

**SUMMARIZATION OF THE NOVEMBER 6, 2007  
FINANCE COMMITTEE MINUTES**

**2.1.1 TREASURY UPDATE**

**Monthly cash flow and investment status report:** Included in the Finance Committee board binder are the following quarterly reports: (1) the Summary of Investments; (2) the Detailed List of Investments; and the (3) List of Bank Accounts.

Also, the District's Treasurer prepared the FY 2008 Monthly Cash Flow Report with actual results through September 2007 for today's meeting. This report covers the District's operating cash and investment fund receipts, disbursements, and balances. Total projected receipts for Fiscal Year 2008 were up approximately \$400,000 due to revised interest earnings assumption. Expense projections are up by \$1.6 million from last month's projections due to payments made for capital projects.

Total cash balances at the end of September were \$147.3 million, down \$16.1 million from August's \$163.4 million balance and above the District's minimum balance goal of \$83 million. Total Operating fund balances, including restricted and medium to long term investments total \$204.6 million.

**Table 1. District Operating Funds as of September 2007 (Dollars in Millions)**

<u>Duration</u>	<u>Beginning Balance</u>	<u>In Flow</u>	<u>Out Flow</u>	<u>In/Out Invest.</u>	<u>End Balance</u>
Cash	\$ 10.3	\$ 8.4	\$ 24.3	\$16.3	\$ 10.7
State Treasurer	<u>153.1</u>	<u>12.6</u>	<u>29.0</u>	<u>( 0.1)</u>	<u>136.6</u>
Subtotal Cash	\$163.4	\$ 21.0	\$ 53.3	\$16.2	\$147.3
Restricted	0.9	.0	-0-	-0-	.9
Medium-Long	<u>56.2</u>	<u>.2</u>	<u>-0-</u>	<u>-0-</u>	<u>56.4</u>
Total Operating	\$220.5	\$ 21.2	\$ 53.3	\$16.2	\$204.6

Also reported is the first monthly Public Financial Management, Inc (PFM) commentary as of the end of October 2007 detailing portfolio performance trend.

- PFM Duration. The PFM Group reports that medium to long term investment duration at the end of October 2007 was up to .73 years from prior months .16 years.
- PFM Returns. The PFM Group's October return was .501% compared to the WPG portfolio's September 2007 investment returns, net of fees, is .38%.
- Illinois Fund Returns. The District's end of October 2007 invested cash position of \$136.6 million is primarily invested in two Illinois Fund accounts. The MMF balance of \$12 million at the end of September 2007 return was .39% net of fees. The Prime Fund Portfolio balance \$124 million and duration is about 30 days .419% net of fees.
- Investment Services. The PFM team presented at the November Board meeting.

Finance Committee Meeting – November 6, 2007 – continued

- Proposed Investment Policy Changes were included in the Board packet for the Board of Trustees review. The changes will be recommended for approval at the December meeting.

## 2.1.2 BUDGET/FINANCE UPDATE

**Capital Projects Funding Status** – First, the new Student Services Center and Parking Structure project at Truman College is expected to cost approximately \$55 million. The Finance Office met with City CFO Paul Volpe to secure \$10 million in Wilson Yard TIF funds for this project.

Secondly, with regard to the new Kennedy-King College Campus, there has been no progress to date on receiving the \$15 million in funds from the State. Other capital projects will be delayed or cancelled.

Thirdly, the Chancellor requested a search for additional adult education training sites throughout the City's North side. The Finance Office has identified several options for Wright College and Truman College.

**PeopleSoft Financial System Upgrade** - The Finance Office is working closely with OIT to insure a smooth and successful upgrade to PeopleSoft 8.9. Testing and training are underway for the November 19, 2007 go live date.

## AUDIT STATUS

### External audit status:

- The FY2007 audit is well underway. The readiness review was completed two weeks ago, which was well ahead of last year. Internal control review interviews with presidents and ODs are in process. We have received excellent cooperation from colleges and District Office. A final trial balance was due to Deloitte & Touche by October 1<sup>st</sup>. We are off by two weeks due to the PeopleSoft upgrade and final reconciliation of financial aid numbers. We are still working diligently to make the December 17<sup>th</sup> completion deadline.
- The major due dates of the various annual financial audits are as follows:

<u>Audit Report</u>	<u>Due Date</u>	<u>Status</u>
Basic Financial Statements	October 15, 2007	December 17, 2007
ICCB Required, and Grants	October 15, 2007	December 17, 2007
Foundation Audit	November 15, 2006	On time
WYCC and Grants	November 30, 2006	On time
Federal Single Audit (A-133), Grants	March 31, 2008	Early Jan. 2008
Treasury Agreed Upon Procedures	N/A	January 15, 2008

**Internal Audit Summary** – Internal Audit is conducting a special audit of the CTA passes purchased by CCC to ensure there are proper controls over the storage and distribution of these cards. An initial assessment indicates that there is minimal risk related to the purchase of CTA passes, but a full report with recommendations for strengthening internal controls will be presented at the December 2007 Executive Audit Committee meeting.

Also, the Internal Audit Director staff shared the District's new Anti-Fraud policy with the Chicago Public Schools financial staff.

Finance Committee Meeting – November 6, 2007 – continued

**Monthly Micro City Purchases** - The District's September 2007 monthly Micro-City purchases report includes both monthly and year-to-date information. The total September 2007 Micro City purchases were about \$180,000, down \$46,000 from last month's expenditures of \$226,000. The three month year-to-date totals were approximately \$681,000.

<u>EQUIPMENT</u>	<u>September 2007</u>	<u>Year to Date</u>
Computers	\$ 79,762	\$ 181,664.00
Printers	7,231	26,577.00
Software	40,331	231,185.00
Related Equipment	<u>52,644</u>	<u>241,447.00</u>
Total	\$ 179,968	\$ 680,873.00

### 2.1.3 FINANCE OFFICE OCTOBER 2007 BOARD AGENDA ITEMS

Resolutions, Agreements, Purchases and other information before the Board this month are as follows:

#### Section 1 – Resolutions:

The Finance Office has one (1) resolution in the October 2007 Board folder before the board:

Resolution 1A – authorizes the transfer of \$4.3 million during the month of October 2007. The budget transfer highlights include:

1. The Enterprise Fund account for the Chicago Housing Authority has shifted from Kennedy-King College to District Office. Seven of the transfers are due to this shift.
2. Numerous transfers due to improved use of program codes. This is due to the Budget Office's increased emphasis that the District use the accurate program codes for District purchases.
3. Some transfers were made to ensure consistent coding across all colleges for the retention initiative budgets. (The class code is 12121.)
4. The largest transfer occurred at Daley College at \$350,000. This is due to an accounting change for IBEW program tuition waivers. The Budget Office allowed the transfer to be made from Daley Colleges' salaries budget due to excess in the adult education salaries budget.
5. The Budget Office also transferred \$100,000 to each of the colleges from the Chancellor's contingency fund to cover the loss in the State's Student Services Grant due to the Governor's line-item veto of these funds.

#### Section 3 – Resource Development

3B – renews the agreement with the Northwestern University Traffic Institute for the use of District classrooms. For the record, Chancellor Wayne Watson is on the Board of Northwestern University.

#### Section 4 - Agreements

There are eight (8) agreements on today's agenda and one walk on report:

4A – approves a change order to the Primera contract for the additional engineering services on the district-wide site upgrades project in an amount not-to-exceed \$115,800. (Administrative Services)

4b – authorizes the District to enter an agreement with Follett Higher Education Group, to provide a broad array of college book store operations for the period November 6, 2007 to July 31, 2008 based on

Finance Committee Meeting – November 6, 2007 – continued

the commissions of 7.6% of general revenue up to \$2 million; 8.6% of general revenue between \$2 million and \$3 million; 9.1% of general revenue over \$3 million and the termination of C&W Books as the current book store operator. (Administrative Services)

- 4C - approves the additional fees of \$30,015 to Deloitte & Touche LLP for extra audit hours performed on the federal single audit increasing the total FY 2006 audit services fees to \$776,865 and authorize the Chairman to execute any documents pertaining to this amendment. (OFFICE OF FINANCE)
- 4D - amends the agreement with Oracle, Inc. through June 30, 2009 for professional services relating to the PeopleSoft applications and Oracle's fusion technology at the original total amount not to exceed \$2,750,000 including expenses. (Office of Information Technology)
- 4E - grants authority to pay Arthur J. Gallagher & Co. an amount not to exceed \$971,191 for commercial insurance coverage and the annual account fee in the amount of \$103,700 as previously authorized under Board Report 28103. (RISK MANAGEMENT)
- 4F - enters into an agreement with Chicago Symphony Orchestra, 220 South Michigan Avenue, for the rental of Chicago Symphony Orchestra on Saturday, May 10, 2008 at a cost of \$13,936. (HAROLD WASHINGTON COLLEGE)
- 4G - enters into a service agreement with Convoy Marketing LLC of Stone Mountain, GA. to provide Olive Harvey College design and install advertisement wrap service on security vehicles and trailer trucks in the amount of \$33,445, in accordance with specification #SC0735 dated October 12, 2007. (OLIVE HARVEY COLLEGE)
- 4H- to enter into an agreement with The Scope Shoppe Inc. Elburn IL, for the general maintenance and repair of 150 existing student microscopes for Wright College's Biology Department in the amount of \$4,860. (WRIGHT COLLEGE)

#### Walk-on agreements

- 4I - amendment to last month's board item 4A, the existing health education partnership with the Ruth Rothstein CORE Center through January 2008 for the completion of the HIV/AIDS information sessions to City Colleges of Chicago students in an amount not to exceed \$56,000. (Academic Affairs)

#### Section 6 - Purchases

There are five (5) purchase reports for today's meeting:

- 6A - authorizes the issuance of purchase orders in the amount not to exceed \$31,600 beginning November 1, 2007 through June 30, 2008 for the eighteen administrative parking spaces at InterPark Traders Self Park Garage, 329 South Franklin Street, Chicago (Administrative Services)
- 6B - enters into a three year agreement with Inter-City Supply Co., Inc. for the supply and delivery of environmentally responsible Ice Melt District wide at a cost of \$16.84 per 50 lb. bag. (Administrative Services)
- 6C - authorizes the issuance of purchase orders to fully execute the proposed marketing and advertising plan listed not to exceed additional spending in the amount of \$1,103,050 between November 10, 2007 and June 30, 2008; and not to exceed total FY2008 advertising expenditures of \$2,206,100. (MARKETING AND PUBLIC RELATIONS)

Finance Committee Meeting - November 6, 2007 - continued

6D – authorizes the issuance of a purchase order to Checkpoint Systems, Inc. in an amount not to exceed \$22,462 for an additional purchase of 30,000 inventory tags, ribbons and wand module to support the intelligent library system. (Kennedy-King College)

6E- the issuance of purchase orders in the annual amount not to exceed \$72,450 to J & D Uniforms, for the purchase of uniforms for the Cosmetology program at Truman College and the LPN program at Dawson Tech for the period of December 1, 2007 through December 1, 2009. (Truman & Dawson COLLEGE)

Section 7- Informational Reports

7D. Monthly Utility, Postage and Other Expenditures Report for October 2007:

In accordance with the District's purchasing policies (appendix # 24 of the Board Rules) the following expenditures have been processed for the period of September 1, 2007 thru September 30, 2007:

CAMPUS/DEPT.	VENDOR	AMOUNT	DESCRIPTION
District-Wide	AT&T Inc.	\$364,934.60	Utilities
District-Wide	People Energy Services	\$1,384,340.54	Utilities
Daley College	United States Postage	\$2,000.00	Postage
Kennedy King College	Krueger International	\$8,597.27	Purchase of Furniture from Illinois Community College System Purchasing Consortium (ICCSPC)
District-Wide	Office Depot	\$49,514.79	Purchase of Office Supplies from Illinois Community College System Purchasing Consortium (ICCSPC)
District-Wide	Magnetic Office Products	\$20,199.89	Purchase of Office Supplies from Illinois Community College System Purchasing Consortium (ICCSPC)
Malcolm X College Washburne Culinary Institute Truman College	Centennial Contractors Enterprises Inc.	\$292,828.66	Contracting Services from Illinois Community College System Purchasing Consortium (ICCSPC)
District Office	Dept. of Water	\$426.89	Utilities
Kennedy King College Wright College Daley College Truman College	Grainger	\$1,246.22	Hardware Supplies from Illinois Community College System Purchasing Consortium (ICCSPC)
Daley College	Home Depot	\$376.72	Hardware Supplies from Illinois Community College System Purchasing Consortium (ICCSPC)
Washburne Culinary Institute	Thyssenkrupp Elevator	\$1,992.64	Maintenance Service from Illinois Community College System Purchasing Consortium (ICCSPC)
Olive Harvey College Truman College Wright College	Praxair Distribution Inc.	\$275.06	Cylinder Rental Service from Illinois Community College System Purchasing Consortium (ICCSPC)
Wright College Kennedy King College	Jostens	\$5,149.26	Graduation Cap & Gown Purchase/Rental Services from Illinois Community College System Purchasing Consortium (ICCSPC)

## Office of Administrative Services reports the following:

### Board Reports

#### 4A Additional Engineering Services, District wide Site Upgrades Project, Amending Board Report # 27834

As Administrative Services has been working with Primera Engineering Services for paving, asphalt and landscaping renovations, unforeseen conditions have been identified during the construction that need to be addressed at Malcolm X and Lakeview Learning Center. An additional amount of \$115,800 is needed to address the significant water infiltration in the basement and foundation surrounding Malcolm X and infrastructure repairs for Lakeview. With both circumstances meeting the definition of unforeseen conditions, it was not practicable to competitively solicit for contractors while construction was ongoing.

#### 4B Amendment to Board Report #23999 for College Bookstore Operations Agreement for Kennedy-King College

Due to the quality of service in providing books to students at Kennedy-King this fall, failure to provide adequate point of sale hardware to handle the transactions, and failure to address backlogs of 8 to 10 hours to purchase books continuously during registration it is necessary to terminate C & W Books as the bookstore operator at Kennedy-King College. Based on the responses received in the initial RFP issued by Procurement Services in 2003, C & W Books was selected for four campuses. At this time, they will continue at Malcolm X, Olive-Harvey, and Daley. The company selected for Wright College, Follett's, is recommended as the replacement bookstore operator at Kennedy-King for the upcoming 2008 Spring and Summer semesters, offering an on-site retail facility, used book buy-back and purchase as well as an online option. Follett's has agreed to amend their agreement, operating under the same terms and conditions originally negotiated. Each current bookstore vendor is required to return commissions to their colleges based on total book sales. The District incurs no capital outlay at this time. The bookstore agreements are scheduled to end September, 2008 and it is our intent to issue a new Request for Proposals through Procurement Services for district-wide college bookstores and online operations as well as exploring a low cost option for students of book leasing.

#### 6A Renewal of Parking Spaces for District Office

Administrative Services would like to renew the annual parking agreement for administrative vehicles that routinely travel the district at an annual rate of \$31,600. Selection of InterPark Traders Self Parking was based on price comparisons among parking lots in a ten block radius of 226 W. Jackson. The term of the agreement ends June 30, 2008.

#### 6B Supply and Delivery of Ice Melt for all Colleges and Auxiliary Facilities

Through joint purchasing with the Chicago Park District, Administrative Services is recommending purchasing environmentally responsible ice melt from Inter-City Supply, Chicago, IL, a certified MBE, at a unit price of \$16.84 for a 50 lb. bag. The purchase of ice melt is set to not exceed \$40,000 annually. WBE compliance was met.

### Project Updates

#### NKKC

Punch list closeout is still ongoing.

#### Truman Student Services and Parking Facility

The PUD was not submitted to City Council on October 31<sup>st</sup> as originally planned. The Alderman is still awaiting formal concurrence from the CTA on site sharing during the construction phase. Additional delays may impact construction and opening in Fall, 2009.

**Office of Information Technology reports the following:**

OIT has one board report for your approval this month:

Item 4D requests an amendment to the current agreement with Oracle, Inc. to provide professional services relating to the PeopleSoft applications and Oracle's fusion technology. This amendment will extend the existing agreement through June 30, 2009.

Last month, I identified four modifications that were scheduled to migrate to the production environment in the month of October: Clearinghouse, DAIS-I (including the Online Modifications and File Extracts), Transcripts (including the modification for handling External Transfer Credit), and Faculty Management. DAIS-I and Faculty Management were successfully migrated. Development and testing is complete for the Transcripts; however, we are waiting for the delivery of transcript paper before moving to production. We anticipate that the delivery will be received this month and the migration will take place mid-November. We are running the clearinghouse in parallel with SPAS until December 31.

As we complete