City Colleges of Chicago
Finance Committee Report August 5, 2010

Good morning. I would like to start my remarks this morning by once again thanking the Chancellor, all the Officers of the District, the college business staff and the Finance Office staff for their hard work preparing this year’s FY 2011 re-invention budget. The $454 million budget is balanced, funds reinvention initiatives, and provides $3 million reduction in property taxes. This budget also received the support of the Civic Federation.

**Treasury Report:** Included in the Office of Finance (orange) folder are the following:

- **List of bank accounts** for the quarter ending June 30, 2010 for a total of $49 million is included in this month’s board folder.
- **Investment Reports** for the quarter ending June 30, 2010 which total to $237 million broken down by funds as follows: Unrestricted Funds $110.2 million; Capital Funds $41.4 million; Working Cash Fund $62.3 million; and Restricted OPEB Fund $18.0 million.
- **Investment Advisor PFM’s quarterly investment report** for the quarter ending June 30, 2010 with portfolio performances.

**Treasurer’s monthly cash flow report** The Treasurer’s monthly cash flow report describes how the current investment policy requires a minimum cash balance of no less than three months’ of expenditures or approximately $85 million. The District’s total cash balance was $158.9 million as of the end of June 2010.

Status of Receivables from the state: As of June 30, 2010, there is $13.8 million of grants receivables from the state of which $12.8 million is more than 30 days overdue. The major account receivables include the following:

1. Truants Alternative $ 643,572
2. Adult Ed $ 2,781,570
3. Additional Grant (Equalization) $ 7,500,000
4. Alternative School Network $ 406,969
5. WIA $ 421,354
6. CYATC $ 138,762
7. DHS $ 526,000
8. Instituto $ 128,841
9. State Pre-K $ 57,000
10. Upward Mobility $ 19,727

The District’s investment portfolio under PFM’s management has a market value is $228.6 million. Enclosed are the monthly and quarterly investment reports from PFM Asset management for the month ending June 30, 2010 with the quarterly performance as follows:

The Short-term Operating portfolio valued at $108.6 million has a quarterly return of 0.44 % which is higher than the return of the Merrill Lynch three-month US Treasury Bill return of 0.18%. Returns are net of fees. This portfolio consists of: (1) Managed Account valued at $85.3 million, (2) The Illinois Institutional Investors Trust (IIIT)-FDIC Certificate of Deposits valued at $18.6 million and (3) FNMA Disc note valued at $4.7 million.

The Working Cash Portfolio valued at $62.4 million has a quarterly return of .477 % which is higher than the Merrill Lynch one-year US Treasury Note return of 0.263 %. Returns are net of fees.

The OPEB portfolio valued at $18 million has a quarterly return of 1.042 % is lower than the Merrill Lynch 1-3 year US Treasury Note return of 1.160 %. Returns are net of fees.

The Capital Improvement Projects portfolio valued at $21 million has a quarterly return of 0.213 % is lower than the Merrill Lynch 1 year US Treasury Index return of 0.263%. Returns are net of fees.

The Truman Parking Project valued at $18.5 million with duration of approximately 0.34 years has a quarterly return of .136 %. Returns are net of fees.

Overall, all of the portfolios managed by PFM performed better or in line with their respective benchmarks in terms of total returns over time.

In summary, the CCC’s portfolios’ commercial paper and certificates of deposit investments still represent value versus investing in short-term US Treasuries or Agencies when it comes to the Short-Term Operating portfolio. PFM will continue with its due diligence
Finance Committee Report-continued

in selecting commercial paper issuers that have reasonable value. For the Working Cash and OPEB portfolios, more floating-rate Federal Agency notes are being considered for future investing. While the absolute yield levels may be somewhat low, floaters have minimal interest rate risk. We will also continue to look at callable Agencies that offer a decent amount of incremental yield versus Treasury and Agency bullet securities. Callable securities provide both an immediate yield advantage, and a cushion against rising future interest rates. PFM will continue to evaluate a range of call structures to maintain a moderate allocation of the Working Cash and OPEB portfolios to callable.

OTHER TREASURY ACTIVITY for July 2010:

Banking Activity: The implementation kick off meeting/conference call for the US Bank Prepaid Student Debit Card included. attendees from Student Financial, OIT and US Bank. Participation included a conference call presentation with Accounts Payable, Procurement and Systems Financial to discuss the JPMorgan Chase Single Use Account Purchasing Card as a replacement for the current Accounts Payable Card. A meeting was held with ADP representatives and the AVC of HR to discuss implementing an Employee Payroll Debit Card. Received positive feedback from Truman College as the pilot for the Chase check deposit image scanner. Treasury will work with Chase to implement scanners for all depositing locations based on their availability.

CONTROLLER’S OFFICE - Activities during the month of July were as follows:

General Accounting: (1) Posting of FY 2010 transactions: Student Financial transactions posted through 6/30/2010 and Manual wire transfer journals are 90% complete through May 2010, 95% for investments for the entire fiscal year. Targeted date for final posting of June transactions is August 23, 2010; (2) FY 2010 General Ledger Account Reconciliations: Currently working on reconciliations for the months of May and June. Targeted completion date for all balance sheet reconciliations as of June 30, 2010, is August 23, 2010; (3) Items in progress: These projects are targeted for completion by June 30, 2011: Automated bank reconciliations: Discussions have begun with the bank to determine if the process can be accomplished; Development and documentation of standard policies and procedures: General accounting staff are preparing written descriptions and flowcharts of the processes used for each of their daily activities; Chart of accounts clean up: General Accounting will collaborate with Budget and Planning to continue and expand the project to redefine and clean up the District’s chart of accounts; Agency Fund clean up: Colleges have identified fund raising and scholarship funds to be transferred to CCC Foundation. General Accounting will continue to work with the colleges to identify other funds that should be transferred; Streamlining of commodity codes table: Preliminary review of purchasing data suggests a substantial number of commodity codes can be eliminated or consolidated to reduce the number of codes used in PeopleSoft; Fixed assets module re-implementation: Discussions with OIT suggest that the project will have to start from the beginning.

Financial Reporting: (1) FY2010 year-end close: Have begun the FY 2010 year-end close process; Continued data collection for FY 2010 CAFR. CPS provides some of the statistical section data, but we also collect some. Certain PBC items already collected are not complete since the amounts are not complete. The Budget and HR departments provide some information; approximately 20% of information needed has been collected to date. Continued analysis of general ledger accounts. Income statement accounts and a few balance sheet accounts are analyzed for the CAFR. Until sub ledgers (e.g., AR, AP, and Grants) are closed, the amounts to be analyzed are subject to change. At this point in time, the primary concerns are accuracy and completeness. (2) WYCC - Completed the Illinois Cultural Data Project financial report for WYCC-TV20. (3) Interim

Financials: distributed FY2010 trial balances & financial statements thru period 6 (December 2009) and drafts through the current date. (4) Items in progress: FY 2010 financial statements thru June 30, 2010. June interims distributed to colleges for review and forecasts; analysis of executive directors’ comments and projections will be completed. Profit & Loss statement for the French Pastry School. Completed and submitted auditor requests for preliminary audit. Forty-eight items requested by the auditors were delivered between June and July. Most were grant- and control-related (narratives), but some were CAFR-related (organization chart, listing of Board of Trustees for FY 2010 and 2009). Received preliminary auditor request (PBC) list. Requests have been sent to proper persons for completion in mid-July. Some responses have been received. Financial Reporting will follow up in the first week of August. Project plan for FY2010 audit created in MS project to increase efficiency of tracking the audit process. Mid-year financial reports for WYCC and the CCC Foundation. Payroll accrual for FY2010 has been calculated and posted in FY2010; reversal will be completed for FY2011 during August, after grants are reconciled and closed out.

Grant Accounting: (1) Billing Activities - Prepared and submitted $1.098 million of billing. (2) Other Activities: Provided requested documents for Ragland and Associates for monitoring visit of FY09 Headstart Collaboration and Summer Youth Voucher. Received notification from Ragland that CCC is in compliance. Should receive notification from Department of Family Support Services within 60 days. Submitted FY 2010 Grant Spending Report as of June 30, 2010 to each Executive Director and District Senior Management personnel. Sent Communications to College Business Departments and College Presidents regarding grants that may be in jeopardy of not being fully utilized by end of performance period based on data as of June 30, 2010. Prepared schedule of grants that end July 31, 2010 with year end due dates for payment of encumbrances, return of unspent funding and final billing dates.
Finance Committee Report - continued

STUDENT FINANCIAL ACTIVITIES - JULY 2010

Electronic Student Refunds - We have an executed contract with U.S. Bank to offer students the Stored Value Debit card. We are currently in the implementation stages of allowing students to sign up for such feature via PeopleSoft Self-Service. We will continue to load funds on Chase cardholder’s account until August 31, 2010.

Federal Direct Loan Program - Effective July 1, 2010, Department of Education, transitioned to the Federal Ed. Direct Loan Program. We are still finalizing the business processes for the new for this new initiative. We’ve conducted several training sessions for Financial Aid staff.

The department will continue to support this initiative and communicate with the colleges; specifically, counseling techniques to students and/or parents. We will ensure that potential borrowers will be counseled to not receive a loan that exceeds the student’s need and ensure that disbursement meet cash management requirements.

DOE Program Plan Review - We have developed a strategic plan to respond to the findings detailed in TR, MX and KK’s DOE Program Plan Review as well as a detailed plan to perform the required statistical sample review for MX and KK. TR has prepared their responses to the review and will be submitting them to the DOE by the end of the week. KK and MX are in the process of preparing their response to DOE.

BUSINESS AND PROCUREMENT SERVICES – July 2010

Procurement Services

Procurement Services is requesting approval for 14 board items for the August Board meeting. Procurements have successfully processed 42 purchase orders over $5,000 with total expenditures in the amount of $3.7 million. The colleges created 832 purchase orders under $5,000 with total expenditures of $751,000. Procurement Services has entered 86 new vendors and 64 vendor updates into the vendor database. The following are the current Bid Projects:

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<tr>
<th>Dept/Campus</th>
<th>Solicitation</th>
<th>Status</th>
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<tbody>
<tr>
<td></td>
<td>Advertised</td>
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<tr>
<td>Administrative Services</td>
<td>Elevator Repair- District Office</td>
<td>Bids Due: August 4, 2010</td>
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<tr>
<td>Truman College</td>
<td>Acoustical Ceiling Tiles – Rebid</td>
<td>Bids Due: August 6, 2010</td>
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<tr>
<td>Marketing and Public Relations</td>
<td>Marketing and Branding Services</td>
<td>Bids Due: August 11, 2010</td>
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<td>Bids being Prepared</td>
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<tr>
<td>Administrative Services</td>
<td>Theater Curtain, Cleaning, Repairs and Fireproofing – District Wide</td>
<td>Expected Ad Date: August 6, 2010</td>
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<tr>
<td>Administrative Services</td>
<td>Pre-Qualification – Architectural &amp; Engineering Services</td>
<td>Expected Ad Date: August 6, 2010</td>
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<tr>
<td>Academic Affairs</td>
<td>Electronic Transcript Delivery Services – District Wide</td>
<td>Expected Ad Date: August 6, 2010</td>
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<td>Future Bid Projects</td>
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<td>Administrative Services</td>
<td>Repeaters and Security Radio Upgrades- District Wide</td>
<td>Expected Ad date August 2010</td>
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<tr>
<td>Administrative Services</td>
<td>Copier and Reproduction Equipment and Services – District Wide</td>
<td>Expected Ad Date August 2010</td>
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<tr>
<td>Administrative Services</td>
<td>Lawn Care and Tree Maintenance – District Wide</td>
<td>Expected Ad Date September 2010</td>
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BUSINESS AND PROCUREMENT SERVICES-continued

Board Reports:

4.0 Job Order Contracting Agreements Contract Extension Renewal Option

Administrative Services has now operated the Job Order Contracting Program for 12 months and is seeking authorization from the Board to exercise the renewal option in the contract for an additional 12 months for an amount not to exceed $14 million. JOCC is the competitively bid construction program that allows the District to perform repairs, attend to deferred maintenance and renovate campus and District Office facilities in a timely and cost effective manner. The previous twelve months demonstrated solid performance from the ten JOCC contractors that were the lowest responsive, responsible respondents to the Work Order Catalogue issued through Procurement Services. Board authority was granted at $10 million. In the listing of the projects assigned to the contractors, the minority and women owned business utilization dollars have been included, showing overall MBE participation at 30% and WBE at 11%. It is our intention to re-bid the JOCC Program at the end of the twelve months.

4.01 Tax Increment Financing Advisory Service, Amendment to Board Report #29609

Johnson Research Group has been working with Finance and Administrative Services in the development of the Wentworth Ave TIF District as well as identifying funding strategies for our capital plan. In collaboration with the City of Chicago, City Colleges is interested in expanding the potential of TIF funding during this fiscal year and would like to work with the Johnson Research Group in the methods and research required by law to access TIF dollars. The amendment is an additional $25,000 for their existing professional services contract. JRG remains in compliance with the Board’s M/WBE Plan, including Sawyer Group and ByJean Inc.

4.02 Amend Architectural and Engineering Services Agreement with Teng & Associates (Board Report #29438)

A time extension is required for Teng & Associates to maintain their involvement in the demolition of the old Kennedy-King building to address the environmental issues that have arisen throughout the process. No additional funding is requested.

7.00 Job Order Contract (JOCC) Projects Monthly Summary

Administrative Services is submitting the proposed projects to be initiated this month in order to address maintenance and repair issues throughout the District. With the approval of this August Board Report, JOCC contractors have successfully completed projects totaling $10,844,101 for the last twelve months.

Project Updates

Administrative Services is working with Procurement this month to publicly solicit for Architects, Engineers, Construction and Project Managers that are used on the majority of the District's projects. We will be recruiting local contractors that include a cross section of large, mid-size and small businesses as well as minority and women owned businesses in the cross section of disciplines. For the next thirty days, responses will be accepted for consideration.

Truman Student Services & Parking Facility

The aftermath of the recent construction workers strike has delayed the opening and use of the parking facility for the students and faculty of Truman College. Estimates from the project manager have delays as much as two months. We are working with the Capital Development Board and contractor to accelerate the remaining exterior finishing items and address the interior infrastructure build out to still occupy the building by December.

District wide, projects are being completed in time for the opening of school as well as routine cleaning maintenance taking place during the break in semesters.

The Office of Business Services: (Accounts Payable) has processed a total of 2,500 vouchers for vendor payment during July 2010.