



Peralta Community College District

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Office of Finance and Administration

Memorandum

To: Dr. Wise Allen, Chancellor

Cc: Cy Gulassa, Board President
Dr. William Riley, Board Vice President
Bill Withrow, Trustee
Marcie Hodge, Trustee
Linda Handy, Trustee
Nicky González Yuen, Trustee
Abel Guillén, Trustee

From: Ronald Gerhard, Vice Chancellor

Date: January 24, 2012

Subject: **Redirection of Financial Resources**

At the November 15, 2011 the Board of Trustees' meeting the Board approved Resolution 11/12-22 in Support of Socially Responsible and Local Investment of Peralta Community College District Student Fees, Community Tax Dollars and other Financial Resources. Direction was given to the Chancellor to provide a recommendation of how to best bring about a timely, efficient and responsible redirection of financial resources maintained, influenced or controlled by the District and its subsidiary organizations. This memorandum has been prepared in direct response to this resolution. At its February 28, 2012 meeting the Board of Trustees will receive the next Retirement Board quarterly report that will provide a summary of actions taken to integrate socially responsible investment parameters and polices within the investment structure.

Regulatory environment

As an instrumentality of the State of California there are regulations and guidelines that govern the permissibility of a community college to deposit funds outside of the county treasury having jurisdiction over the community college district. The State's Budget and Accounting Manual (BAAM) states the following, "... the governing board of any community college district may, for the purpose of expediting business service transactions and in accordance with sound business practices, establish separate bank accounts for functions or revenue-producing activities or operations not directly associated with, but complementary to, the regular instructional and noninstructional functions of the district and colleges." Permissible activities include:

- Cafeteria
- Bookstore

- Student financial aid
- Scholarship and loan activities
- Trust accounts
- Associated Student Body accounts

Further, the BAAM states that all funds on deposit by the district should be in financial institutions whose accounts are federally insured (FDIC). Any amounts in excess of the FDIC limits should be collateralized by agreement with the financial institution.

Current Environment

The District currently has approximately 98 separate and distinct bank accounts held with 12 different financial institutions. The 98 accounts support everything from the General Fund to Associated Students and are held with institutions ranging from the County of Alameda to Wells Fargo Bank. As of the previous fiscal year end, the District had in deposits approximately \$375 million. Of which, \$362 million is invested, as is required under the parameters previously discussed, within the Alameda County Treasurer's Office. The remaining \$13 million is available to be redirected in accordance with the desires of the Board. The institutions in which these funds are currently held are Bank of America, Bank of Alameda, US Bank, and Wells Fargo.

Recommendation

In an effort to bring about a timely, efficient and responsible redirection of financial resources, I am recommending that the District go through a competitive and transparent process. Through the release of a request for information (RFI), the District would be able to select community partners whose goals, mission, values and community presence align with those of the District. If approved by the Chancellor and Board of Trustees, the RFI would be released in February and close no later than April. The successful list of financial institutions would then go before the Board during a regularly scheduled meeting held in May and, if approved, the redirection would occur shortly thereafter.