

*RIVERSIDE COMMUNITY COLLEGE DISTRICT*  
***District Budget Advisory Council Meeting***

Thursday, November 17, 2022

[Zoom Conference Link](#)

Phone: 1 (669) 444-9171 Meeting ID: 879 3339 0137  
2:00 p.m. - 4:00 p.m.

**AGENDA**

- I. Welcome and Call to Order
- II. Approval of Meeting Minutes
  - October 21, 2022
- III. District Budget Update
  - Board Policy 5200 Budget Preparation and Reserves
    - 1. ECA – Reserve Requirement
  - Solar Project Financing Update
- IV. Other
  - Unique Program Allocation Update
  - District Office Allocation Methodology
- V. Future Meetings
  - Future Meeting (Zoom)
    - Friday, December 9, 2022
    - Friday, January 20, 2023
    - Friday, February 24, 2023
    - Friday, March 17, 2023
    - Friday, April 21, 2023
    - Friday, May 19, 2023
    - Thursday, June 15, 2023

*RIVERSIDE COMMUNITY COLLEGE DISTRICT*  
*District Budget Advisory Council Meeting*

Friday, October 21, 2022  
9:00 a.m. – 11:00 a.m.

MEETING MINUTES

MEMBERS PRESENT

Aaron S. Brown	(District)
Misty Griffin	(District)
Mark Sellick	(Riverside City College)
Jennifer Bielman	(Riverside City College)
Kristine DiMemmo	(Riverside City College)
Majd Askar	(Moreno Valley College)
Felipe Galicia	(Moreno Valley College)
Michael Collins	(Norco College)
Esmeralda Abejar	(Norco College)
Courtney Buchanan	(Norco College)
Leona Crawford	(Norco College / Proxy for Paula Barrera)
M. Romero-Tang	(ASRCCD Representative)
Gloria Aguilar	(Recorder)

MEMBERS NOT PRESENT

Cyndi Gundersen	(District)
Edd Williams	(Moreno Valley College)
Liz Tatum	(Riverside City College)
Asatar Bair	(Riverside City College)
Paula Barrera	(Norco College)

GUESTS

Chet Wang	Managing Director, Keygent, LLC
Ivory Li	Managing Director, Piper Sandler

- I. CALLED TO ORDER:
  - a. By Aaron Brown
  
- II. APPROVAL OF MINUTES:
  - a. Once a quorum was achieved, DiMemmo moved and Buchanan seconded approval of the minutes for September 22, 2022. Crawford, and Askar abstained.
  
- III. DISTRICT BUDGET UPDATE:
  - a. Emergency Conditions Allowance (ECA) – Reserve Requirement

- i. Modified the timeframe from the previous draft as the Chancellor's Office is allowing for additional implementation time, a total of four years.
- b. Brown shared a spreadsheet to review the example of the funding formula methodology for the required reserves.
- c. The spreadsheet contained the actual expenditures of Resource 1000 for 12-months to obtain the 12-month average, then applied the formula to attain the 2-month expenditure required reserve amount.
- d. Will have General Counsel review the document to prepare for final language and begin the process of review and approval through appropriate bodies.

IV. OTHER:

- a. Solar Project Financing Update (Presentation)
  - i. Guests Wang and Li presented the district's perspective solar financing for the district solar project.
  - ii. The presentation covered an overview and explanation of the Certificates of Participation (COPs). Reviewed the current interest rate environment and the potential market status.
  - iii. Explained the district's current high-grade credit rating and expectation of the rating not to change when the report is received.
  - iv. Shared illustrative scenarios of future savings.
  - v. Discussed next steps in moving forward with the presentation of COPs to the Chancellor's Cabinet meeting and Board meeting in the month of November to final signatures and closing.
  - vi. Questions:
  - vii. Askar asked for clarification if the COPs investors will be non-profit. Wang explained the lease will be through a non-profit corporation, and the investors will be for-profit.
  - viii. Askar inquired to clarify the interest rate. The rate used today is 5.4%, and will change when we close.
  - ix. Askar inquired if the projection of payments and savings are in year three due to the first two years will be planning and building the solar project. This was verified as correct understanding.
  - x. Crawford inquired if they anticipate the interest rate to increase and be significantly different of what is being proposed and what is locked in? Yes, expecting a difference and hopefully not too big, potentially 5.9%.
  - xi. The ASRCCD Representative inquired if the selling bonds at par, discount or premium? It was stated the bonds will be premium.
- b. Down Payment Recommendations
  - i. Griffin shared a spreadsheet and went over the down payment recommendation options. This was discussed and compiled between the Vice Presidents of Business Service from the colleges, Hussain Agah the Associate Vice Chancellor of Facilities Planning & Development, and Griffin. The plan is to buy down the lease agreement by \$12 million dollars, for a total finance cost of \$20 million.

- ii. Requests to consider are utilizing the Physical Plant Infrastructure (PPI) funds, savings, and implementing the Budget Allocation Model for per location financial split.
  - iii. Crawford inquired if the solar company would provide a warranty covering repairs, staff for maintenance, and concerns regarding the project after the warranty expires. Brown said the company will be responsible for the production, guarantee output, repairs, etc. for the entirety of the project. It was realized the district did not want to be responsible for this, and this route has a cost, and it is built into the total overall cost of the project.
  - iv. Galicia inquired the kilowatts, equipment, need, etc. per college to review and compare the financial contribution per college for the project. Brown will have Agah compile information to share and distribute to the group, past information and presentations regarding this area of the project. If needed this can bring this back to a future meeting for further discussion.
  - v. Majd inquired the amount stated by Wang of \$700k-\$900k is this amount net savings. Brown verified it is a net savings.
  - vi. Brown said further discussion, and recommendations will be at the next meeting.
- c. Unique Program Allocation Update
- i. A recent meeting with Educational Services occurred to go over information, and data gathering to share for analyzing and bring back to the taskforce for review and to keep moving forward.

V. FUTURE MEETINGS

- a. Friday, November 18, 2022

- MEETING ADJOURNED:

**BP 5200 BUDGET -PREPARATION AND RESERVES**

**References:**

Education Code Section 70902(b)(5);  
Title 5 Sections 58300 et seq.;  
The California Community Colleges Budget and Accounting Manual  
ACCJC Accreditation Standard III.D

Each year, the Chancellor shall present to the Board of Trustees a budget, prepared in accordance with all applicable laws and regulations. The schedule for presentation and review of budget proposals shall comply with state~~State~~ law and regulations, and provide adequate time for Board of Trustees review.

The District shall employ the concept of a fund balance target in the annual budget development process. The fund balance target concept shall apply to the Unrestricted General Operating Fund (Resource 1000)~~budget~~ and shall ~~equate~~~~be equal~~ to a minimum of ~~two months~~~~5.0 percent~~ of total general operating~~the sum of the projected beginning~~ fund regular ongoing expenditures measured as follows:~~balance for a particular fiscal year and the estimated revenues for that year. The fund balance target amount shall be the first item funded in the budget for any fiscal year. This fund balance target concept may also be extended to other funds of the District when and where applicable~~

- 1) The monthly average of total Resource 1000 expenditures from the prior fiscal year, exclusive of one-time expenditures, times two.
- 2) This policy will be implemented ratably over a four year period with the first year of implementation being FY 2023-2024, based on the calculation each year and culminating in full implementation by FY 2026-27.

The fund balance target amount shall be the first item funded in the budget for any fiscal year and will also be extended to other District Funds/Resources when and where applicable.

Budget preparation shall meet the following criteria:

- The annual budget shall support the District's strategic and educational plans;
- Assumptions upon which the budget is based shall be presented to the Board of Trustees for review; and
- A schedule shall be provided to the Board of Trustees each year that includes dates for presentation of the tentative budget, required public hearing(s), Board review, and approval of the final budget. At the public

hearings, interested persons may appear and address the Board of Trustees regarding the proposed budget or any item in the proposed budget.

- Changes in the assumptions upon which the budget was based shall be reported to the Board of Trustees in a timely manner.
- Budget projections address long-term goals and commitments.

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Date Approved: May 15 2007

Revised: November 25, 2014 (references only)

(Replaces Policy 7080)

Formerly: 6200

## Example Contingency/Reserve Calculation

### FY 21/22 Resource 1000 Actual Expenditures by Month

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
Total Actual Expenditures	13,084,450	14,739,175	14,853,837	19,837,177	19,219,516	21,151,393	17,032,575	21,535,988	21,174,645	14,708,156	19,559,471	38,273,783	235,170,166
Remove Specific SPP Expenses	37,788	38,146	49,173	94,505	304,909	78,712	125,627	306,890	352,703	190,862	131,493	430,397	2,141,203
Remove Capital Expenses	3,819	190,006	38,120	71,195	220,961	113,940	100,358	69,125	218,112	105,505	400,437	94,857	1,626,434
<b>Total Ongoing Expenditures</b>	<b>13,042,843</b>	<b>14,511,023</b>	<b>14,766,544</b>	<b>19,671,477</b>	<b>18,693,646</b>	<b>20,958,741</b>	<b>16,806,591</b>	<b>21,159,974</b>	<b>20,603,830</b>	<b>14,411,790</b>	<b>19,027,542</b>	<b>37,748,529</b>	<b>231,402,529</b>

**12 Month Average 19,283,544**

12 Month Average of Expenditures	19,283,544
Number of Months	<u>2</u>
New Reserve Level	38,567,088
FY 22-23 Budget Contingency Balance	<u>(15,949,824)</u>
Additional Reserve Over Four Years	22,617,264
Number of Years	<u>4</u>
Additional Reserve Balance - Year 1	<u>5,654,316</u>
Estimated Reserve Balance - Year 1	<u>21,604,140</u>

**Riverside Community College District**  
**Illustrative Certificates of Participation Scenarios**

Scenario	\$25 Million - Current Rates		\$22 Million - Current Rates	
All-In Cost (1)	5.32%		5.33%	
<b>Sources &amp; Uses</b>				
Par	\$24,845,000		\$21,890,000	
Premium	472,913		418,084	
<b>Total Sources</b>	<b>\$25,317,913</b>		<b>\$22,308,084</b>	
Project Fund	\$25,000,000		\$22,000,000	
Issuance Costs	317,913		308,084	
<b>Total Uses</b>	<b>\$25,317,913</b>		<b>\$22,308,084</b>	
Nominal Savings	<b>\$9,013,414</b>		<b>\$12,852,550</b>	
District Contribution Savings	<b>(\$12,000,000)</b>		<b>(\$12,000,000)</b>	
	<b>(\$2,986,586)</b>		<b>\$852,550</b>	
PV Savings	<b>\$3,570,869</b>		<b>\$5,558,835</b>	
District Contribution Savings	<b>(\$12,000,000)</b>		<b>(\$12,000,000)</b>	
	<b>(\$8,429,131)</b>		<b>(\$6,441,165)</b>	

Date	Principal		Debt Service		Solar Savings		Net Savings		PV Savings			
6/1/2023	\$ -	\$ 614,009	\$ 614,009	\$ -	\$ (614,009)	\$ (599,421)	\$ -	\$ 540,854	\$ 540,854	\$ -	\$ (527,988)	
6/1/2024	-	1,323,613	1,323,613	-	(1,323,613)	(1,226,895)	-	1,165,913	1,165,913	-	(1,080,613)	
6/1/2025	650,000	1,323,613	1,973,613	2,418,002	444,389	391,110	650,000	1,165,913	1,815,913	2,353,509	537,597	473,065
6/1/2026	335,000	1,291,113	1,626,113	2,003,283	377,170	315,183	295,000	1,133,413	1,428,413	1,937,571	509,158	425,380
6/1/2027	380,000	1,274,363	1,654,363	2,037,662	383,300	304,125	330,000	1,118,663	1,448,663	1,970,708	522,046	414,089
6/1/2028	425,000	1,255,363	1,680,363	2,072,683	392,320	295,559	375,000	1,102,163	1,477,163	2,004,463	527,301	397,104
6/1/2029	475,000	1,234,113	1,709,113	2,108,356	399,243	285,581	420,000	1,083,413	1,503,413	2,038,848	535,435	382,836
6/1/2030	530,000	1,210,363	1,740,363	2,144,694	404,331	274,611	465,000	1,062,413	1,527,413	2,073,873	546,461	370,958
6/1/2031	495,000	1,183,863	1,678,863	2,069,592	390,729	251,969	435,000	1,039,163	1,474,163	1,997,434	523,272	337,251
6/1/2032	550,000	1,159,113	1,709,113	2,107,297	398,185	243,806	480,000	1,017,413	1,497,413	2,033,778	536,365	328,207
6/1/2033	610,000	1,131,613	1,741,613	2,145,706	404,093	234,926	535,000	993,413	1,528,413	2,070,800	542,387	315,106
6/1/2034	670,000	1,099,588	1,769,588	2,184,831	415,244	229,214	590,000	965,325	1,555,325	2,108,512	553,187	305,126
6/1/2035	740,000	1,064,413	1,804,413	2,224,686	420,273	220,272	650,000	934,350	1,584,350	2,146,928	562,578	294,612
6/1/2036	810,000	1,025,563	1,835,563	2,265,285	429,722	213,847	710,000	900,225	1,610,225	2,186,061	575,836	286,304
6/1/2037	885,000	983,038	1,868,038	2,306,641	438,603	207,242	780,000	862,950	1,642,950	2,225,925	582,975	275,193
6/1/2038	970,000	936,575	1,906,575	2,348,768	442,193	198,384	850,000	822,000	1,672,000	2,266,532	594,532	266,455
6/1/2039	1,055,000	885,650	1,940,650	2,391,682	451,032	192,128	925,000	777,375	1,702,375	2,307,898	605,523	257,655
6/1/2040	1,145,000	830,263	1,975,263	2,435,397	460,135	186,105	1,005,000	728,813	1,733,813	2,350,036	616,223	248,947
6/1/2041	1,240,000	770,150	2,010,150	2,479,929	469,779	180,408	1,090,000	676,050	1,766,050	2,392,961	626,911	240,456
6/1/2042	1,340,000	705,050	2,045,050	2,525,291	480,241	175,110	1,180,000	618,825	1,798,825	2,436,687	637,862	232,283
6/1/2043	1,450,000	634,700	2,084,700	2,571,501	486,801	168,536	1,270,000	556,875	1,826,875	2,481,231	654,356	226,237
6/1/2044	1,520,000	554,950	2,074,950	2,560,583	485,633	159,639	1,335,000	487,025	1,822,025	2,468,617	646,592	212,246
6/1/2045	1,465,000	471,350	1,936,350	2,391,576	455,226	142,084	1,285,000	413,600	1,698,600	2,297,881	599,281	186,767
6/1/2046	1,580,000	390,775	1,970,775	2,438,140	467,365	138,505	1,385,000	342,925	1,727,925	2,342,685	614,760	181,902
6/1/2047	1,705,000	303,875	2,008,875	2,485,605	476,730	134,143	1,495,000	266,750	1,761,750	2,388,358	626,608	176,030
6/1/2048	1,840,000	210,100	2,050,100	2,533,989	483,889	129,280	1,615,000	184,525	1,799,525	2,434,917	635,392	169,470
6/1/2049	1,980,000	108,900	2,088,900	2,583,309	494,409	125,418	1,740,000	95,700	1,835,700	2,482,378	646,678	163,757
<b>Total</b>	<b>\$ 24,845,000</b>	<b>\$ 23,976,072</b>	<b>\$ 48,821,072</b>	<b>\$ 57,834,486</b>	<b>\$ 9,013,414</b>	<b>\$ 3,570,869</b>	<b>\$ 21,890,000</b>	<b>\$ 21,056,041</b>	<b>\$ 42,946,041</b>	<b>\$ 55,798,592</b>	<b>\$ 12,852,550</b>	<b>\$ 5,558,835</b>

<sup>(1)</sup> Represents the all-inclusive interest rate including all costs. Assumes interest rates for an 'Aa3' underlying rating as provided by Piper Sandler on November 10, 2022. Subject to market fluctuations.