



Board of Trustees Budget Committee (BBC)
SBCCD Board Room, 114 S. Del Rosa Drive, San Bernardino CA 92408

Meeting Minutes – June 21, 2018

Members Present – Gloria Macías Harrison and Donna Ferracone

Members Absent – Joseph Williams

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

I. Welcome & Introductions

Gloria called the meeting to order at 10:00 a.m. She introduced herself and Donna, and advised that Joseph would not be in attendance.

II. Public Comment

There were no public comments.

III. Approval of Minutes

Donna made a motion to approve the minutes of May 10, 2018, which Gloria seconded. There was no discussion and the motion was approved by the following vote.

Ayes: Gloria, Donna
Noes: None
Abstentions: None
Absent: Joseph

IV. Current Topics

A. Authority to Purchase Office Buildings

Gloria turned the meeting over to Jose, who introduced the individuals present that would be speaking about this topic. In attendance from the real estate firm CBRE were Sammy Cemo and Anthony DeLorenzo. From the law firm of Atkinson, Andelson, Lloya, Ruud and Romo (AALRR) were Constance Schwindt and Andreas Chialtas.

Discussion materials were distributed which included a space needs analysis. Jose advised that SBCCD is currently paying about \$200,000 per year for space at two different locations. District office employees are having to share their office and double up at workstations. Another important factor is that TESS's current lease is nearly up and the landlord has refused to negotiate a new lease for less than three years.

Anthony from CBRE distributed an occupancy analysis and spoke to the BBC about various purchase/lease scenarios. Donna questioned how SBCCD could ensure it will be able to rent out vacant space. CBRE advised that SBCCD could drop its rents and be the lowest cost alternative in the market. Gloria observed that there are currently big, empty buildings in this area and voiced concern about the future, given that the West side, once popular, is now struggling. Jose commented that SBCCD would perform its due diligence on these issues.

Kelly Goodrich, Recorder

Anthony advised that commercial rents in the Inland Empire as a whole have started going up over the last four years. It was confirmed that SBCCD would not manage the property.

Andreas from AALRR spoke to committee members. His firm would play the role of assisting SBCCD in getting things done. He advised his opinion that SBCCD staff has already done a great deal of planning. Although purchasing a building is relatively easy, there are some legal hoops for leasing. SBCCD would need to be aware that when a tenant leaves, Ed Code requires a specific process be followed when leasing space. This process mandates a bid auction in which the District must accept the highest bid. AALRR, however, have had a fair amount of experience in obtaining waivers from the chancellor's office. SBCCD may want to go through a waiver process collectively. Andreas thinks we have more than enough rationale to get the waiver.

Constance spoke about SBCCD BP 6320 on investments. She found no prohibition on the purchase of real estate and advised it would be easy to satisfy the BP and the government code. She still felt, however, that a resolution should be adopted that identifies the uses of the building purchase being contemplated by the District. The resolution is a way to "show the work".

Donna thanked everyone for their presentations. She then moved, and Gloria seconded, to request that the Chancellor arrange a study session to discuss SBCCD's purchase of an office building as an investor. Jose advised that he will work with the Chancellor to do this. Jose advised CBRE to prepare materials for such a study session based on a 20-year projection.

Committee members took a five-minute break.

B. KVCR Financials

Jose confirmed that the KVCR financial reports are being brought forth for information and feedback. Gloria asked about the Temporary Loan item. Jose clarified that KVCR sometimes encounters cash flow issues between fundraisers, at which time SBCCD meets those needs with the board-approved interfund borrowing mechanism.

C. Centralization of Services

Gloria commented that she had been pleasantly surprised by the recent high ranking received by SBCCD police in the District Climate Survey and recalled the great opposition to having the department centralized. She stated the importance of continuing to remind ourselves that we are one district. She asked which District services could be centralized next. Jose mentioned that one recommendation being formulated for Chancellor's Cabinet is the centralization of IT to improve consistency and service. This is based on the results of a recent internal audit study. Although TESS is centralized, the colleges have each retained their own piece. He advised that District Support Services has not recently reviewed the centralization of custodial or facilities. Centralization is an ongoing discussion.

D. Committee Self-Evaluation

Jose advised that the self-evaluation is a tool favored by accreditation and helpful to the District. Donna asked that the survey be administered electronically via Survey Monkey. Jose will facilitate this and asked if BBC members could please respond by July 11 in order to present the results on July 12.

V. Updates (as necessary)

No updates were discussed.

VI. Future Topics

No future topics were discussed.

VII. Adjournment

The meeting adjourned at 12:07 p.m. The next meeting is scheduled for July 12, 2018 at 10:00 am.