



Board of Trustees Finance Committee (BFC)

Meeting Minutes – February 10, 2022, 2:00 p.m.

Members Present: Trustee Williams, Chair; Trustee Harrison; Trustee Houston

Members Absent: None

Other Board Members Present: Trustee Viricel

Staff Present:

- Chancellor Diana Rodriguez
- Executive Vice Chancellor Jose Torres
- President Kevin Horan and Interim President Scott Thayer
- Vice President of Administrative Service Mike Strong
- Director of Fiscal Services Larry Strong
- Director of Facilities Planning, Construction, and Emergency Management Farrah Farzaneh
- Research, Planning, and Institutional Effectiveness Christopher Crew

I. WELCOME & INTRODUCTIONS

Trustee Williams called the meeting to order at 2:00 p.m. This is his first meeting as chair. Everyone introduced themselves.

II. PUBLIC COMMENT

There were no public comments.

III. APPROVAL OF MINUTES FOR DECEMBER 10, 2021

Trustee Harrison made a motion to approve the minutes which was seconded by Trustee Williams. The motion was approved by the following vote.

Ayes: Trustees Williams, Harrison

Noes: None

Abstentions: None

Absent: Houston

IV. CURRENT TOPICS

A. BFC Review of Proposed Board Item to Revise Guiding Principles for FCC Auction Proceeds

Committee members reviewed the materials presented. Executive Vice Chancellor Torres went over the allocation of \$157 million in FCC Auction Proceeds. Trustee Williams asked about funds spent on the SBCCD Promise program. The funds shown on the FCC information graphic were used for implementation. The additional funds spent on this program, which ends this year, came from the commercial property investment proceeds. Staff will provide Trustee Williams with the total amount spent.

Trustee Houston arrived at 2:09 p.m. and joined the discussion. Trustee Harrison expressed her opinion that the language in principle 3, "...for years to come," should be revised.

There was a brief recap of the Board's past actions regarding investment of the FCC Auction Proceeds. When the proceeds were initially received, the Board thoroughly vetted three separate options. In light of the legal limitations imposed upon SBCCD as a community college district, the BOT decided to keep ownership of the funds rather than turn control over to a nonprofit organization. The Board further decided to invest in the PARS PRST, which allows higher risk/reward options.

It was further stated that the trust has made significant gains. Trustee Williams expressed that it would be worthwhile to have a future discussion with the current Board. Executive Vice Chancellor Torres will invite the PARS team to attend a future meeting to discuss different risk vehicles.

Trustee Harrison made a motion, which Trustee Houston seconded, to move submit the proposed agenda item to the full Board with the revised language reflected under guiding principle 3.

*3. Proceeds shall be invested in a manner that serves SBCCD. ~~for~~
~~years to come.~~*

The motion was approved by the following vote.

Ayes: Trustees Harrison, Houston, Viricel

Noes: None

Abstentions: None

Absent: None

V. UPDATES (*out of sequence*)

A. State Budget Update

Committee members listened to a presentation on the State budget from Mark MacDonald of MGI Advocacy.

Executive Vice Chancellor Torres confirmed for Trustee Viricel that COLA increases the FTES funding rate. Trustee Houston commented that COLA is not outpacing inflation or declining enrollment.

It was explained that a Total Compensation Revenue (TCR) based on a number of factors is calculated by the State for each district each year. They then add COLA adjustments based on the new rate. The hold harmless is only for holding a district to the previous year, plus COLA. If a district is losing enrollment, income will go down. The other protection being offered is the "Emergency Protection." SBCCD enrollment is down 27% and the District hasn't been in the funding formula because of the FTES decreases. SBCCD will have to choose between hold harmless and emergency protection.

Trustee Williams expressed a desire for info graphics that effectively illustrate this concept because the public may have difficulty understanding.

Executive Vice Chancellor Torres further explained that some legislators want to suspend hold harmless and try to reset the baseline by 2024-25. After that reset, any district that does not hit the new baseline will not get the COLA. SBCCD needs to increase enrollment.

California community colleges were given three years to implement the SCFF, which has caused widespread problems. Currently, there are only seven districts are following the SCFF. The funding formula will likely be the most important item this budget year.

IV. CURRENT TOPICS *(continued)*

B. BFC Review of Proposed Board Item to Establish PARS Investment Account for DSO Allotment

Committee members reviewed the proposed Board item regarding the movement of \$3 million in funds into a separate DSO account. Trustee Houston verified that these funds are intended to supplement the General Fund, as is indicated in the SBCCD Budget's multi-year forecast. Trustee Harrison made a motion to approve this item, which Trustee seconded for discussion purposes.

The committee discussed the proposal and the meeting materials. Staff was requested to produce a more simplified graphic to illustrate FCC auction proceeds transactions. In developing a format, consideration should be given to consistency, simplicity, history of transactions, and analysis that points out any anomalies. Chancellor Rodriguez acknowledged committee concerns and advised that staff will work to produce a report with at the next meeting.

Committee members discussed the reason why the account wasn't set up earlier. Executive Vice Chancellor Torres confirmed that the allocations were made at the time the Board approved them. The recommendation is being made at this time to move the funds into a separate account. The motion to move this proposed Board item to the full Board was approved with the following vote.

Ayes: Trustees Williams, Harrison

Noes: None

Abstentions: Houston

Absent: None

V. UPDATES *(continued)*

B. Enrollment

Enrollment is drastically low. We are not alone. Only 7 districts out of 73 are in the SCFF. A Board strategy session will take place on February 24 to discuss budget and enrollment.

C. Commercial Property Leasing

Director Farzaneh made a presentation on property vacancy.

D. Commercial Property Performance

Trustee Williams confirmed the forecast for income on the property is \$2 million per year. He asked about the other properties owned by SBCCD. Executive Vice Chancellor Torres advised that a Facilities needs assessment is currently underway for the Del Rosa, Highland, and 8th Street properties.

No other updates were discussed.

VI. FUTURE TOPICS

Trustee Suggestions

This item was not discussed.

VII. NEXT MEETING DATE & ADJOURNMENT

The meeting adjourned at approximately 3:33 p.m. The next meeting is scheduled for Thursday, March 10, at 2:00 p.m. on the SBVC campus.