



Board of Trustees Budget Committee (BBC)

SBCCD Board Room, 114 S. Del Rosa Drive, San Bernardino CA 92408

Meeting Minutes

June 8, 2017

Members Present – Donna Ferracone, Joseph Williams

Members Absent – Gloria Macías Harrison

Staff Present – Bruce Baron, Diana Rodriguez, Jose Torres, Larry Strong, Mike Strong, Scott Stark

Guests Present – Mark McAndrew, Luke Bartak, Robert Morris of Greystone Consulting

I. Welcome & Introductions

Donna called the meeting to order at 10:03 a.m. No introductions were necessary.

II. Public Comment

There were no comments from the public.

III. Approval of Minutes

Jose made a motion to approve the minutes of May 11, 2017, which Scott seconded. The motion was approved by the following vote.

Ayes: Donna, Scott, Mike, Larry, Jose
Noes: None
Abstentions: None
Absent: Gloria, Joseph

IV. Current Topics

A. Investment Strategy Presentation

Jose introduced the consultants from Graystone. He advised that their presentation – which had been developed at no cost to the District – is in response to discussions at previous BBC meetings.

Mark McAndrew, Luke Bartak, and Robert Morris addressed the committee. They distributed an Asset Allocation and Distribution Policy Study. Mr. McAndrew advised that Graystone, which is the institutional consulting arm of Morgan Stanley, has been working with successful FCC Auction participants around the country, including universities and colleges.

Mr. Morris reviewed with the committee the process on page 5 regarding establishment of endowments and foundations. He mentioned that an Investment Policy Statement is the document which governs mission and liquidity parameters. He advised that today they would

Kelly Goodrich, Recorder

focus on step 3 commenting that the most critical thing to get right is the asset allocation strategy. He advised that SBCCD's current investment policy can be likened to the ultra-short fixed income type security on page 9 which has a best-case rate of return scenario for 2017 of 2.0%.

Jose commented that 5% growth is not possible with SBCCD's current investment strategy. Bruce clarified that going outside of the current policy would require going outside the District's organizational structure. BBC members were advised that an independent foundation can have a flexible investment policy; for example, there could be a 'booster community foundation' that benefits multiple entities.

Joseph arrived at 10:25 a.m.

Page 13 was discussed in depth. An entity's mission should define its asset allocation. Probability of Success is defined as maintaining return while retaining the principal, which is adjusted for inflation. An investment policy statement is necessary to guard against personnel changes and will have parameters for distribution.

A foundation would need to be independent, however, it should protect the assets of the District. Jose commented that this presentation was for educational purposes only. He mentioned the necessity for tax experts and tax attorneys. When the presentation concluded, a sample investment policy statement was distributed and Donna requested that the document be forwarded to all the trustees.

Bruce left at 11:30 a.m.

B. FCC Auction Proceeds Strategic Financial Plan

The DBC recommendation 2017-07 on guiding principles was reviewed. Jose clarified that the one-time guiding principles are for the initial monies to be expended. Reference was made to KVCR's April 27, 2017 presentation to the board proposing a budget of approximately \$26 million in order to grow and sustain itself.

Committee members discussed a reluctance to invest \$26 million without a clear directive from the Board of Trustees as to what role KVCR will take on. Is it to be a self-sustained entertainment station or a media lab for students? Will KVCR be used to generate FTES? Diana commented that faculty develop curriculum for programs, and this does not happen overnight. Mike and Diana advised that a media program is not currently on the list for the academic senates.

Scott voiced concern with the broad language in principle 3. What constitutes current broadcast standards versus platinum standards? The BBC will continue its development of guiding principles and hopes to send it to the September Board of Trustees meeting.

Mike left the meeting at noon; Scott left at 12:15 p.m. In the interest of time, no other agenda topics were discussed.

VII. Adjournment

The next meeting is scheduled for July 13. Joseph requested that the minutes of May 11 be brought back to the July 13 meeting so that the following change to the fourth bullet on page 3 could be considered:

- Joseph voiced his concern about **the level of technical assistance ~~District support~~** for CHC. Donna commented that Jose and Mike have been working closely together. Jose has requested CHC develop a plan for the future that SBCCD can support. Mike is working with the CHC Budget Committee and campus collegial groups to develop that plan.

The meeting adjourned at 12:20 p.m.