board to have ownership of the revised document.

General Counsel Lee Combs indicated he had worked with Mr. Charney in terms of reviewing his work and translating the existing policies into something more refined in policy governance terms, eliminate redundancies and contradictions, and not make drastic changes but to refocus the policies on ends and executive limitations in terms of defining the role of the Board and the Chancellor with respect to those policies, and hopefully there will be a more effective means of evaluating the Chancellor’s performance and the organization’s performance at the same time. He and Teresa Toney tried to make sure that from a legal perspective nothing material has been lost or expose the Board to some fiduciary issue in terms of legal compliance or some other financial context and initial discussions prior to review of document
consideration. They have tried to balance their role and not usurp the role of the Board as a policy making body.

Mr. Charney explained that the previous document was very prescriptive as to what the Chancellor should do as opposed to what he should not do. He had initially provided a red-lined copy and then later provided a cleaned-up version to make it easier to review. In the course of his work he attempted to establish clearer parameters for the Chancellor’s evaluation. He explained that his approach during the retreat would be to discuss the recommended changes topic by topic.

President Lumm commented that as the discussion proceeded, he wanted to point out that the current Board has inherited the Goals and Vision Statement and although he had no problem with the Vision Statement, however there were some additional goals relative to student success and fiduciary responsibility to keep costs down that he would like to discuss, as well as how to ensure that employees did not experience a hostile environment. Mr. Charney responded that this was precisely what he felt the Board should not undertake and although he would share concerns about how people are treated, as a board member he would be very reticent to articulate the terms that a hostile environment existed unless there was evidence of this and that there was a process in place in the policies by which people could bring this forward and have them addressed. Although he understood that the intent of protecting people’s rights and dignity with which they are treated, this is dangerous and puts things on the edge and the term “Hostile Work Environment” can be a lightening rod. Mr. Combs commented that a hostile environment is a term of legal art that arose during the Civil Rights Law based upon factors that are unlawful. There are instances when employees may feel under the gun, under pressure, not being in sync in terms of differences with bosses and this can be very uncomfortable environment, and that gets translated into terms of hostile environment and that is bad. We need to be careful using the term such as hostile environment because they are terms of legal art and we need to able to have managers hold employees accountable. Expects Chancellor to comply with laws of the land. Mr. Charney explained that the reality of someone expressing a feeling of hostile environment does not constitute that a hostile environment exists. One of the places that has been expanded in the policies is the treatment of public constituents, treatment of faculty and staff, and treatment of students. In addition, Mr. Combs has reviewed the Whistleblower process has been expanded and under what circumstances the complaints should be brought to the Board without the fear of retaliation. A board can legislate how people are to be treated but it cannot legislative how people are to feel. When a boss demands or expects certain things of an employee and the employee does not feel they want to comply, they might feel that sense of hostility. When this rises to the level of the Board, they will need to vet out to see if they were treated in consistency with the values of fairness and dignity, and if so,
and the employee still feels unhappy, then it is the responsibility of the Board to back Management.

Mr. Charney followed by going through the Board Policies, topic by topic. Changes were captured by Mr. Charney and Teresa Toney. Final document was to be transmitted by Mr. Charney to Ms. Toney after the retreat.

**AFTERNOON SESSION – DISCUSSION OF CHANCELLOR EVALUATION**

Mr. Charney presented the afternoon session in the form of the following powerpoint presentation:

**Chancellor Evaluation: Are we getting what we asked for?**

- The simple rule for evaluation: “Is what we got . . what we said we want (or don’t want)?”
- Principle: Monitoring Executive performance
- Monitor the Chancellor’s Performance rigorously, but only against stated criteria.
- Monitor: as a verb: “to watch or check on (a person or thing)”; as a noun: somebody who checks for incorrect or unfair conduct.”
- Three types of information – every communication from staff to Board falls in one of three categories:
  - Information Type #1: Decision Information
    - Helps Board make wise, informed decisions
    - May include past data but is future –focused
    - All boards need it
    - Good boards actively seek it
  - Information Type #2: Evaluative Information
    - Monitoring data – needed by all boards
    - By necessity, focused on the past
    - Enables Board to judge if expectations were met
    - To be fair, must be criteria-related
  - Information Type #3: Incidental Information
    - FYI
    - Keeps Board informed re: trends, news and noteworthy items not requiring decision or judgment
    - Boards should have a “we want to know . . “ list
    - Liability
      - Often distracting
      - Directors should not pass judgment on FYI data (absent agreed upon/conveyed criteria).
  - CEO Evaluation – Common Practice
    - Poke and Probe
    - Reviewing lots of facts perceived as performance review
    - Actuality = many answers seeking a few good
questions.

- Board judgment – collection of individual criteria/decisions
- (Reactive)

- CEO Evaluation – Effective/”Best” Practice
  - Define, Demand and Disclose
  - Board leads – sets performance criteria in advance
  - Actual performance is rigorously evaluated but only against those criteria
  - Collective “Board judgment”
  - (proactive)

- Performance Standards
  - MCCCD’s revised policies can keep it simple:
    1. Results WE WANT to see produced (Outcomes)
    2. Things WE DON’T WANT to see occur
       (Chancellor Limitations)

- Principle – Focus on Ends/Outcomes
  - Defining purpose and intended impacts – the results we want
  - Outcomes = difference the College District will make for the Maricopa County communities

- Principle – Control Operations with “Parameters” – Not “Approvals”
  - Don’t tell Chancellor “how to Chancellor”
  - EXCEPT: Put off-limits things “we don’t want”

- Chancellor Limitations/Boundaries: Draft Policy Revision Topics
  - General Executive Constraint
  - Treatment of Students
  - Treatment of Faculty and Staff
  - Interactions with the Public/Other Constituents
  - Financial Condition & Activities
  - Asset Protection
  - Financial Planning & Budgeting
  - Staff Compensation & Benefits
  - Communication and Counsel to the Board
  - Operational Succession Planning
  - Public Safety
  - Environment Management
  - College Course Materials
  - Association of Applied Science Employer Guarantee
  - International Education

- Criteria-Focused Evaluation Benefits
  - Evaluation should be: “verify” – Not: “gotcha”!
  - Focus: Board agrees on performance standards
  - Efficiency: Chancellor “knows what the Board wants”.
- Fairness: Board members influence criteria decisions; Once made, judge Chancellor group expectations
- Effectiveness: Expectations understood are more likely to be met!

- Monitoring Methods: Three are suggested:
  1. Executive Reports: Chancellor discloses, in writing, policy interpretations and compliance info.
     - These should be primary
     - Interpretations = “Dialogue” about standards
     - Board learns how Chancellor translates Board expectations into operations
  2. External Reports: Objective third party selected by board assesses compliance.
  3. Direct Inspection: Designated board members(s) assess compliance with policy criteria.

- Monitoring Decisions
  - Chancellor discloses policy interpretations (Operational definition)
  - Board judges whether reasonable
  - Chancellor discloses data demonstrating degree of accomplishment of the policy, as interpreted.
  - Board judges if compliance is substantiated.

- Why Interpretations Are Crucial
  - Many Board expectations are more qualitative.
  - Difficult to measure.
  - Interpretation happens in all delegation.
  - Chancellor’s interpretations = “operational definition”
  - Performance indicators for Outcomes = “how to

- The Board’s Response: How to Review and Assess Internal/Written Monitoring Reports – Is it a “Reasonable Interpretation”?
  1. It’s reasonable and we are pleased! Board can know it has effectively expressed its expectations!
  2. It’s reasonable, but we wish it were something else. Should not reflect poorly on Chancellor. Board now knows need to be more specific (to point it would be pleased with any reasonable interpretation).
  3. This is not reasonable. Board should reject and have Chancellor re-write and resubmit promptly. If more than exceedingly rare, “Is this the right Chancellor?”

Monitoring Report Evaluation Questions
1. Was this report submitted when due? Yes No
2. Did the report convey the Chancellor’s interpretation of the policy?
Yes  No
3. Did the interpretation address all aspects of the policy? Yes  No
Comments:

4. Is the interpretation “reasonable”? Yes  No
Comments:

5. Does the data substantiate compliance (Management Limitations) with or achievement (Ends) of the Chancellor’s Interpretation of our policy? Comments:
6. Does the policy need to change? If so, how?

Monitoring: Determining Methods and Frequency

Other Monitoring Methods: External Report and Direct Inspection
External: Objective third party selected by board assesses compliance.
Example: Fiscal audit
Direct: Designated board member(s) assess compliance with policy criteria. Available method but should be rarely used, particularly by publicly elected boards.

Monitoring Frequency: Considerations
If an expectation is worth stating, it’s worth monitoring. Suggest a “Notification of Exceptions” policy (2.8.2B in MCCCD Draft) Chancellor won’t allow Board to be unaware of actual or anticipated non-compliance with any Board policy.

How often to monitor to achieve reasonable confidence?
- Too frequently imposes unnecessary cost.
- Too rarely diminishes board oversight
- Due care – all Chancellor expectations at least once/year
- Suggest: Financial condition at least quarterly, more if finances less predictable/subject to volatility
- Outcomes - < annual measurements have diminished significance – through “dashboard” updates FYI
- Consider other facts and circumstances (e.g. monitor “Treatment of Staff” more frequently if often sued by employees). How often is data likely to change?
- Remember: distinction between:
  - Monitoring (passing judgment) and
  - Updates = FYI (being informed)
  - Suggested policy (MCCCD draft 3.4.5
  - Board can monitor any policy at any time, by any method, but will normally use a routine schedule.
Summary/Next Steps

- Board should encourage Chancellor to assess/disclose “what’s working” and “what’s not”
- 100% compliance – neither likely, nor to be expected.
- Great CEO’s – don’t pretend everything works.
- Honest assessments, and performance improvement, help boards have confidence they have the right CEO.
- Or, otherwise.
- CEO Evaluation – best an ongoing process
- Not an annual event
- If appropriate performance standards in place, monitoring IS performance appraisal
- Policy-by-policy monitoring during course of year is far more effective than a once/year evaluation
- Suggest: Annual “summary” review of all monitoring activity/judgments before compensation review.
- See proposed “Tracking Form” (part of handout)

Mr. Lumm commented that all Governing Board Members had been provided with a set of Carver books, had been asked to look at policies and see if they were measurable, look at outcomes and monitoring report. Need to agree on who we are and be respectful. Need to develop a method looking at the District and set a path for new direction. Items for agenda should be submitted to Chair or Chancellor and do all business in public. Make sure open meeting law is being adhered to. Thanked Mr. Charney for setting the tone for this process.

Mr. Charney added that board members agree that there is a foundation. With regard to the Chancellor evaluation, need to be cautious about retroactivity. Should approve policy changes in February and then draft metrics for next evaluation – suggested next evaluation go from May of 2011 to May 2012.

Mr. Combs stated that when the Board he served on adopted policy governance, they had to work hard to give up old habits. The Board President indicated to the CEO that he wanted certain things done. Lee explained to him that he was undermining the entire Board. It took a couple of years for them to understand their roles. Board needs to study policies, know them, apply them, and hold each other accountable.

Mr. Charney responded that once adopted there should be a binder at each place that includes the policies. Chair should be familiar with 3&4. Code of conduct is now pretty clear. This will not all come naturally but Board fitness will come along if board members review the policies/phrases and stick with them. Board members will need to continue with this rigor.

Dr. Glasper commented that a good job was done covering the recommended calendar. Staff and he would look at anticipated outcomes
and limitations and come up with interpretations. Once adopted, would develop an action plan and metrics. Dr. Glasper indicated he felt this activity allowed the Board to work collectively. Need to adopt a document that can help drive accountability. At the February 8 Work Session discussion will start looking at outcomes. The CEO interpretation and evaluation will have a trickle down effect in that it will impact college president evaluations.

This portion of the retreat adjourned at 2:45 p.m. Readjourned at 3:00 p.m.

Consultant Alan Maguire provided the following comments pertaining to the National/International/Arizona Economic Outlook:

- 2007-08 was the end of great moderation that had existed in the economy.
- There had been a federal housing policy that contributed to the housing bubble. Easy money, easy credit in the 2000’s so the recession was delayed. Growth pushed recession away.
- Ran out of people to buy houses – Ponzi scheme – last one in, last one out during 2007-2008. End of housing run – destabilization of mortgage debt. Financial market contagion and cyclical recession occurred.


Long-Term Economic Outlook:
- Risks to US Competitiveness
- Labor force skills
- Massive federal deficits - Europe-itis
- Tax levels
- Challenge from Asian Growth and Development
- Governance and culture issues

Arizona Economy and Outlook
- Gross Domestic product Trends
- Employment Trends
- Outlook

Arizona Economy – Current
- Slow National Growth
- Consumer Demand bouncing Off Bottom
- Tourism Recovery – Bowl Games & Pent Up Demand/Conferences
- Immense Housing/Building Drag
Arizona Outlook – Near Term
- Substantial Continuing Drags
- Housing/Building Stagnant
- Household Incomes Still Down
- Continuing Uncertainty
- Gradual Recovery in Consumer Demand
- Waiting on US Recovery
- Typical Recovery Drivers
  - Housing/Building/Construction
  - Consumers/Retail Spending
  - Employment Gains
- All Three Slower than Typical Recovery
- Arizona’s Recovery Slower Than Nation
- Housing/Construction – Not until 2015
- Overhand of Supply
- Continuing ARM Mortgage Resets
- Surplus Industrial Capacity
- Business Investment has Stalled

Arizona Outlook - Long Term
- Risks to US Competitiveness
- Labor Force Skills
- Tax Levels & Regulations
- Government Fiscal Instability
- Asian Growth and Development
- California’s Collapse

Long term optimistic about Arizona and U.S. We create surplus and have helped in two wars. Fundamental differences in what population needs. Before people with strong heart and strong arms were needed. Now need a strong mind and strong heart.

**REPORT ON BUDGET & FINANCE – DEBRA THOMPSON**

Vice Chancellor of Business Services, Debra Thompson, provided the following introductory remarks regarding this overview of the Maricopa Budget and Finance. She outlined the timing of actions pertaining to the budget process which included the following:

- **February:** Tuition and Fees Information Item, general information on budget

- **March:** Tuition and Fees Action Item, Budget Information Item

- **April:** Preliminary Budget Adoption

- **June:** Public Hearings on Budget and TNT, final budget adoption
To date she stated that the following actions had been taken or addressed:

- $17 million in operational budget cuts
- Stimulus funds in reserve to phase in permanent solutions to mid-year state aid cuts and very large permanent cuts (potential)
- Addressed loss of capital state aid by allowing General Fund transfers—short and immediate term solution
- No salary increase FY10; FY11 related to ASRS increase
- Reduced some cost increases like operating costs
- Planning for additional operating budget cuts in FY12, and FY13

Pertaining to the future, the following key considerations needed to be kept in mind:

- Overall the economy was still weak.
- State aid cuts are expected
- Property taxes show decline in growth from new construction
- Planning additional potential expenditure reductions

Projected as of January 2011:

- Assuming about $6.2 million in additional resources
  - 15% state aid cut
  - No 2% levy or tuition rate increase
- If 25% State aid cut, $3.4 million in additional resources
- More details about State cuts later in January
- Property taxes in February
- Proposals on levy and tuition rates in February

Expected Spending Increases

- Mandatory – External
  1. ASRS Rate Increase to 10.75% in FY 12 2.7M
- Mandatory – Internal
  2. Operating Cost for 2004 Bond Program – Constr 1.0M
  3. Operating Cost for 2004 Bond Program – Tech 1.0M
  4. Salary Adjustments per Policy Manual 0.5M
  5. Tuition Waivers 0.4M
  6. Move Prop 301 Faculty to Fund 1 0.3M
  7. Student Financial Aid Presidential Scholarships 1.0M
- Total Mandatory Expenses 6.9M

Health Care Increase: Projected increase of about $10 million

Medical plan and RX changes reduce premiums by $5 million. Leaves $5 million yet to be covered.

Student Success Implementation will include:

- Just beginning implementation phase. Estimated cost $1,000,000 to 1,700,000
- Training for staff at One Stop Centers to perform cross-functional duties - $320,000
- Maricopa Student Support Center (virtual contact center) - $500,000 to $700,000
- Tutoring services to provide quality, high-touch assistance in “at risk” courses at all colleges - $1,000,000
Will engage vice presidents councils to determine top 3-5 strategies to support student success given budget constraints. However, the items listed on were already rated high on “impact” by several groups that reviewed and prioritized the recommendations (they are listed from higher to lower). Within the next month, additional work on priorities will be done.

Total of Known Expenditure Needs – Mandatory and Discretionary

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<th>Mandatory - Internal</th>
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<tr>
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<td>ASRS Rate increase</td>
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<td>2</td>
<td>Operating Cost for 2004 Bond Program - Construction</td>
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<td>3</td>
<td>Operation Cost for 2004 Bond Program - Technology</td>
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<td>4</td>
<td>Employee Salary Adjustments per policy Manual</td>
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<td>5</td>
<td>Tuition Waivers</td>
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<td>6</td>
<td>Move Prop 301 Faculty to Fund 1</td>
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<td>7</td>
<td>Student Financial Aid</td>
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<td>Total Mandatory - Internal</td>
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<td></td>
<td>Subtotal Mandatory Expenses</td>
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<tr>
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<th>Discretionary Expenses*</th>
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<tr>
<td>8</td>
<td>Flex Benefit Increase @13% in FY11-12</td>
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<tr>
<td>9</td>
<td>Meet &amp; Confer Estimate (Step and 0.6% Western CPI)</td>
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<tr>
<td>10</td>
<td>Student Success Estimate (January 2011)</td>
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<td></td>
<td>Total Discretionary Expenses Estimate Jan. 2011</td>
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* The amount could be more or less depending on new information and decisions that are made

Some Options for Additional Funding

- Each 2% levy increase produces:
  - $7.5 million (FY12)
  - $7.6 million (FY10)
  - $8.3 million (FY11)
- Every $1/Credit Hour tuition increase: $2.5 million
- Additional budget cuts to reallocate funds

Thoughts about next Fiscal Year

- Levy increase of 3%: $11.3 million estimated
- Tuition increase of $5/cr hr: $12.5 million
- Last levy rate and tuition rate increase was FY08-9
How Tuition/Levy Increase Could Help

Note: Net Revenue is new property tax and internal reallocation offset by state aid cuts.

Finance
- Statutory authority to issue bonds for capital needs: General Obligation bonds and revenue bonds
- General Obligation bond programs: pursuant to passage of voter referendum, Governing Board authorization and favorable JCCR review. Use of funds is restricted to capital
- Revenue Bonds: Pursuant to Board authorization and JCCR. Statutory limitations on use of funds.

Bond Programs in Place
- Mid-way through 2004 General Obligation bond program. Issued $600M of $951M authorization; $300M more to be issued to complete program.
- Revenue bonds previously issued for PACs at CGCC, SMCC and PVCC and student information system. Potential issuance for EMCC PAC and remodels.
- 3 bond issuances completed for 2004 program about every two years. One or two more bond issuance expected
- Interest rate 4% or less
- Bonds mature in no more than 15 years.

Bond Issuances: General Obligation Bond
- Based on Cash Flow need: different bond issuances may fund different project phases. Allows project to accelerate and slow as needed and management of multiple projects at any time.
- When cash flow indicates potential need for next issuance, work with financial advisor to narrow the timing of the next issue.

Other Bond Information: 1994 Program
- $68,677,100 in outstanding debt service (of total $551,910,058 in principal and interest for entire program)
- Total actual debt service is $108.6 million less than original
projections in voter pamphlet

2004 Program Finances

- $1,030,703,408 in outstanding debt service (of total $1,314,687,336 in principal and interest for entire program) – these figures include actuals through Series C and projections for the remaining $300 million not yet issued

- Voter pamphlet projected total debt service to be $1,436,881,730

Secondary Property Tax Rates:

- 2005-11: Actual average tax rate was approximately $.1560, whereas the projected average tax rate in the 2004 publicity pamphlet was $.2088

- 2012-27: Projected average tax rate (including debt service for 1-2 new issuances) is approximately $.1261, whereas the projected average tax rate in the 2004 publicity pamphlet was $.1752.

Next General Obligation Bond Issue: Expect to seek approval of Board to order the sale in February or March

ADJOURNMENT Meeting adjourned 4:15 p.m.

_________________________
Doyle W. Burke
Governing Board Secretary