

**Meeting of the San Bernardino Community College District Board of Trustees
SBCCD Boardroom, 114 S. Del Rosa Dr., San Bernardino, CA 92408
Study Session Meeting Agenda
January 31, 2019 @ 12:00 p.m.**

1. CALL TO ORDER – PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENTS

The San Bernardino Community College Board of Trustees offers an opportunity for the public to address the Board on any agenda item prior to or during the Board's consideration of that item. Matters not appearing on the agenda will be heard after the board has heard all action agenda items. Comments must be limited to five (5) minutes per speaker and twenty (20) minutes per topic if there is more than one speaker. At the conclusion of public comment, the Board may ask staff to review a matter or may ask that a matter be put on a future agenda. As a matter of law, members of the Board may not discuss or take action on matters raised during public comment unless the matters are properly noticed for discussion or action in Open Session. Anyone who requires a disability-related modification or accommodation in order to participate in the public meeting should contact the Chancellor's Office at (909) 382-4091 as far in advance of the Board meeting as possible.

3. PRESENTATIONS

3.1. Measure CC Implementation (p2)

Presenters: Jose Torres, SBCCD; Hussain Agah, SBCCD; John Dacey, Bergman Dacey Goldsmith; Kelly Cauvel, Bergman Dacey Goldsmith; Brandon Dekker, GKK Works/Cannon Design; and David Umstot, Umstot Solutions

3.2. Investments (p37)

Presenters: Maureen Toal, PARS and Nick Piccarreta, Vanguard Investment

4. ACTION ITEMS

4.1. Consideration of Approval of Board of Trustee Assignment to the KVCR Educational Foundation Board of Directors (p56)

4.2. Consideration of Approval to Appoint District Employees (p57)

5. ADJOURN

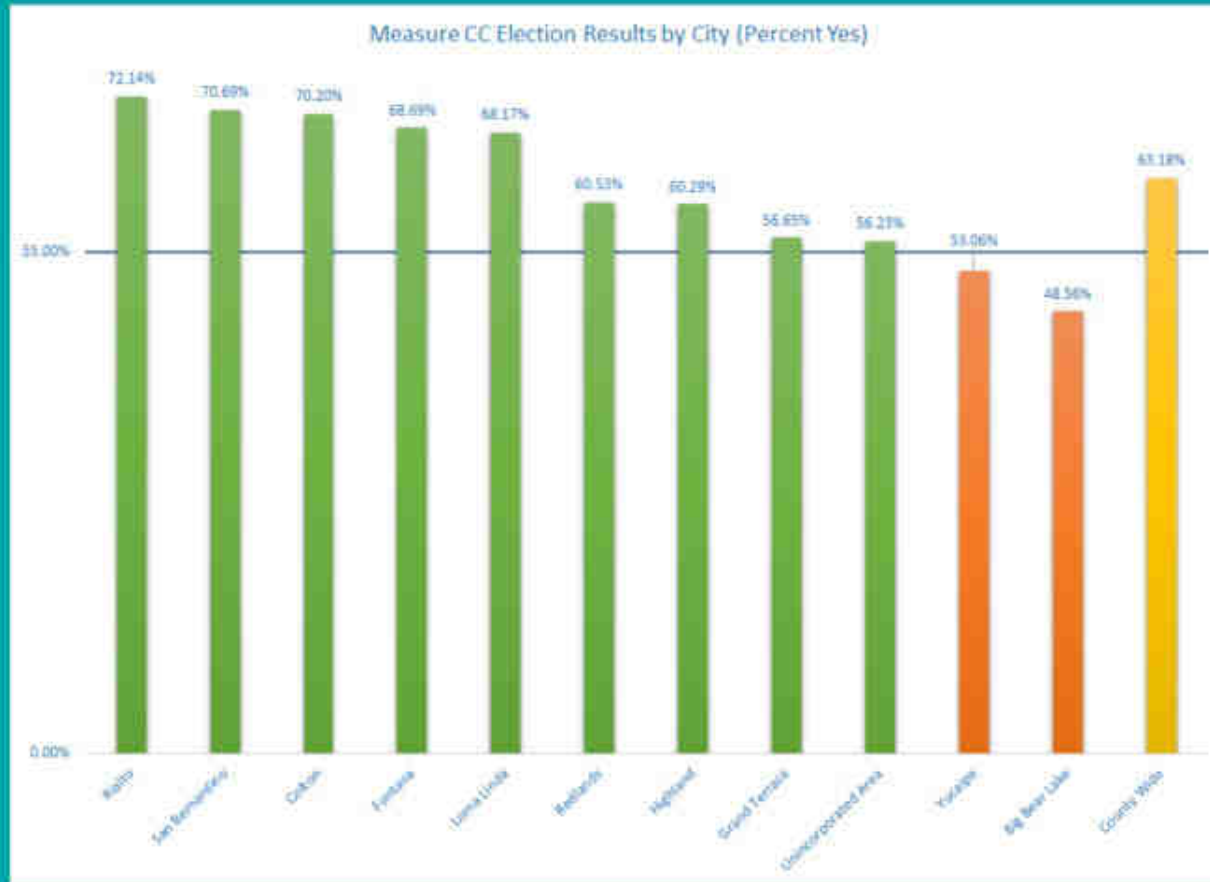
The next meeting of the Board: Mid-Year Retreat – 02/07/19 from 8:00am-4:30pm Embassy Suites at Ontario Airport, 3663 E. Guasti Rd., Ontario, CA 91761



Everything About Measure CC



Election Results by City



Approved Facilities Master Plan

Priority	Project Title	Campus	Budget*
1.	Career Pathway 1 (New Construction) – Technical Building Replacement	SBVC	\$94,500,418
2.	M&O Building Reproposing	SBVC	\$4,075,275
3.	Performing Arts Center (PAC) Renovation	CHC	\$42,072,719
4.	New Parking Structure	SBVC	\$89,081,976
5.	New Softball Field	SBVC	\$5,300,000
6.	Student Services & Instructional Building (New Construction) – Liberal Arts Replacement	SBVC	\$95,565,832
7.	Admin Building and Campus Center Reproposing	SBVC	\$14,103,899
8.	Crafton Hall Renovation (SSC)	CHC	\$0,250,465
9.	Waste Complex Renovation (CL)	CHC	\$11,922,962
10.	Student Support Building Renovation (SSB)	CHC	\$3,589,587
11.	Gymnasium Demolition	CHC	\$2,832,067
12.	East Valley Public Safety Training Center (New Construction)	CHC	\$10,415,894
13.	Career Pathways Phase 2 (New Construction)	SBVC	\$69,200,322
14.	Physical Science, Health Life & Safety building Secondary Effect	SBVC	\$4,485,265
15.	Warehouse Facilities (New Construction)	SBVC	\$25,100,300
16.	Library Reproposing	SBVC	\$4,798,001
17.	Indoor Tennis Facilities (New Construction)	CHC	\$6,890,925
18.	Greek Theater & Planetarium Renovation	SBVC	\$0,301,181
19.	New Gymnasium Building	CHC	\$46,806,630
20.	Soccer Field & Outdoor Kinesiology Laboratories (New Construction)	CHC	\$9,790,042
21.	Maintenance and Operations Additions (New Construction)	CHC	\$0,590,494
22.	East Instructional Building (New Construction)	CHC	\$41,288,427
23.	Teaching Pool (New Construction)	CHC	\$5,714,546
24.	Central Complex 2 Renovation (CHS)	CHC	\$11,780,620
25.	Child Development Center Renovation (CDC)	CHC	\$5,787,218
26.	PAC Building (New Construction) (future consideration only)	SBVC	TBD
27.	District Office Expansion (recommendation in Master Plan only)	SBCCD	\$15,450,000
28.	SBVC campus wide infrastructure	SBVC	\$48,173,514
29.	CHC campus wide infrastructure	CHC	\$16,974,070
Total Projected Capital Costs*			\$696,623,158
Subtotal for CHC			\$228,500,579
Subtotal for SBVC			\$452,663,582
Subtotal for SBCCD			\$15,450,000
Total			\$696,623,158

*Projections include Escalation Allowance of 5% per annum through program midpoint of January 2023, totaling 28.75%.



Accountability

- Approved Amended and Restated Bylaws for the Independent Citizens Bond Oversight Committee (December 13, 2018)
- Revised Charge for Board Budget Committee (February 21, 2019)



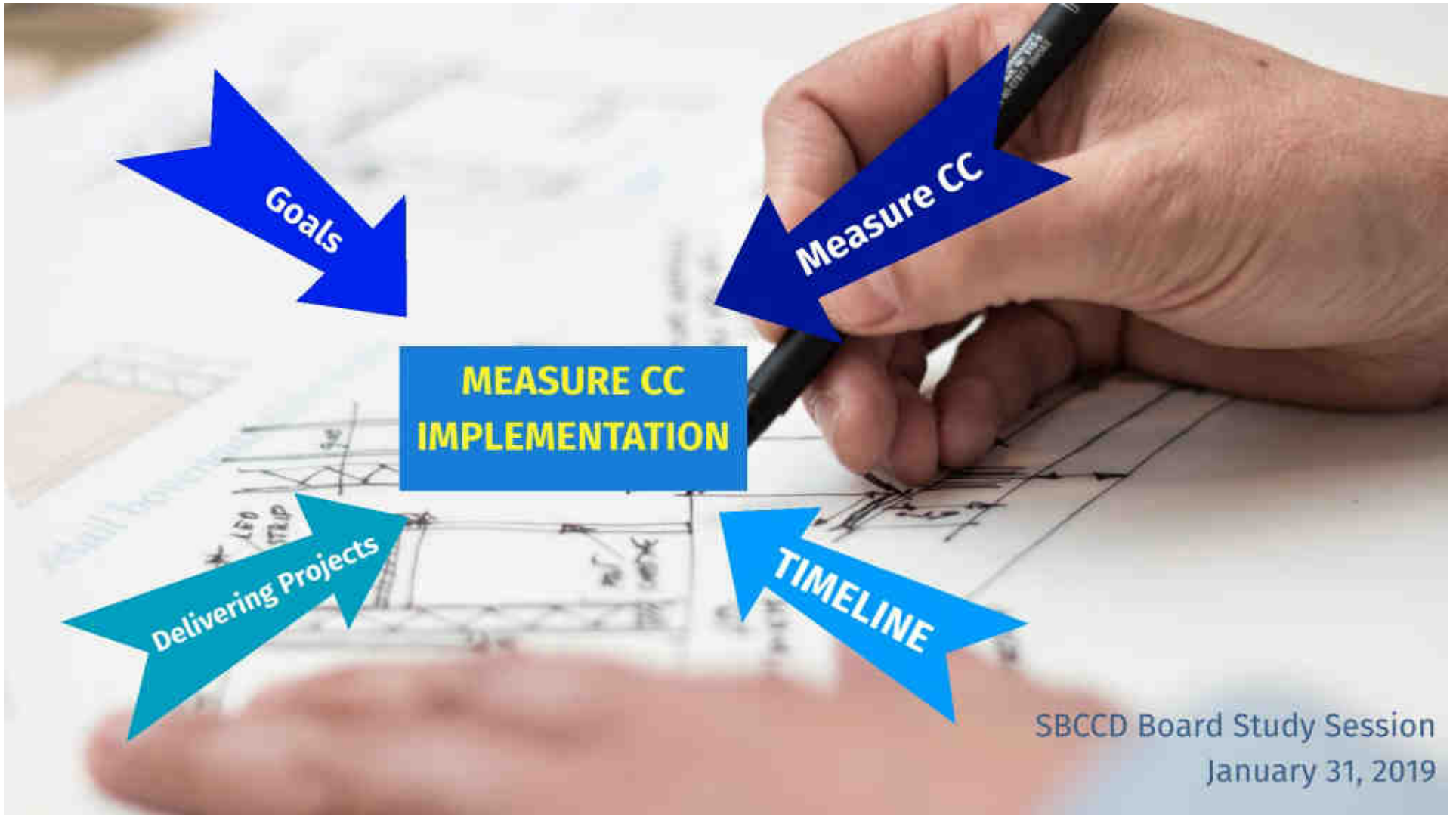


GOALS

Board Policy 6610

- Local Hires and Local Businesses
 - 50% of Local Hires
 - 25% of Local Businesses
- 25% of Combined Minority and Women Owned Certified Businesses
- 10% of Veteran Owned Small Business

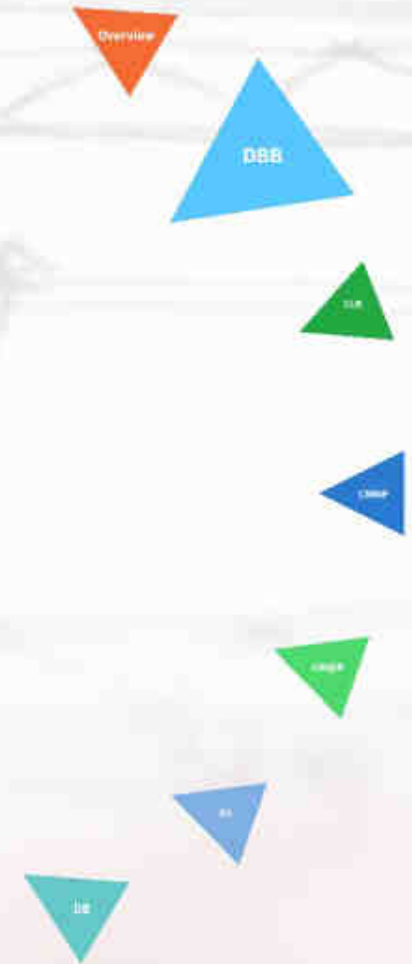




Project Delivery Overview



Brandon Dekker & David Umstot



Overview & Considerations

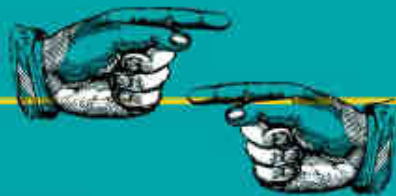


The Conflict in the Law

STANDARD OF CARE

The common law standard of care for performance of design professional services is generally defined as the ordinary and reasonable care usually exercised by one in that profession, on the same type of project, at the same time and in the same place, under similar circumstances and conditions. Perfect performance is not required by the common law.

Designer is accountable to a reasonable standard of care, therefore Errors and Omission are acceptable within a limit.



CONFLICT GAME ON

SPEARIN DOCTRINE

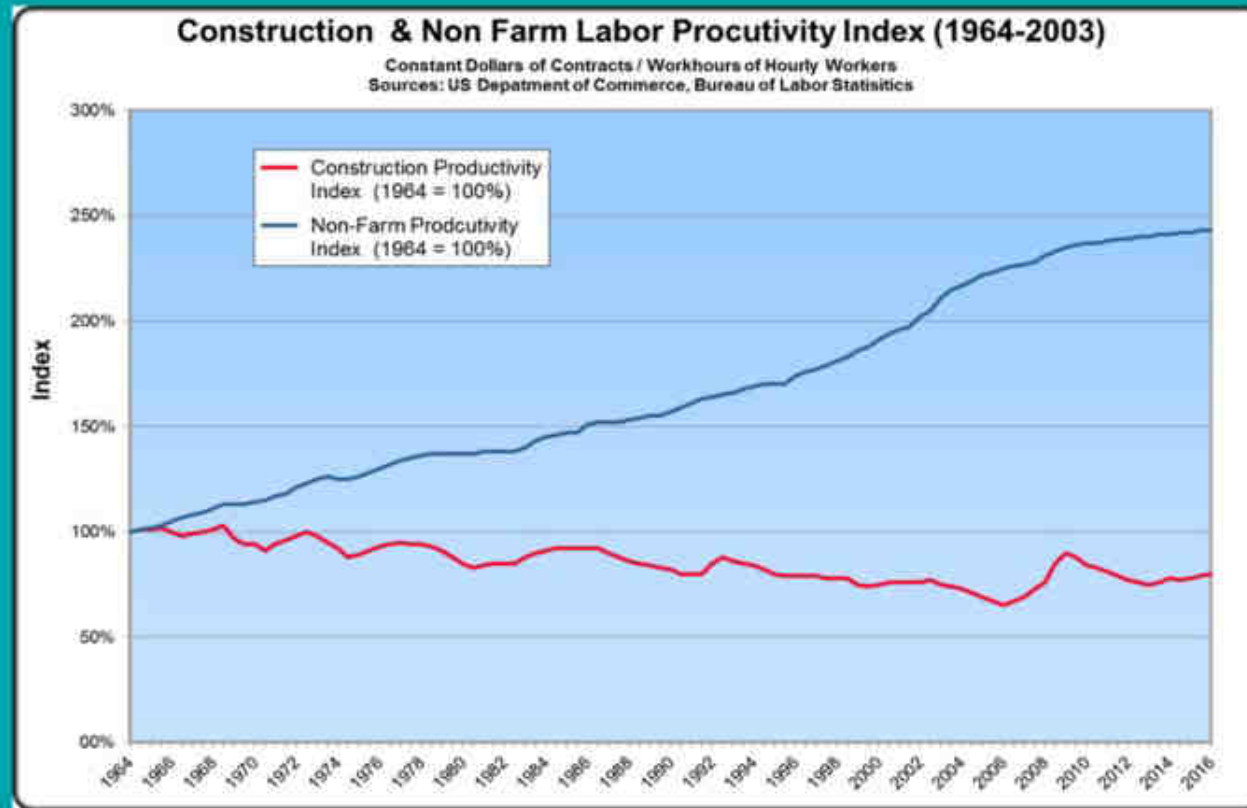
United States v. Spearin (248 U.S. 132), also referred to as the **Spearin doctrine** is a 1918 United States Supreme Court decision. It remains one of the landmark construction law cases. The owner impliedly warrants the information, plans and specifications which an owner provides to a general contractor. The contractor will not be liable to the owner for loss or damage which results solely from insufficiencies or defects in such information, plans and specifications.

Builder can assume contract is error free with no omissions.



The Owner

Loss of Productivity



Project Delivery Driving Factors

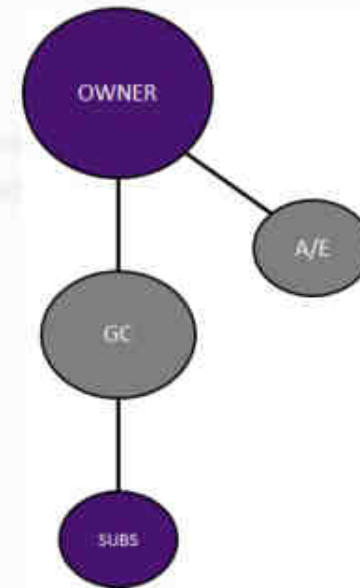


- Owner's Culture
- Scope Complexity
- Public Contracting Law
- Risk Distribution (Time & Money)
- The Market
- Political Environment
- Schedule Constraints
- Shared Governance

Design Bid Build - Hard Bid (DBB)

The traditional project delivery method, which customarily involves three sequential project phases: Design, Procurement, and Construction

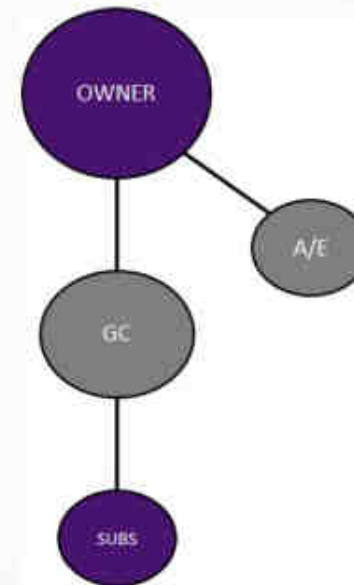
Advantages	Disadvantages
Competitive bidding, based on Low Resp. price	Quality/Qualifications
More Owner Control	Change Orders/Delays
Familiar & Established	Adversarial
A/E of Record Services as Owner Liaison	Lump-Sum/Closed Book, No Early Involvement



Lease-Leaseback (LLB)

It is defined and approved under the Education Code Section 17406(a) . A School District leases a building or a whole school site to a General Contractor or Construction Manager giving them rights to build out the Architect's design. The General Contractor/Construction Manager then sub-leases the building and site back to the District to allow them to continue school operations.

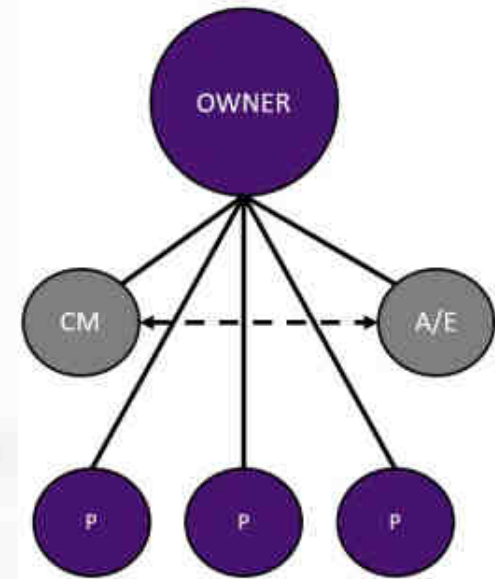
Advantages	Disadvantages
Qualifications Based Selection Process	Can be Perceived Negatively as a Loop Hole in the PCC
Contractor is Part of the Team Early On	LLB Contractor is Not Allowed to be Involved in Pre-construction Efforts
Suitable for Modernizations as well as New Construction	Unnecessary District Capital Used for Interest on Project Once Complete
One Team, One Direction!	Many Districts Reluctant Based on 2015 Davis vs. Fresno USD



CM Multi-Prime (CMMP)

An important variation of Design-Bid-Build is multiple prime contracting, in which the Owner holds separate contracts with contractors of various construction work disciplines, such as general construction, earthwork, structural, mechanical, and electrical. In this system, the Owner, or its CM, manages the overall schedule and budget.

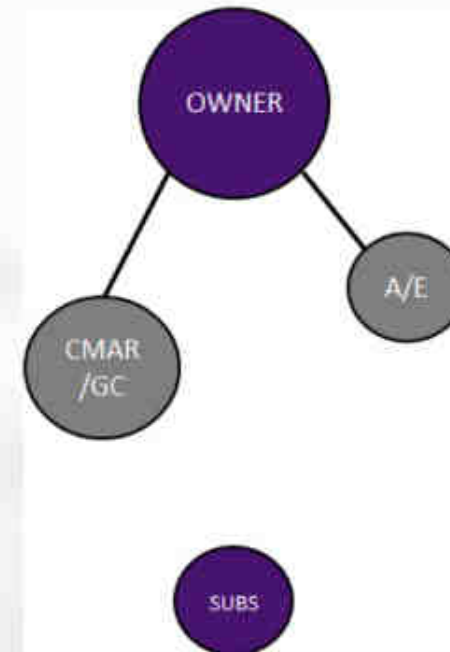
Advantages	Disadvantages
Competitive Prime Trades, Early involvement from CM for cost and schedule controls	Administrative difficulty; Direct trade and A / E conflicts
Eliminates GC premiums	Lack of single risk bonded price, higher risk with subs.
CM is on owners side	Lump Sum / Closed book, potential overlap or gaps in scope of work.



CM At Risk (CM@R)

A project delivery method in which the Construction Manager acts as a consultant to the Owner in the development and design phases, but assumes the risk for construction performance as the equivalent of a constructor.

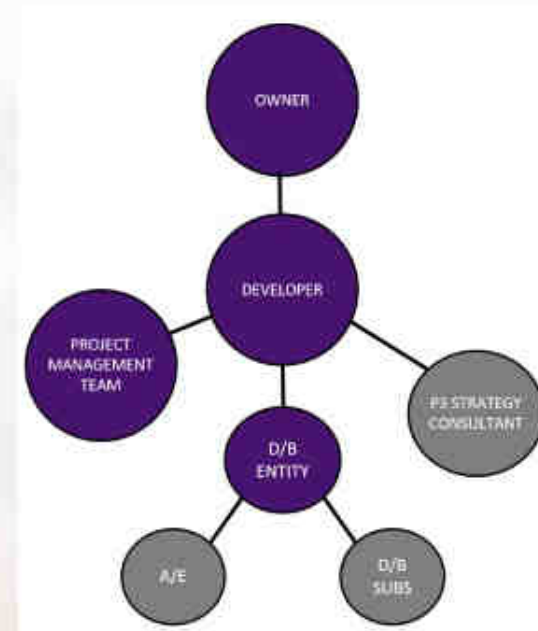
Advantages	Disadvantages
Qualifications Based	Lack of Subcontractor Transparency since Based on Lump Sum
Risk is on CM, Subs Assigned to CM	Legal Authorization for Delivery Method
Pre-Construction Work, Early Involvement with Procurement, Schedule, Budget, etc.	No Common Standards for Methodology



Public Private Partnerships (P3)

A project delivery method that combines developer, design, build, maintain and operate structure for public sector clients utilizing private equity.

Advantages	Disadvantages
Qualifications Based	Newer Form of Delivery in the US
Team Integrated Approach/Innovative Solutions	Potential Lack of Design Control for the Owner
Meet Pent-up Demand Without Needing Capital On-Hand	Steeper Learning Curve
Faster Execution	More Demanding Process for Owner, Legal Counsel
Stronger Public/Private Alliance	
Access to Private Sector Operational and Financial Expertise with Shared Risk Management	
Improved Accountability	



Design-Build (DB)

Advantages	Disadvantages
Qualifications Based	Newer Form of Delivery
Risk with Design/Builder	
Team/Integrated Approach/Creative Solutions	Potential Lack of Design Control
Minimal Change Orders, Early Budget and Design Estimates, Scope Controls	Higher Learning Curve for Delivery Method
Best Value Award	

A project delivery method that combines architectural and engineering design services with construction performance under one contract.

DB?

Why?

Best Value

DB vs. DBB

Facts

DB Growth

Progressive
DB

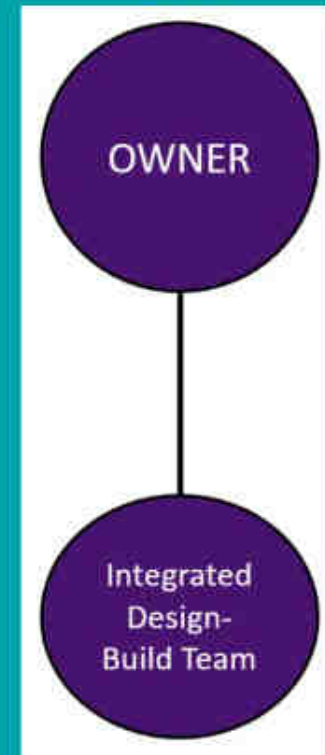
Who?

What is Design-Build (DB)?

- For California Community Colleges, Education Code Sections 81700-81708 govern process
- One Contract for Design and Construction
- Single point of responsibility
- Education Code § 81700-81708 Highlights
- § 81702: \$2.5M threshold
- § 81703
 - Prequalification required using Department of Industrial Relations Questionnaire
 - Defines evaluation factors and rating methodology
 - Evaluation criteria must include weighed at a minimum of 10% respectively:
 - Price
 - Technical Expertise
 - Life Cycle Costs over 15 Years or more
 - Skilled Labor Force Availability
 - Acceptable Safety Record

Why Do Owners Select Design-Build?

- Single source of responsibility
- Improved schedule performance (faster to construction)
- Enables involvement early-on with specialty trade contractors
- Fosters greater collaboration between the design team, specialty trade contractors and builder
- Allows selection based on price and other factors (Best Value Selection)
- Better Building Information Modeling (BIM) Coordination
- Reduced change order experience
- Perceived reduction of risk

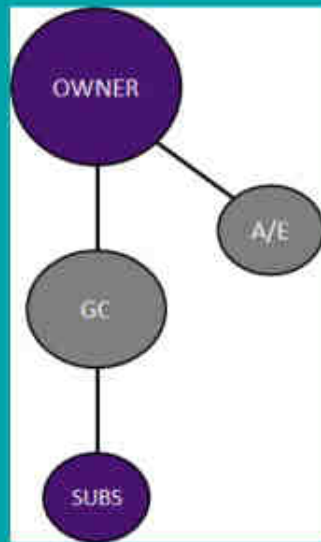


Design-Build is Best Value Selection

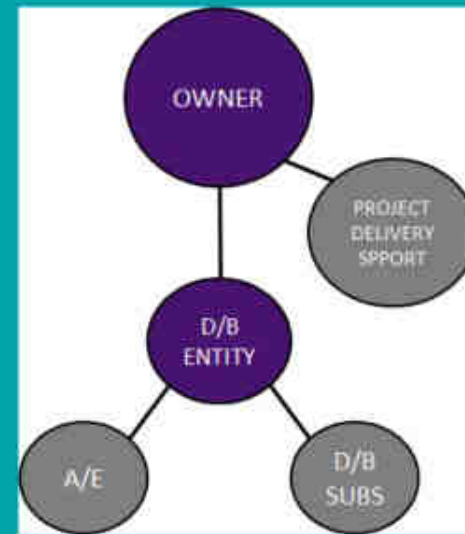
- The Owner selects the design-builder on the basis of overall best value
- This includes price and other non-price factors
- Other factors may include technical expertise, past experience, proposed design, enhanced value relative to other proposals, life cycle cost considerations
- The Request for Proposal clearly defines how the scoring will be evaluated and on what basis the award will be made



Design-Build vs. Design-Bid-Build

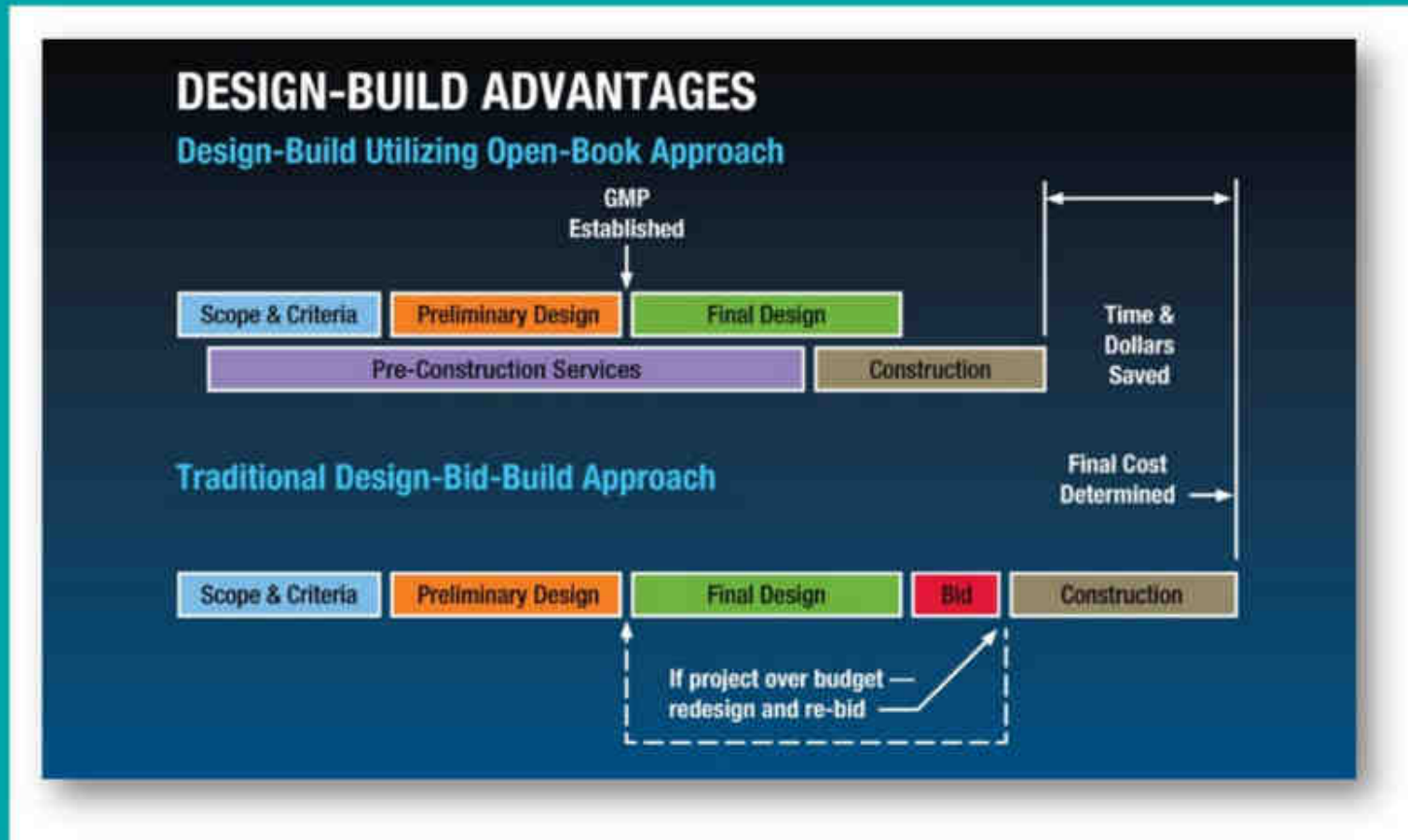


Traditional Design-Bid-Build



Integrated Design-Build

Design-Build vs. Design-Bid-Build




Design-Build Fact Sheet

(Comparison with other delivery methods)

COMPARISON OF PROJECT DELIVERY METHODS		
METRIC	DESIGN-BUILD VS. DESIGN-BID-BUILD	DESIGN-BUILD vs. CM@R
UNIT COST	6.1% lower	4.5% lower
CONSTRUCTION SPEED	12% faster	7% faster
DELIVERY SPEED	33.5% faster	23.5% faster
COST GROWTH	5.2% less	12.6% less
SCHEDULE GROWTH	11.4% less	2.2% less

Source: Construction Industry Institute (CII)/Penn State research comprising 351 projects ranging from 5,000 to 2.5 million square feet. The study includes varied project types and sectors.



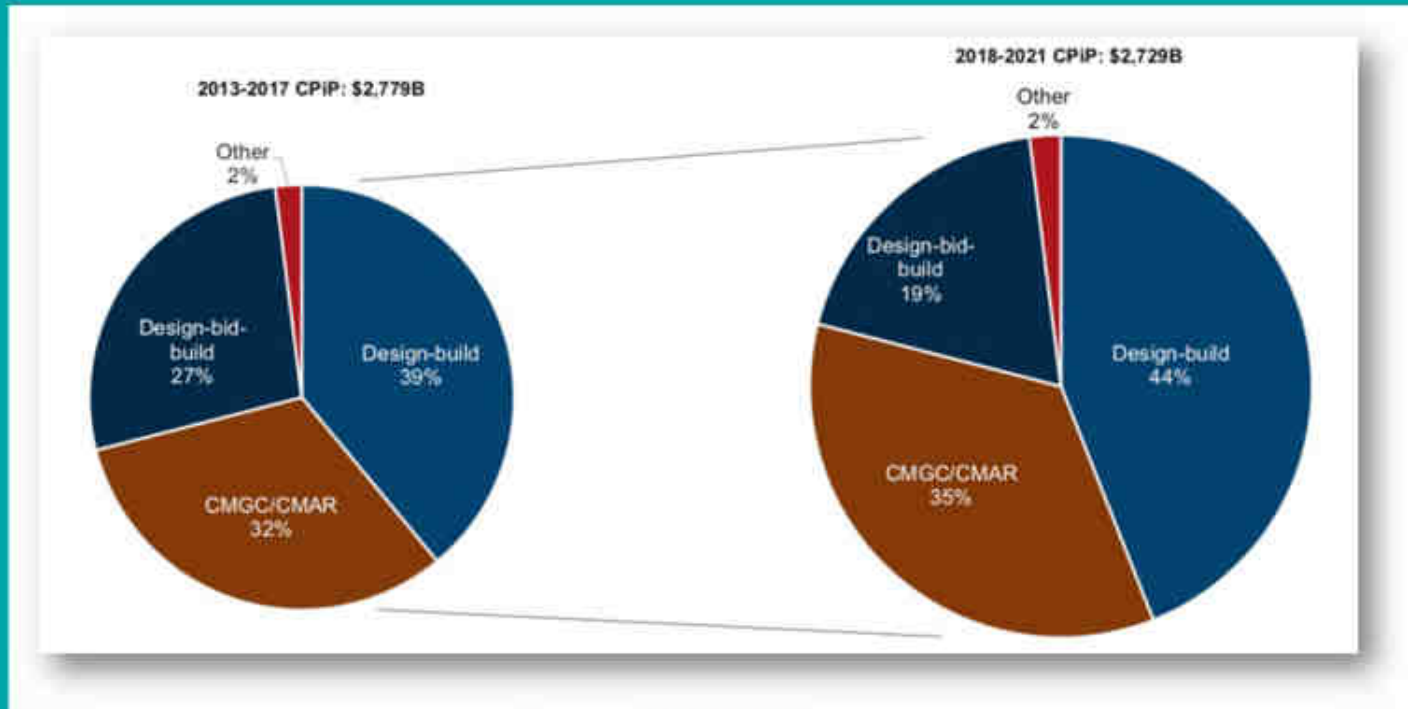

Design-Build is 33% Faster than Design-Bid-Build

Sanvido & Konchar

Penn State University | Construction Industry Institute Study

Design-Build Growth

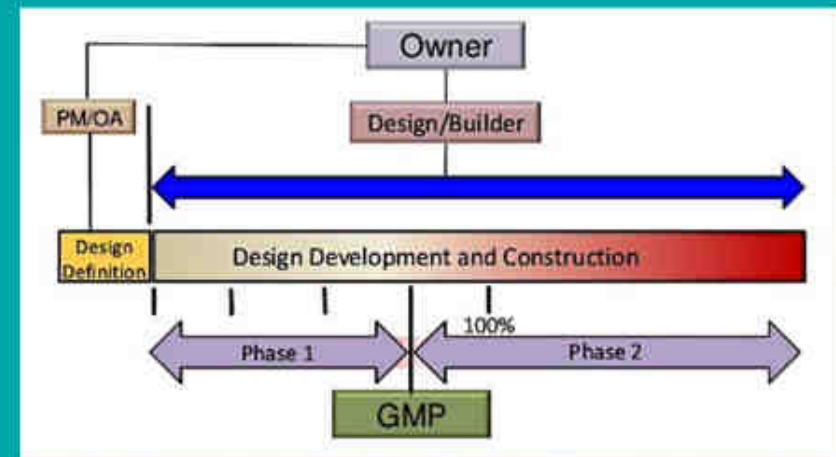
(Construction Put in Place)



Source: FMI (2018)

Progressive Design-Build

- One application of design-build delivery is via a stepped, or progressive process (commonly referred to as Progressive Design-Build or PDB).
- PDB uses a qualifications-based or best value selection, and qualification
- PDB followed by a process whereby the owner then “progresses” towards a design and contract price with the team (thus the term “Progressive”).



Who uses Design-Build?





Major Milestones

Staffing

Cashflow
Projection

Selling
Bonds

Deliver
Projects

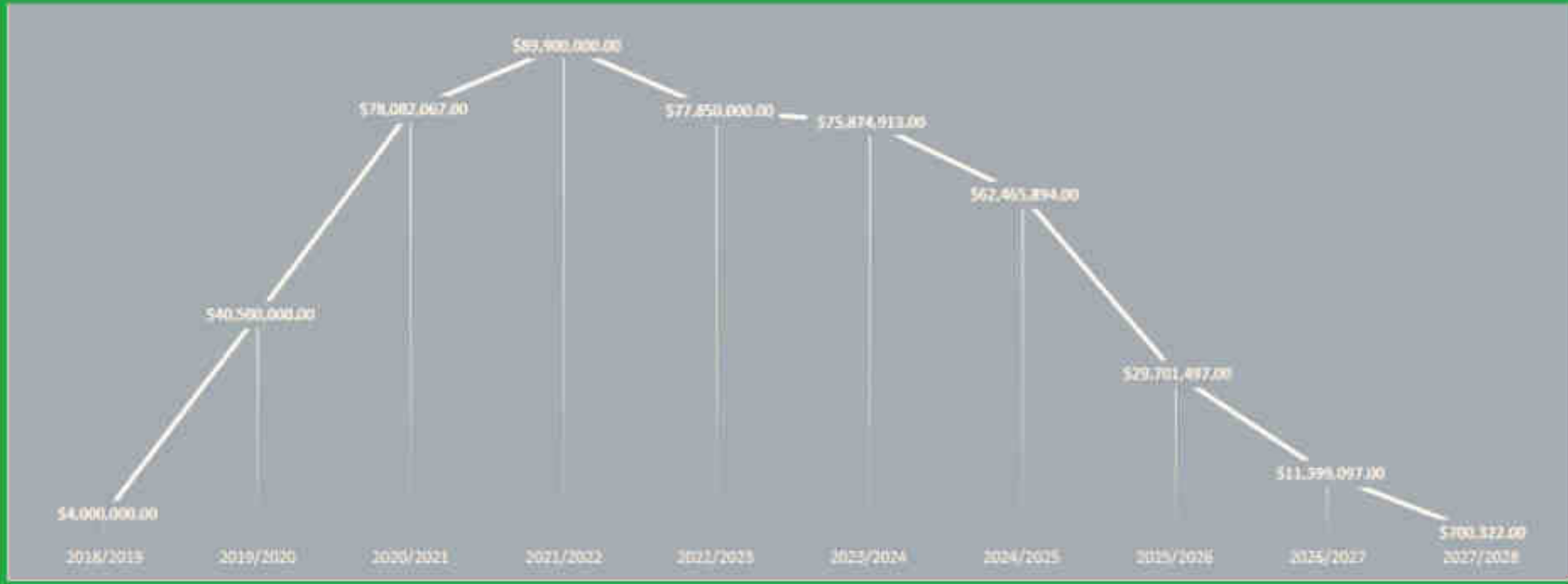


Staffing the Program

- Bond Program Manager
 - Recommendation to Board by May 2019
- Internal Staffing
 - In Collaboration with College VPAs, Recommendation to Board/Chancellor's Cabinet by April
- Construction Management after Bond Program Manager

10 Years Cashflow for Measure CC

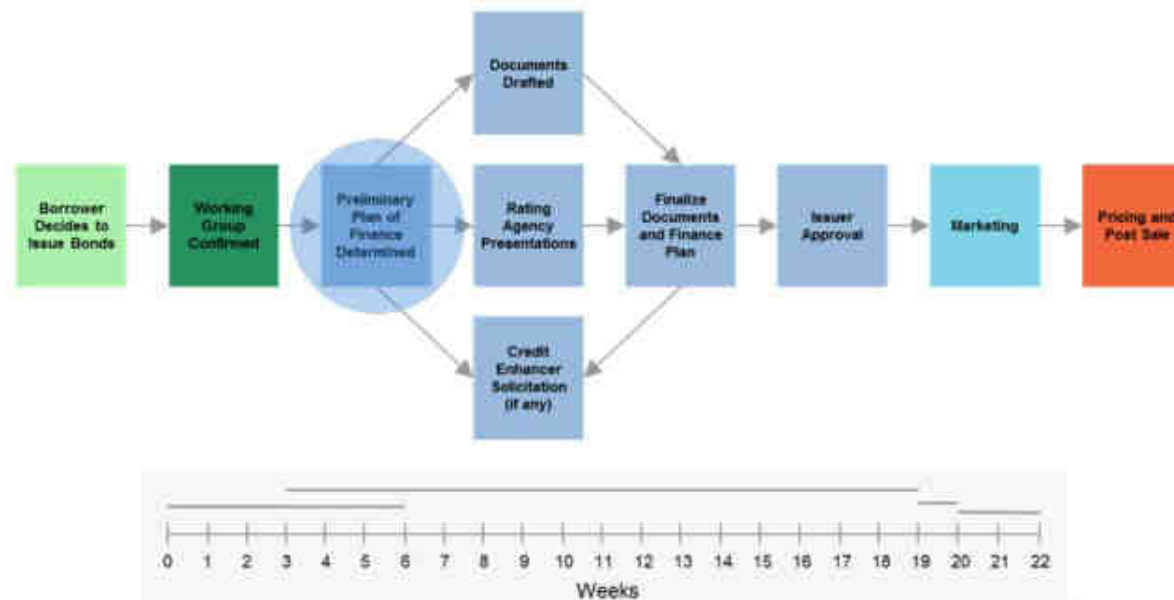
In Collaboration with Bond Program Manager and Colleges, Revise Cashflow Projection



Overview of the Financing Process

- Cashflow is a Must Have
- Financial Advisor Will Provide Recommendation on Bond Amount Based
- Work with Bond Counsel, Financial Advisor, Underwriter, and Rating Agencies

Example of Typical Transaction Timeline



Delivering Projects

- Assign Appropriate Delivery Method to Each Project
- Meet the Board Goals
- Maximize Cashflow
- Strict Accountability through CBOC and BBC
- Work Collaborative with Colleges
- Provide Monthly Updates
- Minimize Disruption
- Deliver High Quality Buildings for Our Students



In partnership with:



SAN BERNARDINO COMMUNITY COLLEGE DISTRICT BOARD STUDY SESSION

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

PARS Pension Rate Stabilization Program (PRSP) - Investments
January 31, 2019

INTRODUCTIONS

MAUREEN TOAL

PARS Senior Vice President

NICK PICCARRETA

Vanguard Investment Consultant



AGENDA

WHAT IS OUR CURRENT INVESTMENT STRATEGY AND POLICY?

- Vanguard Conservative Pooled Strategy for all subaccounts
- Economies of scale pricing based on assets in all Vanguard Pools not just SBCCD's assets

SHOULD WE MAKE INVESTMENT CHANGES?

- Based on time horizon, risk tolerance, economic-market outlook
- Can change at anytime now or in the future within 24 hours

WHAT ARE OUR OPTIONS WITH VANGUARD?

- Use other Vanguard Pools: Fixed Income Only, Balanced, Growth
- Blend into multiple strategies to achieve asset allocation you desire
- Customized account with pricing based on SBCCD's own assets





BACKGROUND

- **The PARS-CCLC Pension Rate Stabilization Program (PRSP)** is a first-of-its kind, IRS-approved trust program as a turn-key approach to prefunding pension obligations
- Offered to community college districts in **partnership with the Community College League of California**
- PARS has developed this IRS Section 115 Trust program to **enable public agencies to pre-fund PERS/STRS costs** through a locally controlled trust
- PARS received **the first Private Letter Ruling from the IRS for this type of trust** in June 2015 and began allowing California public agencies to participate – now at 180 as of January 2019



PARS TRUST TEAM



Trust Administrator & Consultant	Trustee	Investment Manager
<ul style="list-style-type: none"> Recordkeeping/sub-trust accounting Actuarial coordination Monitor contributions/process disbursements Monitor plan compliance Ongoing client liaison 	<ul style="list-style-type: none"> Safeguard plan assets Oversight protection Plan fiduciary Custodian of assets 	<ul style="list-style-type: none"> Independent low-cost Investment advisor Portfolio analysis and management Investment strategy and asset allocation development

Corporate Experience

35 years (1984 – 2019)

156 years (1863 – 2019)

44 years (1975 – 2019)

Plans Under Administration

1,600+ plans, 850+ public agencies, 400,000+ participants

Dollars under Administration

Over \$3.3 billion

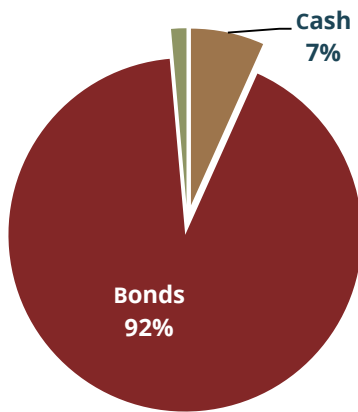
Over \$5.0 billion

Over \$5.0 trillion under management

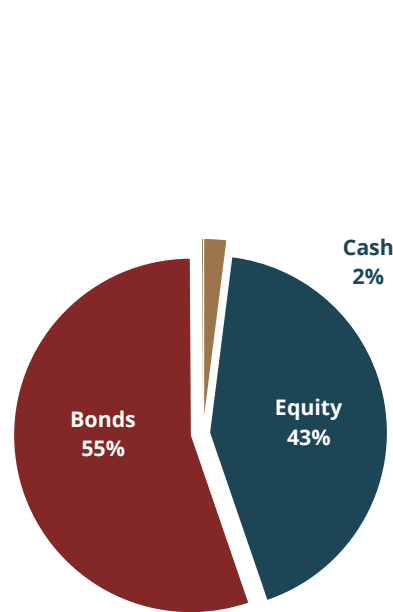


WHAT INVESTMENT OPTIONS ARE AVAILABLE?

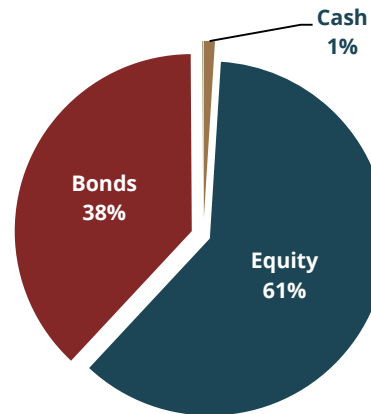
- The District can invest its assets in one of four investment pools which have been designed specifically by Vanguard for PARS Section 115 Trust Programs.
- Assets are pooled for economies of scale but there is no cross sharing of earnings or liabilities.
- Portfolios are comprised of institutional class, index-based, mutual funds selected for their low-weighted expense ratios.



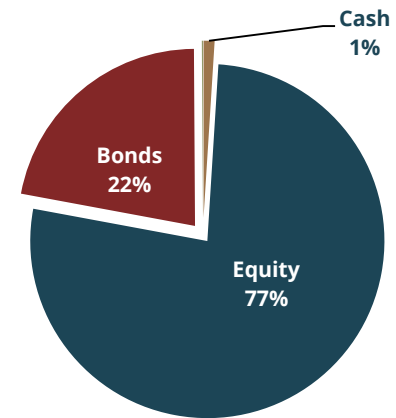
Fixed Income



Conservative



Balanced

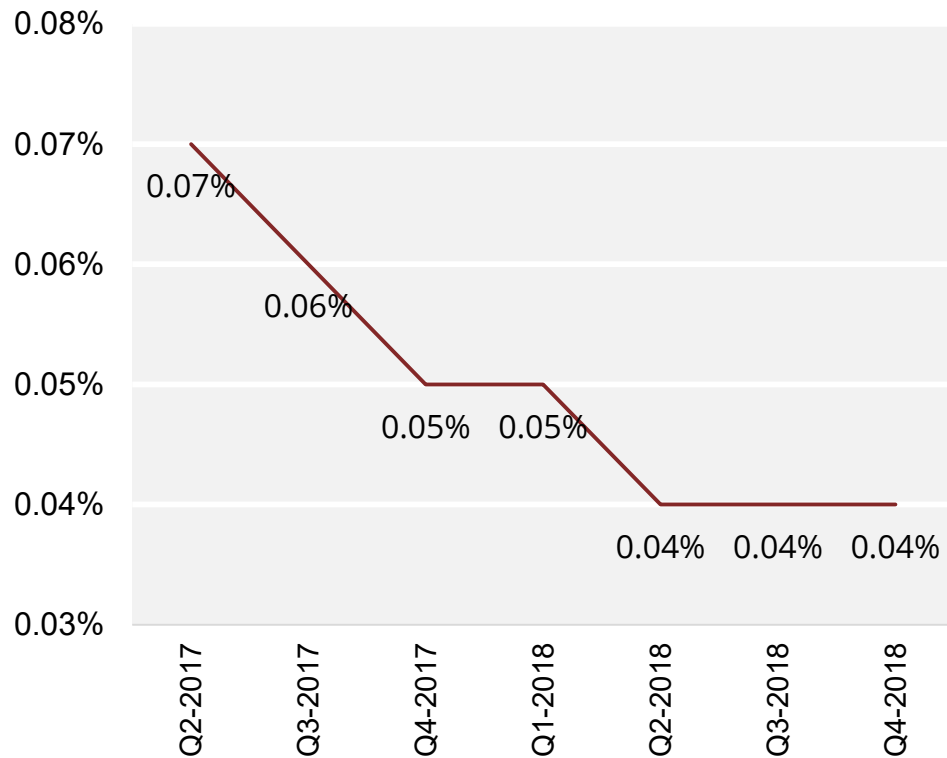


Growth



INVESTMENT MANAGEMENT FEES

- Vanguard’s investment management fees are based on total assets of all participants in the four portfolio options.
- **As of June 30, 2018, the investment management fee for Vanguard investment program clients is 0.04% of assets (4 basis points).**



Vanguard Fee Schedule

- 0.07%** for assets \$0-50 million
- 0.04%** for assets \$50-150 million
- 0.03%** for assets \$150-250 million
- 0.01%** for assets \$250-500 million
- 0.005%** for assets over \$500 million



Timeless principles that guide our investment philosophy



Goals

Create clear, appropriate investment goals



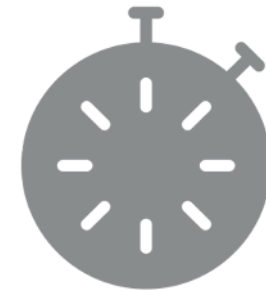
Balance

Develop a suitable asset allocation using broadly diversified funds



Cost

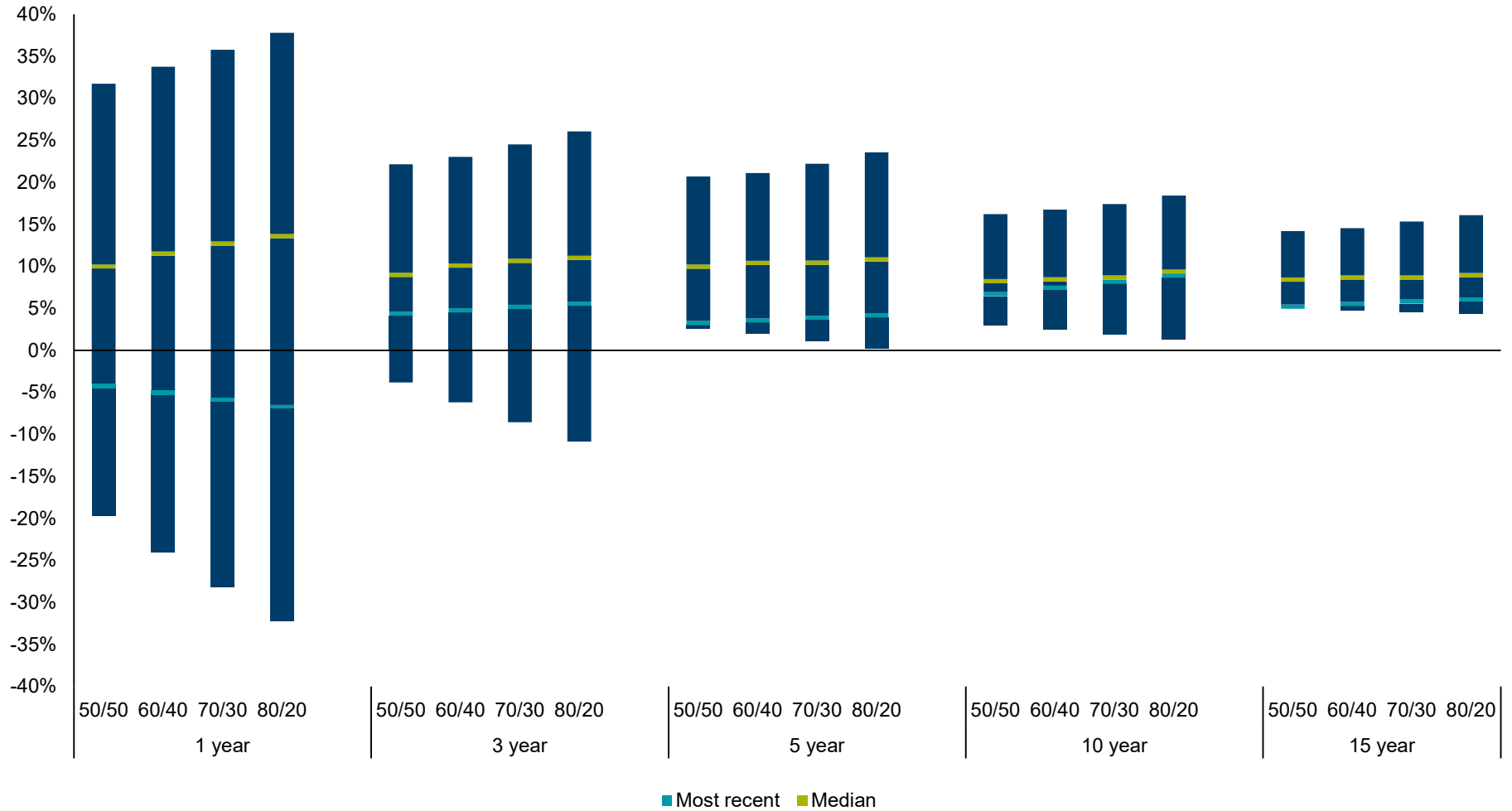
Minimize cost



Discipline

Maintain perspective and long-term discipline

Historic returns

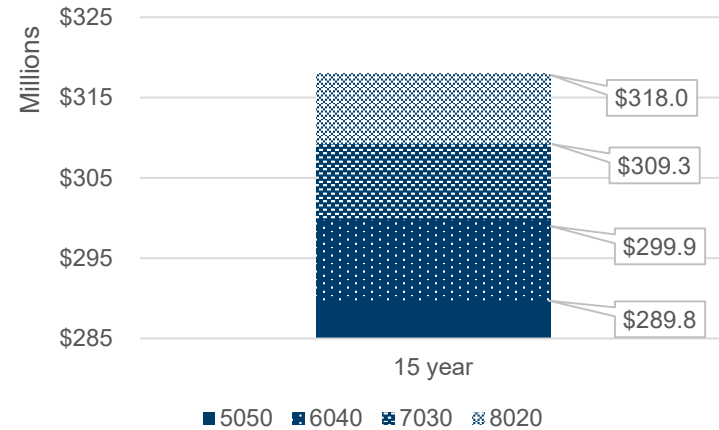
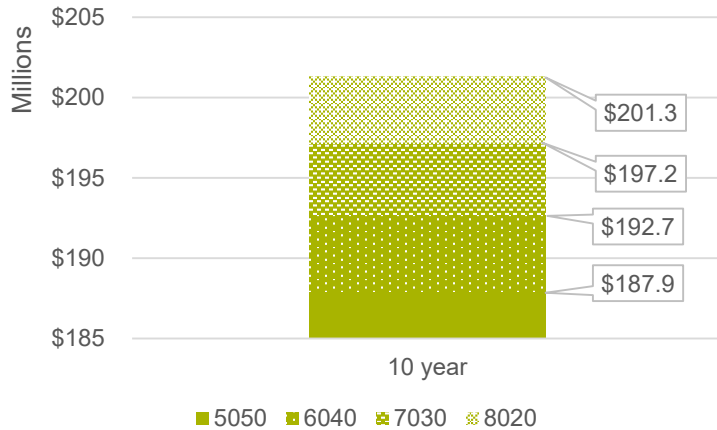
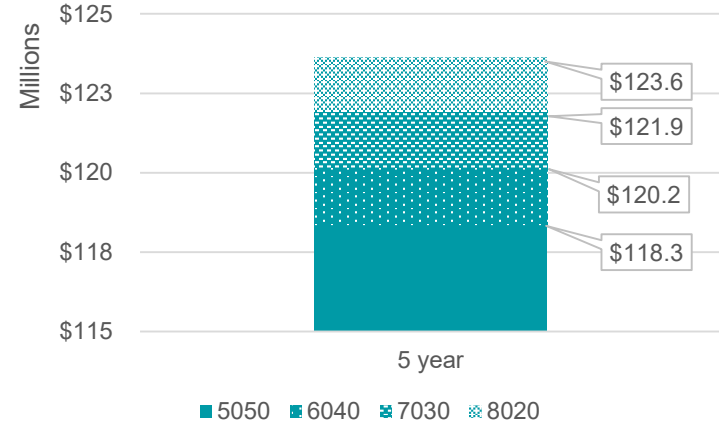
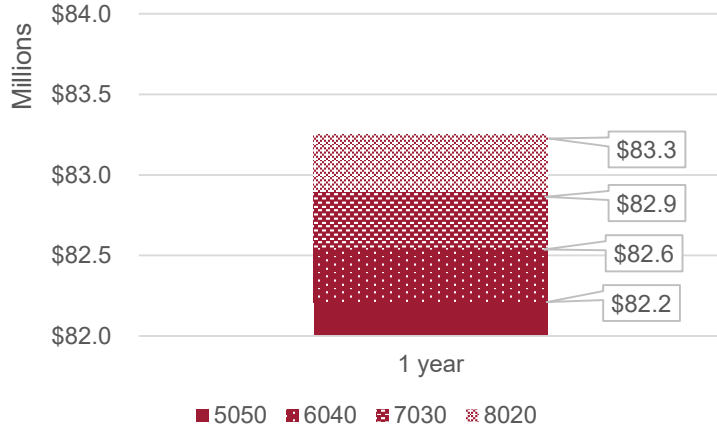


Source: Vanguard

Note: Data is from January 1, 1976 through December 31, 2018. 50/50 allocation is 30% DJ U.S. Total Stock Market Index, 20% MSCI EAFE Index, and 50% BloomBarc US Aggregate Bond Index prior to February 28,1990, 30% DJ U.S. Total Stock Market Index, 20% MSCI EAFE Index, and 35% BloomBarc US Aggregate Bond, 15% BloomBarc Global Aggregate Index thereafter. 60/40 allocation is 36% DJ U.S. Total Stock Market Index, 24% MSCI EAFE Index, and 40% BloomBarc US Aggregate Bond Index prior to February 28,1990, 36% DJ U.S. Total Stock Market Index, 24% MSCI EAFE Index, and 28% BloomBarc US Aggregate Bond, 12% BloomBarc Global Aggregate Index thereafter. 70/30 allocation is 42% DJ U.S. Total Stock Market Index, 28% MSCI EAFE Index, and 30% BloomBarc US Aggregate Bond Index prior to February 28,1990, 42% DJ U.S. Total Stock Market Index, 28% MSCI EAFE Index, and 21% BloomBarc US Aggregate Bond, 9% BloomBarc Global Aggregate Index thereafter. 80/20 allocation is 48% DJ U.S. Total Stock Market Index, 32% MSCI EAFE Index, and 20% BloomBarc US Aggregate Bond Index prior to February 28,1990, 48% DJ U.S. Total Stock Market Index, 32% MSCI EAFE Index, and 14% BloomBarc US Aggregate Bond, 6% BloomBarc Global Aggregate Index thereafter.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For fund performance data current to the most recent

Historic growth of \$75 million



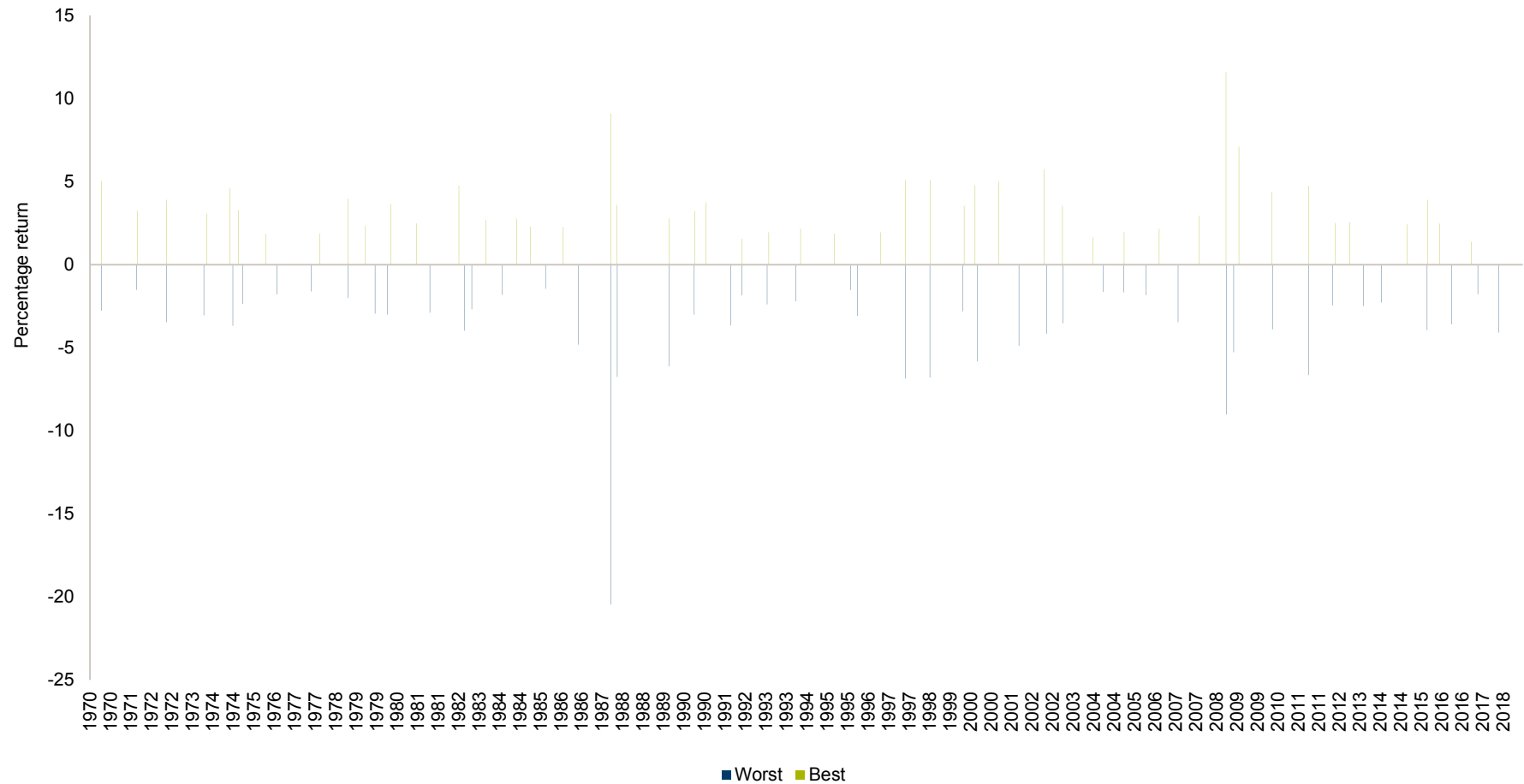
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The best returns can often be found amongst the worst returns

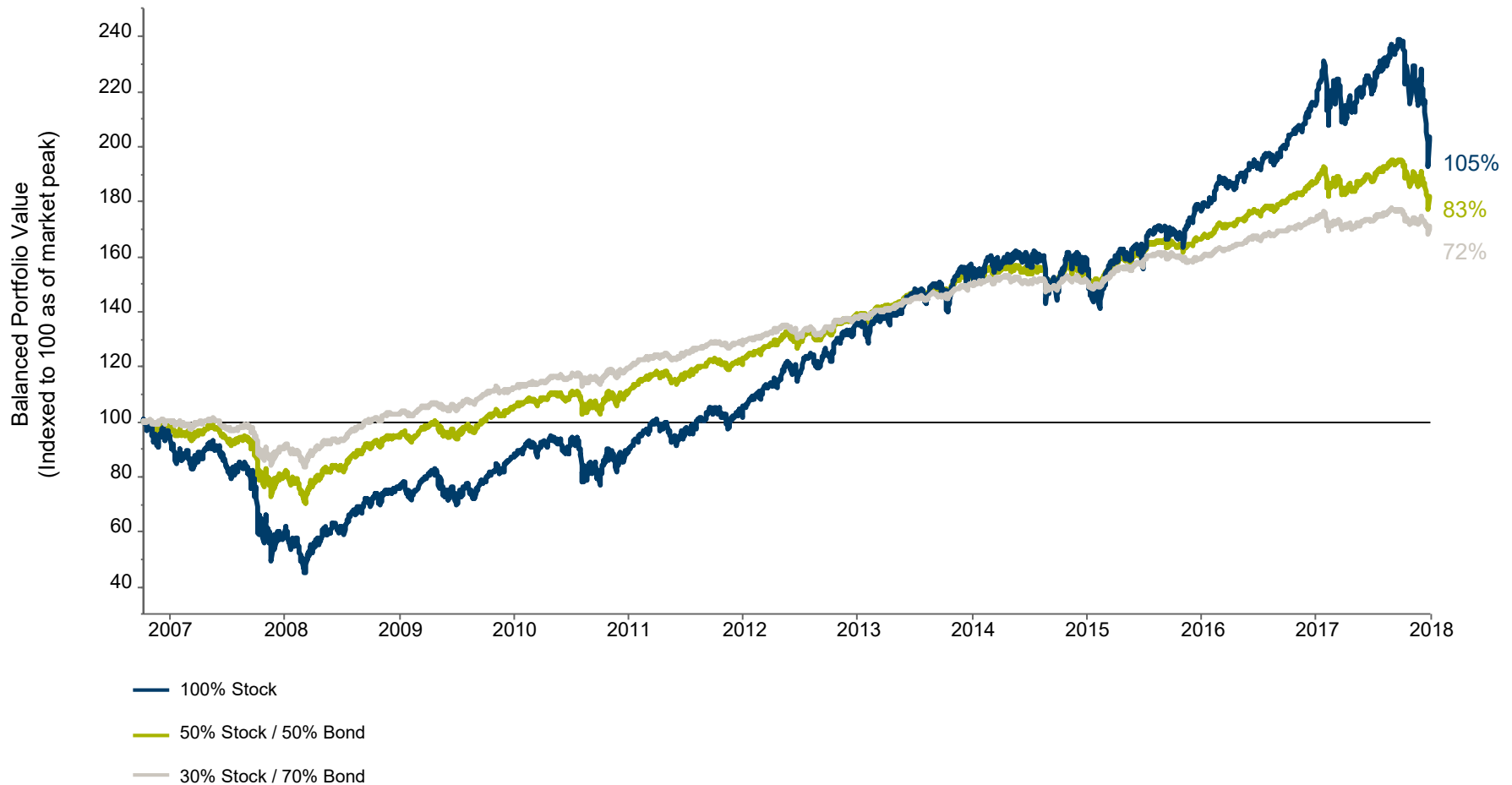
Best and worst daily returns of the year since 1970



Source: FactSet, Vanguard calculations. Data as of December 31, 2018.
Notes: The market is represented by the S&P 500.

The benefits of long-term perspective, balance and diversification

A balanced diversified investor has fared relatively well







Sources: Vanguard calculations based on data from FactSet.

Notes: Each balanced portfolio represented by the mixture of equity and fixed income from the following indices: S&P 500 Total Return Index for equities and Bloomberg Barclays U.S. Aggregate Bond Index for fixed income. Each portfolio is constructed using historical daily data implemented with a monthly rebalancing scheme. Data as of August 31, 2018. Past performance is no guarantee of future returns.

Suite of portfolio options

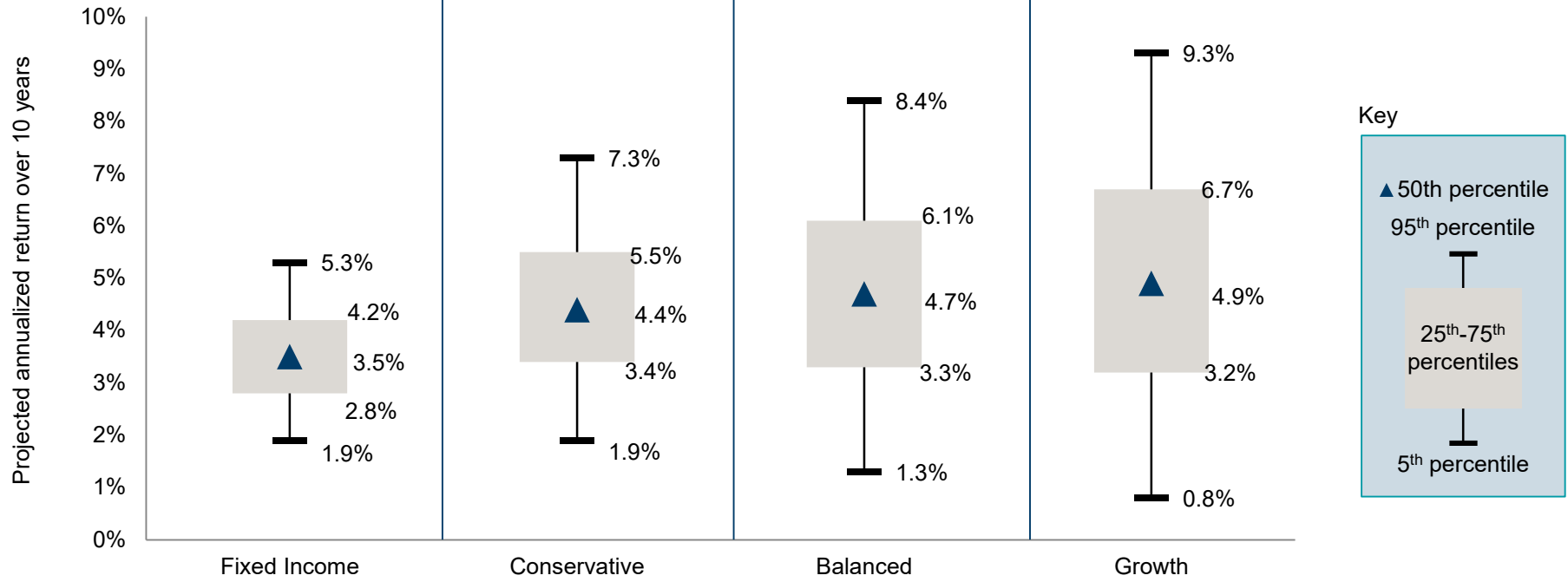
Investment	Fixed Income Portfolio (0/100)	Conservative Portfolio (35/57/8)	Balanced Portfolio (53/39/8)	Growth Portfolio (69/23/8)
Total Equity	0.0%	35.0%	53.0%	69.0%
● Total Stock Market Index	0.0%	24.5%	37.1%	48.3%
● Total International Stock Market Index	0.0%	10.5%	15.9%	20.7%
Total Fixed Income	100.0%	57.0%	39.0%	23.0%
● Total Bond Market Index	24.0%	21.0%	12.0%	9.0%
● Total International Bond Market Index	24.0%	0.0%	0.0%	0.0%
● Intermediate-Term Investment-Grade	20.0%	12.6%	7.2%	5.4%
● Short-Term Investment-Grade	28.0%	8.4%	4.8%	3.6%
● Short-Term Inflation-Protected Securities	4.0%	0.0%	0.0%	0.0%
● Inflation-Protected Securities	0.0%	15.0%	15.0%	5.0%
Total Real Estate	0.0%	8.0%	8.0%	8.0%
● Real Estate Index	0.0%	8.0%	8.0%	8.0%
All-in fee*	0.13%	0.12%	0.12%	0.11%

* All-in fee consists of the portfolio weighted average expense ratio and the advisory fee.
IPRES-3665

Portfolio analysis

Median expected outcomes	Fixed Income	Conservative	Balanced	Growth
Returns	3.50%	4.42%	4.68%	4.94%
Volatility	3.62%	6.73	9.19	11.69
Sharpe ratio	0.15	0.23	0.22	0.21
EQ/REITS/FI (%)	0/0/100	35/8/57	53/8/39	69/8/23



Asset allocation study overview

PARS Conservative Portfolio



- 24.5% Domestic Equity
- 10.5% International Equity
- 21% U.S. Aggregate Bonds
- 15% Inflation-Protected Securities
- 12.6% Intermediate-Term Credit
- 8.4% Short-Term Credit
- 8% Public Real Estate

SBCCD Custom Portfolio



- 30% Domestic Equity
- 20% International Equity
- 35% U.S. Bonds
- 15% Non U.S. Bonds

PARS Conservative Portfolio – 10 Year Horizon

Median Returns (Nominal)	4.42%
Returns Range (25 th to 75 th percentile)	3.37% - 5.43%
Volatility	6.73%

SBCCD Custom Portfolio – 10 Year Horizon

Median Returns (Nominal)	4.65%
Returns Range (25 th to 75 th percentile)	3.45% - 5.90%
Volatility	7.92%

Source: Vanguard, Investment Strategy Group.

IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for global asset class returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

Distribution of ending investment values - 10 years

Nominal ending corpus range (millions)

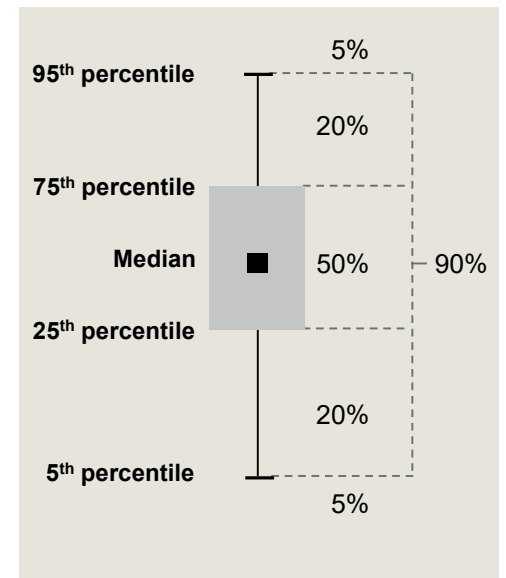
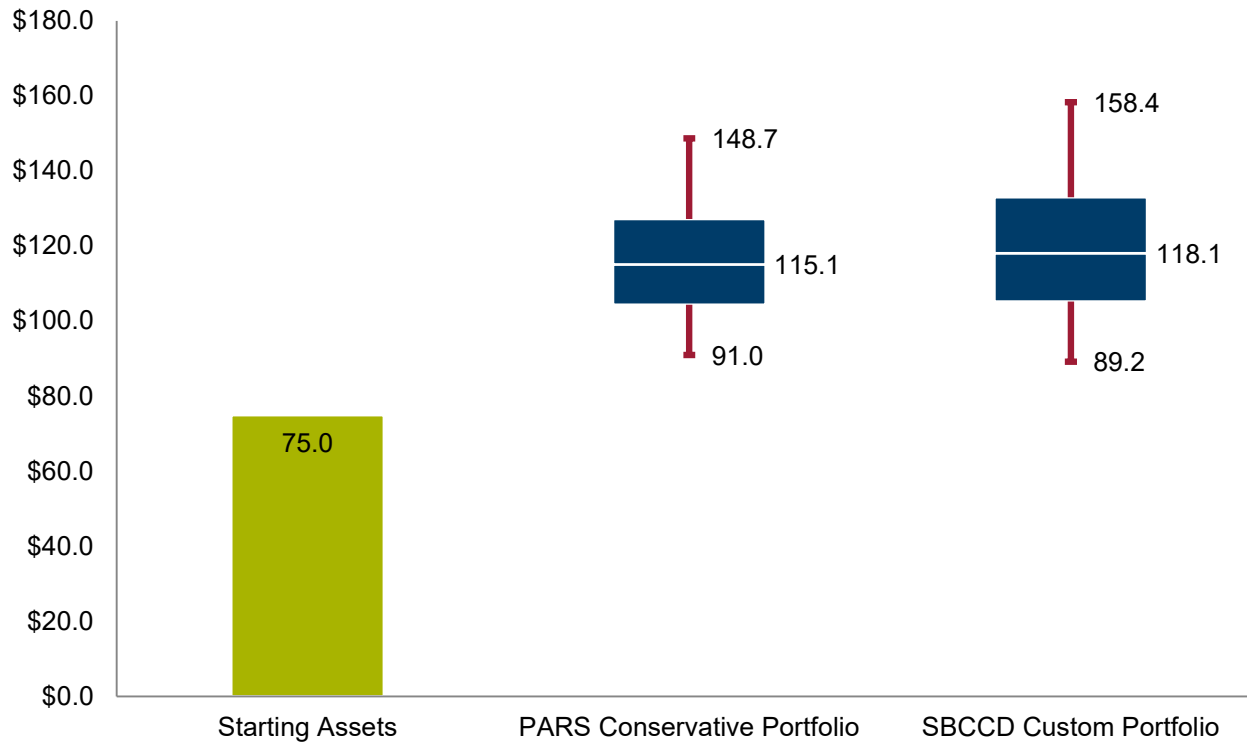


Figure displays the 5th/25th/75th/95th percentile range of VCMM-projected corpus for balanced portfolios.

Vanguard approaches asset return outlooks in a distributional framework.

Note: It is assumed for each portfolio the initial corpus value is \$75 million

Source: Vanguard, Investment Strategy Group.

IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

Distribution of ending investment values - 20 years

Nominal ending corpus range (millions)

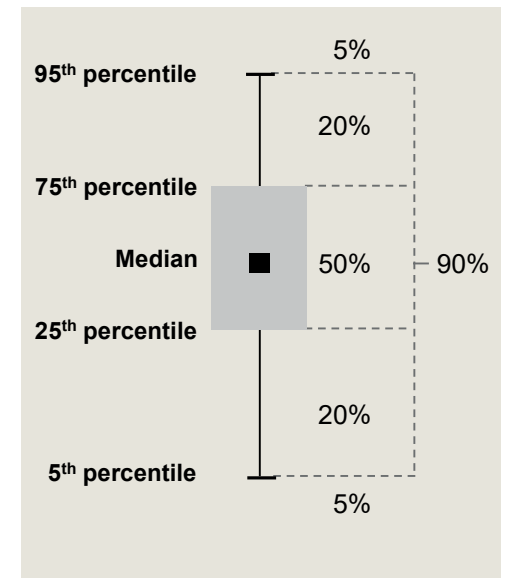
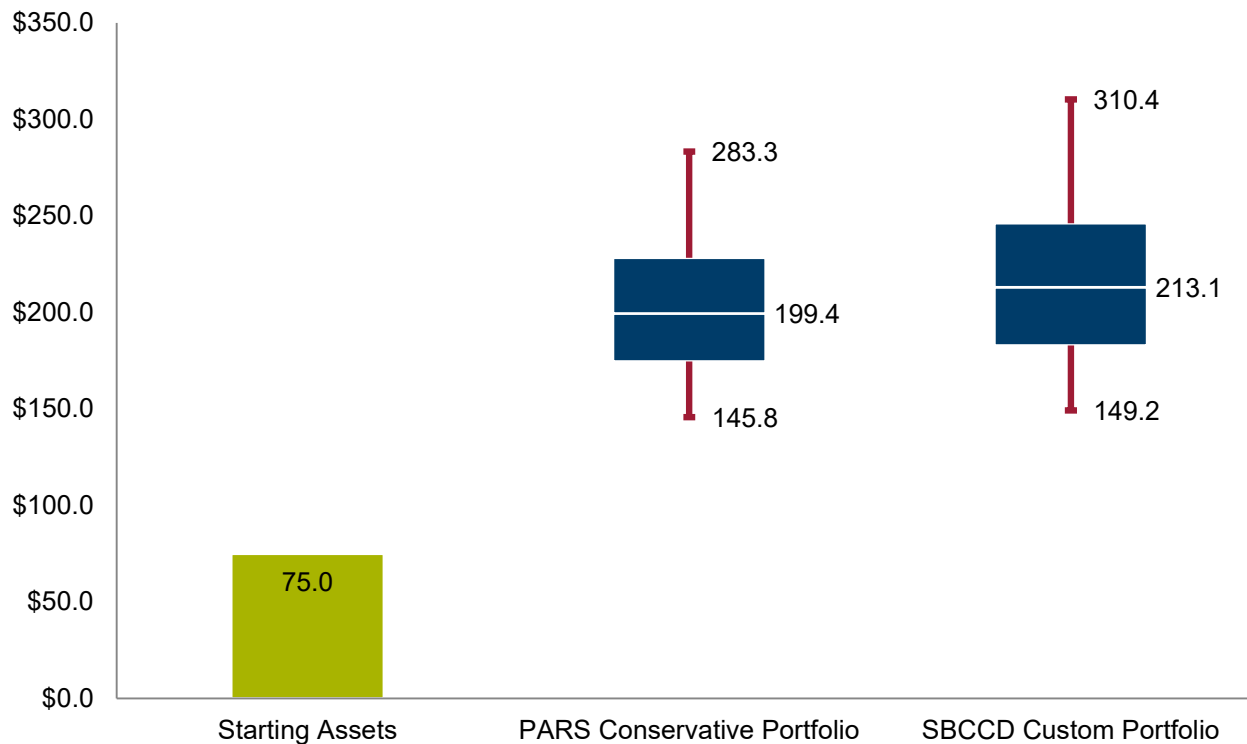


Figure displays the 5th/25th/75th/95th percentile range of VCMM-projected corpus for balanced portfolios.

Vanguard approaches asset return outlooks in a distributional framework.

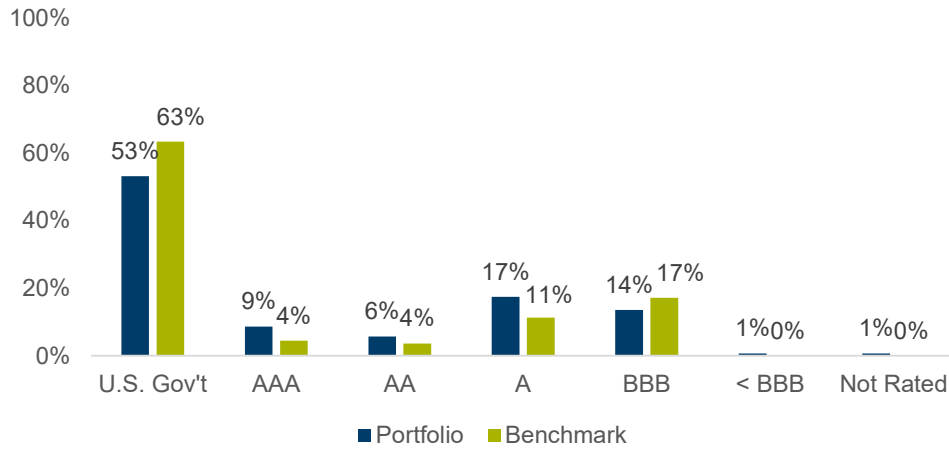
Note: It is assumed for each portfolio the initial corpus value is \$75 million

Source: Vanguard, Investment Strategy Group.

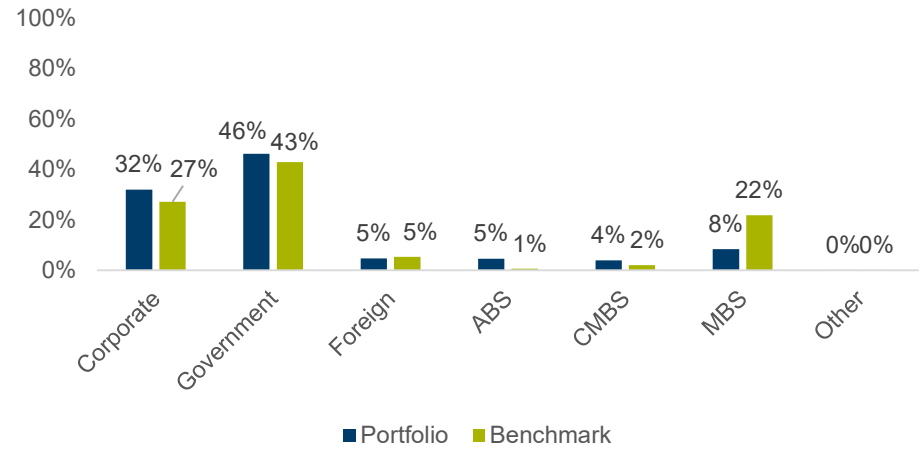
IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

Domestic fixed income portfolio characteristics

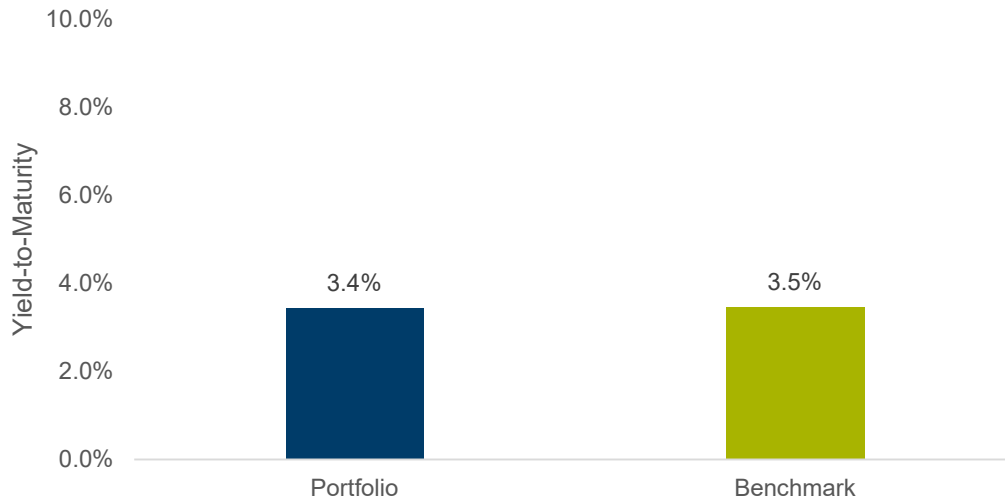
Credit Rating



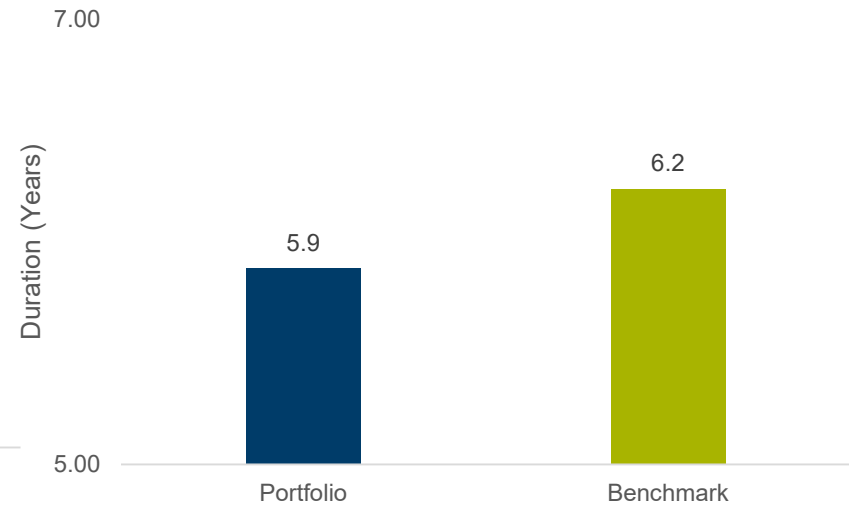
Bond Sector Allocation



Yield (%)



Duration (years)



Source: Vanguard
Data as of 9/30/2018

Current fixed income portfolio is 37% Vanguard Total Bond Index, 26% Inflation-protected securities, 22% Vanguard Intermediate-term Investment Grade, 15% Vanguard

Vanguard Institutional Advisory Services® (VIAS) advisory fee schedule

Asset level	Advisory fee
First \$5 million	0.40%
Next \$45 million	0.15%
Next \$200 million	0.12%

All-in fee review		
Advisory fee*	0.157%	\$117,500
Fund expense ratio estimates*	0.061%	\$45,750
Approximate all-in fees	0.198%	\$163,250

*Estimated fees and expense ratios based on balance of \$75,000,000

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO: Board of Trustees

FROM: Bruce Baron, Chancellor

REVIEWED BY: Bruce Baron, Chancellor

PREPARED BY: KVCR Educational Foundation Board of Directors

DATE: January 31, 2019

SUBJECT: Consideration of Approval of Board of Trustee Assignment to the KVCR Educational Foundation Board of Directors.

RECOMMENDATION

It is recommended that the Board of Trustees approve the assignment of two (2) Trustees to the KVCR Educational Foundation Board of Directors to formally complete the dissolution.

OVERVIEW

On June 21, 2019 the Board of Trustees took action granting approval to dissolve the KVCR Educational Foundation and to transition into one unified auxiliary foundation for the District. It is recommended that the Board of Trustees approve the assignment of two (2) additional trustees to the KVCR Educational Foundation Board of Directors pursuant to section 4.1(f) of KVCR Educational Foundation Bylaws to formally complete the dissolution with the California's Secretary of State and the State of California's Attorney General.

ANALYSIS

Pursuant to KVCR Educational Foundation Amended Bylaws, Article IV, Section 4.1 (f), up to three members of the Board of Trustees of the District may serve as Directors. Such trustees shall be selected by the District's Board of Trustees. These trustees shall act in the best interests of the Corporation as well as that of the District.

INSTITUTIONAL VALUES

- I. Institutional Effectiveness
- II. Learning Centered Institution for Student Access, Retention, and Success
- III. Resource Management for Efficiency, Effectiveness, and Excellence
- IV. Enhanced and Informed Governance and Leadership

FINANCIAL IMPLICATIONS

No impact to the budget.