

# Minutes of the Special Governing Board Meeting March 17, 2009



San José/Evergreen  
Community College District

## A. CALL MEETING TO ORDER

President Okamura called the Special Meeting of the Governing Board of the San José/Evergreen Community College District to order on Tuesday, March 17, 2009, at 5:40 p.m., in the District Board Room.

### Board Members Present:

Mr. Balbir Dhillon  
Ms. Maria Fuentes  
Mr. Richard Hobbs  
Mr. Ron Lind  
Mr. Randy Okamura  
Mr. Richard Tanaka

### Board Members Excused:

None

### 1. PLEDGE OF ALLEGIANCE

President Okamura led the Board and members of the audience in the Pledge of Allegiance to the Flag.

### 2. ADOPTION OF AGENDA

M/S/C (Dhillon/Fuentes) to approve the agenda as submitted.

### 3. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA

None

## B. ACTION AGENDA

### 1. RESOLUTION AUTHORIZING THE SALE OF 2009 TAXABLE OPEB BONDS

The Board of Trustees received a Power Point presentation from Mr. Jim Roth of Piper Jaffray about the proposed structure of the financing plan for the District's OPEB liability. Bonds will be issued with a 35 year term in an amount not to exceed \$50 million. The debt service repayment schedule will escalate at approximately 3.3% annually after an initial level payment for approximately 10 years. No bond payments will be made by the District until FY2011/12. The initial bond sale will be to U.S. Bank as a "private placement," and then a synthetic fixed rate is anticipated for years 4 through 35. The bonds will convert to a variable rate after 3 years.

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There are some major covenants required by U.S. Bank that govern how the District addresses its debt service. Upon receipt of property tax revenue in early January and early May, the District must provide an advance payment to U.S. Bank as trustee, to be sufficient to cover the liability for the next scheduled debt service payment. The District is also required to maintain a fiscal year operational ending reserve of 5% of General Fund expenditures. No additional long term debt may be incurred by the District above \$10 million without prior consent of the bank.

The all-in true interest cost of the synthetic fixed rate option is approximately 5.5% compared to over 8% for a natural fixed rate structure. The Board was presented with the risks inherent in this plan, and Mr. Roth pointed out that with the LIBOR swap rates at historic lows, there is great comfort in knowing that there is unlikely to be a payment based upon mark to market of the swap.

A revised resolution and Commitment Letter were handed out at the meeting for review.

Motion by Richard Hobbs, supported by Richard Tanaka, to approve the "Resolution of the board of Trustees of the San Jose/Evergreen Community College District authorizing the sale of 2009 taxable OPEB (Other Post-Employment Benefit) bonds, approving legal documents in connection therewith and authorizing certain other actions."

### 2. **APPOINTMENT FOR TRUSTEE AREA 7**

The Board interviewed seven of the eight eligible candidates to fill the vacancy in Trustee Area 7. One of the candidates, David Parker, was unavailable for interview as he was out of the country. The other seven candidates: Ernest Guzman, Mayra Cruz, Lisa Jensen, Imelda Gonzalez, Walter Soellner, Javier Gonzalez, and Kathy Sutherland were individually interviewed by the Board for approximately 30 minutes.

After the public comments, President Okamura instructed the audience on how the voting process would proceed. He informed the audience of the straw-poll voting process that would take place until one of the candidates received 4 votes, which is a Board majority. He also said the Board had a difficult decision to make because all the candidates were strong and very passionate about the educational needs of the community.

The first vote resulted in one candidate, Mayra Cruz, receiving 3 votes, with Ernest Guzman, Javier Gonzalez and Kathy Sutherland each receiving one vote.

The Board had a brief discussion about the importance to come to an agreement and support whoever would be appointed.

The second vote resulted in a unanimous decision to appoint Mayra Cruz.

M/S/C (Dillon/Tanaka) to appoint Mayra Cruz to fill the vacancy in Trustee Area 7.

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**C. ADJOURNMENT**

The meeting adjourned at 10:38 p.m.

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Rosa G. Pérez, Secretary  
Board of Trustees