

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO: Board of Trustees
FROM: Bruce Baron, Chancellor
REVIEWED BY: Jose F. Torres, Vice Chancellor, Business & Fiscal Services
PREPARED BY: Jose F. Torres, Vice Chancellor, Business & Fiscal Services
DATE: March 22, 2018
SUBJECT: Consideration of Approval to Accept Proposed Allotment of \$57 Million of FCC Auction Proceeds for First Read

RECOMMENDATION

It is recommended that the Board of Trustees approve the proposed allotment of \$57 million in FCC proceeds for first read as indicated on the attached.

OVERVIEW

In July 2017 SBCCD received \$157 million in FCC auction proceeds in exchange for the transition of KVCR TV from UHF to VHF. On September 14 the Board approved Guiding Principles for these proceeds. At its December 14, 2017 meeting the Board of Trustees approved staff to proceed with the investment of \$100 million as follow:

- \$20 million into Option 2-Pension Rate Stabilization Trust (PARS); and
- \$80 million to be held in Option 1-County Treasury pending research and development of final investment in Option 4-Donor Sponsored Supporting Organization (DSSO).

After analysis and deliberation by several collegial bodies throughout SBCCD – including the District Budget Committee, both Academic Senates, the CTE ad-hoc Board of Trustees Committee, and the Board of Trustees Budget Committee – the attached, proposed allotment of the remaining \$57 million in FCC auction proceeds is being submitted to the Board of Trustees for a first read.

ANALYSIS

The attached proposal is in line with the Board-approved Guiding Principles for FCC Auction Proceeds. It is anticipated that this item will be brought back for second read and final approval at the April 12, 2018 Board of Trustees meeting.

BOARD IMPERATIVE

III. Resource Management for Efficiency, Effectiveness, and Excellence

FINANCIAL IMPLICATIONS

This board item is being presented for first read only and has no financial implications.

Proposal for Allotment of \$57 Million in FCC Auction Proceeds

Guiding Principles

1	KVCR		
2	Mandated Transition & Modernization	\$ 16,000,000	2,3,8,9
3	Operations Deficit for Three Years (2017-18, 2018-19, 2019-20)	5,000,000	2,5,9
4	Media Academy Start Up	2,000,000	1,2,8,9
5	KVCR Endowment	21,000,000	1,2,5,8,9,10
6	TOTAL KVCR	\$ 44,000,000	
7	COLLEGES		
8	SBVC (69.71%)†	\$ 6,971,000	
9	CHC (30.29%)†	3,029,000	
10	TOTAL COLLEGES*	\$ 10,000,000	1,2,7,9
11	DISTRICT SUPPORT SERVICES	\$ 1,000,000	1,2,7,9
12	ESTIMATED AUCTION EXPENSE REIMBURSEMENT TO GENERAL FUND	\$ 2,000,000	1,2,4,6,9
13	TOTAL ALLOCATION PROPOSED	\$ 57,000,000	

†Percentage distribution based on Resource Allocation Model (www.sbccd.org/bfs/2017-18budget, page 8) and proposed by District Budget Committee.

*Colleges also received \$20 million in early 2018 as an investment in the Pension Rate Stabilization Trust (STRS/PERS) per FCC Guiding Principles 1,2,6,8,9,10,11, and 12.

Guiding Principles for the FCC Auction Proceeds Strategic Financial Plan

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 12-15%.
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.