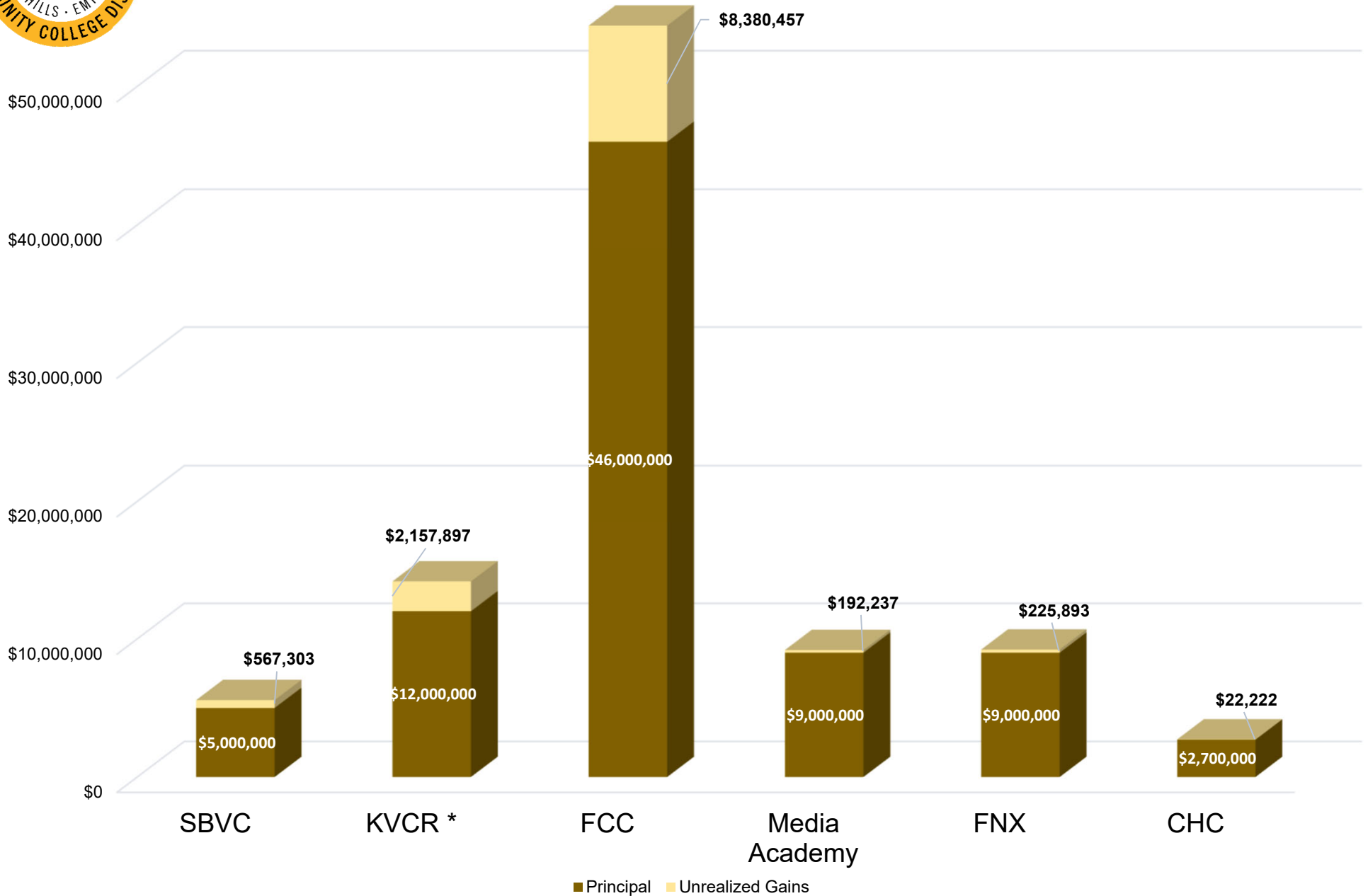




San Bernardino Community College District  
PARS Trust Investment Update  
November 30, 2019



\*KVCR transferred \$9 Million to FNX on August 2019 from their initial investment of \$21 million.

## **SAN BERNARDINO COMMUNITY COLLEGE DISTRICT**

**TO:** Board of Trustees  
**FROM:** Jose F. Torres, Interim Chancellor  
**REVIEWED BY:** Jose F. Torres, Interim Chancellor  
**PREPARED BY:** Lawrence P. Strong, Director of Fiscal Services  
**DATE:** February 13, 2020  
**SUBJECT:** Consideration of Approval to Establish Accounts for Board Approved Distribution of Proceeds from FCC Auction Investments

### **RECOMMENDATION**

It is recommended that the Board of Trustees direct staff to establish PARS Pension Rate Stabilization Trust (PRST) accounts to mirror existing accounts for the purpose of tracking and preserving proceeds identified for distribution.

### **OVERVIEW**

In July 2017 SBCCD received \$157 million in FCC Auction Proceeds in exchange for the transition of KVCR TV from UHF to VHF. Since that time, through its collegial processes, the District established Guiding Principles for the handling of these funds, and has taken steps to establish appropriate PRST investment accounts through the Public Agency Retirement Services system. Currently established accounts, which are managed with a conservative strategy, are shown on the [attached statement](#).

### **ANALYSIS**

In order to facilitate FCC Auction Proceeds Guiding Principles for Revenue Generated from Investments, staff is proposing the establishment of accounts that mirror the existing investments. Such accounts will serve as a holding vehicle for proceeds identified and Board approved for distribution. Investment strategy for the newly established accounts will be maintained at fixed-income, in order to preserve the proceeds for distribution.

### **INSTITUTIONAL VALUES**

III. Resource Management for Efficiency, Effectiveness and Excellence

### **FINANCIAL IMPLICATIONS**

It is anticipated that this investment will earn a more moderate return, while preserving and tracking FCC Auction proceeds identified and Board-approved for distribution.

## Guiding Principles for the FCC Auction Proceeds

[v.1.2.2020.p.1|1]

Board Affirmed December 13, 2018

### **Overarching**

1. Our students are our core mission and we will focus our resources on their success.
2. All FCC auction proceeds activity shall be transparent.

### **One-Time Expenditures**

3. SBCCD will use the proceeds as a one-time investment in KVCR for the mandatory transition costs from UHF to VHF over-the-air and current broadcast standards.
4. SBCCD will be reimbursed for all costs related to the FCC auction.
5. One-time fund proceeds should help KVCR reach financial sustainability within a specified, board-approved timeframe.
6. The district unrestricted general fund balance shall be restored to a range of 10-15%.
7. With the exception of items 3-6 above, one-time expenditures shall support the approved program review, and educational and facilities master plans.

### **Principal Investment**

8. Proceeds shall be invested in a manner that serves SBCCD for years to come.
9. Principal amount shall not be used as a resource for ongoing expenditures unless approved by the Board of Trustees.
10. Investments should include real estate and a diversified portfolio.

### **Revenue Generated from Investments**

11. Revenue generated from the investment of proceeds shall help SBCCD meet its strategic goals as established in the comprehensive master plan.
12. Annual revenue amount shall be subject to annual allocation and follow existing collegial consultation and established budget processes.

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT**  
**PARS Post-Employment Benefits Trust**

**Account Report for the Period**  
**11/1/2019 to 11/30/2019**

Jose Torres  
Executive Vice Chancellor  
San Bernardino Community College District  
550 E. Hospitality Lane  
San Bernardino, CA 92408

### Account Summary

Source	Beginning Balance as of 11/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 11/30/2019
PENSION - SBVC	\$5,514,566.34	\$0.00	\$53,383.81	\$647.58	\$0.00	\$0.00	\$5,567,302.57
PENSION - KVCR	\$14,023,786.34	\$0.00	\$135,757.40	\$1,646.83	\$0.00	\$0.00	\$14,157,896.91
PENSION - FCC	\$53,865,338.95	\$0.00	\$521,443.95	\$6,325.48	\$0.00	\$0.00	\$54,380,457.42
PENSION - MAE	\$9,105,163.64	\$0.00	\$88,142.63	\$1,069.23	\$0.00	\$0.00	\$9,192,237.04
PENSION - FNX	\$9,138,500.68	\$0.00	\$88,465.35	\$1,073.15	\$0.00	\$0.00	\$9,225,892.88
PENSION - CHC	\$0.00	\$2,700,000.00	\$22,221.98	\$0.00	\$0.00	\$0.00	\$2,722,221.98
<b>Totals</b>	<b>\$91,647,355.95</b>	<b>\$2,700,000.00</b>	<b>\$909,415.12</b>	<b>\$10,762.27</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$95,246,008.80</b>

### Investment Selection

Source	
PENSION	Vanguard Conservative Strategy

### Investment Objective

Source	
PENSION	The Conservative Portfolio invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking both current income and low to moderate capital appreciation.

### Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
PENSION - SBVC	0.97%	2.53%	11.88%	-	-	-	6/22/2018
PENSION - KVCR	0.97%	2.53%	11.88%	-	-	-	6/22/2018
PENSION - FCC	0.97%	2.53%	11.88%	-	-	-	6/22/2018
PENSION - MAE	0.97%	2.47%	-	-	-	-	9/23/2019
PENSION - FNX	0.97%	2.53%	-	-	-	-	8/31/2019
PENSION - CHC	0.82%	-	-	-	-	-	11/1/2019

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.  
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.  
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees