



## Board of Trustees Finance Committee (BFC)

SBCCD Boardroom Extension, 550 E. Hospitality Lane, Suite 200, San Bernardino CA

### Meeting Minutes – November 14, 2019, 2:00 pm

**Members Present** – Gloria Macías Harrison, Chair; Anne Viricel; Don Singer

**Members Absent** – None

**Additional Trustees Present** – Frank Reyes, Stephanie Houston

**Staff Present** – Diana Rodriguez, Kevin Horan, Jose Torres, Scott Stark, Mike Strong, Larry Strong,

**Guests** – Maureen Toal of the Public Agency Retirement System (PARS); Brian Binkley of Vanguard (via phone); Ivory Li of Piper Jaffray

#### I. **WELCOME & INTRODUCTIONS**

Trustee Harrison called the meeting to order at 2:00 pm.

#### II. **PUBLIC COMMENT**

There were no public comments.

#### III. **APPROVAL OF MINUTES FROM OCTOBER 10, 2019**

Trustee Viricel made a motion to approve the minutes of October 10, 2019, which Trustee Harrison seconded. The minutes were approved by the following vote.

Ayes:	Harrison, Viricel
Noes:	None
Abstentions:	None
Absent:	Singer (arrived after vote)

#### IV. **CURRENT TOPICS**

##### A. **PARS Pension Rate Stabilization Trust Investment Review** (Maureen Toal, PARS)

Maureen Toal from PARS was in attendance, and Vanguard Investment Manager Brian Binkley joined by phone. Ms. Toal shared some program background including information on the program's sponsor, the Community College League of California (CCLC). The Trustee and Custodian of the Funds is US Bank, and the investment manager is Vanguard. PARS' focus is public sector trust for retirements. The District maintains authority over the trust. Currently, SBCCD is using a conservative plan. Trustee Harrison commented that it is important that the Board monitor the investments on a regular basis and evaluate whether or not they want to continue with the conservative investment plan.

*Erika Menge, Recorder*

Trustee Reyes commented that he would like to know about PARS' competitors, specifically if there is another company that can yield a higher rate of return. There was discussion about the program sponsor, the CCLC, and the benefits associated with that partnership. SBCCD is charged a lower administrative rate because the fees are based off the total investments of everyone in the partnership. Executive Vice Chancellor Torres shared that SBCCD has had funds invested with Keenan which have not performed as well as the funds invested with PARS.

Mr. Binkley from Vanguard commented on the very diversified portfolio and confirmed that due to the CCLC sponsorship, their advisory fee is only 3 basis points. Typically, fees are much higher. Committee members reviewed pages 18 and 21 of the meeting materials.

Committee members expressed a desire for twice yearly updates, with one written and one in person.

#### **B. Measure CC Bond Issuance (Ivory Li, Piper Jaffray)**

Piper Jaffray's Ivory Li presented an overview of Measures P, M, and CC. She discussed the refinancing/refunding of the bonds, and commented on how SBCCD has saved the taxpayers a total of \$32,957,788 through prior financings.

For Measure CC, taxes were levied at 4.7%. There will be \$200 million in tax-exempt Series A bonds, which will have a five-year reasonable expectation to spend 10% in year one, 30% by year two, and 85% within five years. There will also be \$100 million in Series A1 taxable bonds, which do not have a time restriction. It was shared with the committee that SBCCD's bond rating was upgraded to AA1 as a result of the way the Board invested the FCC Auction Proceeds. The upgrade will create more demand and competition when during the sale of the bonds.

#### **C. FCC Auction Proceeds Guiding Principles**

Committee members discussed the draft Board agenda item for December, "Review and Reaffirm Guiding Principles for the FCC Auction Proceeds". Trustee Viricel made a motion to take this to the Board as written. This was seconded by Trustee Singer. It was recalled for Trustee Houston that the Guiding Principles were established by the District Budget Committee to guide the use of the \$157 million in FCC Auction Proceeds, and were reviewed and reaffirmed in December of 2018. The Board wanted to protect the principle as much as possible and to invest as much as possible. SBVC Vice President Stark stated that considerable collegial consultation went into each line of the principles, and that the process had been very transparent.

There was discussion among the Trustees about the December 19 study session on KVCR. Trustee Houston had been tasked at the previous study session with working with Richard Galope to ensure that the necessary data is presented in a way that easily understandable by the Board. Executive Vice Chancellor Torres and Trustee Houston will review the report prior to the study session.

Trustee Viricel repeated her motion to approve the Guiding Principles as presented for review by the full Board of Trustees and was again seconded by Trustee Singer. The motion was approved by the following vote.

Ayes: Harrison, Viricel, Singer  
Noes: None  
Abstentions: None  
Absent: None

**V. UPDATES (as necessary)**

**A. Enrollment**

Vice President Stark shared the enrollment update for SBVC based on the old funding formula. Trustee Singer tasked the college presidents to work with staff to increase productivity. President Rodriguez shared that Vice President Humble and Dr. Demitri have developed a scheduling tool to increase the productivity of faculty and room usage, and are very close to rolling it out districtwide.

It was mentioned that retention data for the Promise Program we will not be available until the end of the semester.

CHC Vice President Strong shared the current enrollment for CHC. FTES are beyond what was projected. He noted that productivity has increased.

Trustee Reyes shared that SBCCD staff is working to assemble a committee to put positive peer pressure on the State Chancellor.

**VII. ADJOURNMENT**

The meeting adjourned at 3:30 pm without discussion of any further topics. The next meeting is scheduled for December 12 at 2 pm in the Boardroom Extension.