

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE  
OF THE BOARD OF TRUSTEES  
Community College of Philadelphia  
Wednesday, November 28, 2012– 9:00 A.M.**

Present: Mr. Jeremiah White, Jr., presiding; Mr. Matthew Bergheiser, Ms. Suzanne Biemiller, Ms. Jennie Sparandara, Stella Tsai, Esq., Lydia Hernandez Velez, Esq., Dr. Stephen M. Curtis, Dr. Thomas R. Hawk, Mr. Gary Bixby, Dr. Mary Anne Celenza, Mr. Todd Murphy, Mr. James P. Spiewak, Dr. Sharon Thompson, Jill Garfinkle Weitz, Esq.; and representing TIAA-CREF: Mr. John Seifried, Mr. Michael Collins; and Ms. Ellyn Korzun and Ms. Laura Allen *via* teleconference

**AGENDA – PUBLIC SESSION**

**(1) Overview of 2013-14 West Building Renovation Projects (Information Item):**

Dr. Hawk provided an overview of the components of the current Main Campus project. The Main Campus construction effort required a series of sequential steps under which new space was constructed, programs and staff were relocated to the new space; and then the vacated space was renovated for new purposes. The Main Campus construction project, as approved by the Board and PDE, include renovations to several spaces in the College's West Building to address critical programmatic needs. The West Building projects were primarily scheduled for the final (seventh) phase of the construction which will be completed over the next twelve months.

Included in the final phase of the project in the West Building are the following: (1) construction of the new suite of classrooms, laboratories and offices for the Architecture, Design and Construction programs in the former Counseling Center and Allied Health Program staff offices; (2) consolidation of the Math, Science and Health Careers Division into one integrated suite of spaces for the Division's academic department heads, curriculum coordinators, and administrative and support staff; and (3) construction of three new labs—engineering technology, process control, and multi-function science. These projects were consolidated into the final project phase because of logistical issues associated with the phasing of the projects, and a decision to modify the original designs of several of the program labs. Development of new space for the Architecture, Design and Construction (ADC) Programs was originally scheduled in an earlier construction phase; but was deferred because of concerns about space limitations associated with the original architectural design and timing issues which made it impossible to complete the ADC space in an earlier phase without serious disruptions to the delivery of the ADC programs.

Dr. Hawk noted that the revised programmatic space designs for the West Building will simplify the construction requirements and expand instructional space for the ADC programs; will create a multi-discipline science lab that provides far more flexibility for future programmatic use than was incorporated in the original one-purpose lab design; and will provide a Process Control Program lab that can support student

learning needs for employment in a broad cluster of manufacturing industries. Dr. Thompson and Dr. Celenza provided an overview to the Committee of the current and future programmatic opportunities which the renovated space will provide to the College.

Completion of the final phase of the Main Campus project will require an expenditure of approximately \$2.4 million. The originally-approved Main Campus construction project budget included the potential use of College cash resources to complete the project. However, based upon current low borrowing rates and the desire to preserve institutional liquidity, staff will recommend to the Committee at a later meeting that a short-term (5 to 10 year loan) be used to finance this final phase of the project rather than using College cash resources. Staff will present the specific financing plan to the Committee at an early Spring meeting.

**(2) College Investment Guidelines and Recent Investment Performance Results (Information Item):**

Dr. Hawk provided the Committee with an overview of the current Investment Guidelines for operating cash. Attachment A contains the College's current Investment Guidelines. The College's Investment Guidelines were prepared by a committee composed of College finance staff and several College Board and Foundation Board members who possess significant investment management expertise. Mr. Al Murphy, a former Board member and currently a Foundation Board member, collaborated with College staff to prepare the final draft of the current Investment Guidelines. There are several major goals which guide the approach taken in the management of the College's operating cash. These include:

- (1) Preservation of liquidity at all times.
- (2) Preservation of principal.
- (3) Diversification of investments with a relatively low risk.
- (4) Selection of instrument maturities tied to College cash needs.

In developing the guidelines, a multi-year analysis was undertaken of College cash utilization. College operating cash usage was divided into three categories: (1) working capital cash needed on a daily or a weekly basis to address the College's payroll and other bill paying requirements; (2) contingency cash needed occasionally during the course of the fiscal year, but not needed on a daily or weekly basis; and (3) core cash, long-term cash resources that are not needed during the course of a year, but should be invested in a sufficiently liquid strategy that, if an unexpected need for cash arose, could be made available. Currently the College's core cash investment is approximately \$15 million, contingency cash investments are \$5 million, and the remainder of operating cash is treated as working capital.

The Investment Guidelines identify allowable assets. The guidelines require fixed-income, high-grade instruments to be used as the College's investment instruments. Staff noted that the Foundation cash assets were invested using different investment guidelines, and the Foundation's Guidelines permitted a more aggressive investment strategy including a large percentage of the funds being invested in equities.

The College's operating cash and the Foundation investments are not comingled and are managed separately.

Attachment B contains a summary of 2011-12 investment results as well as results for the first four months of 2012-13. Mr. Murphy reviewed the results for the past 16 months. As shown in Attachment B, the College's working capital dollars are invested in money market and short-term CDs. For the past 16 months, investment returns on operating working capital balances have been below 100 basis points. The Commonfund Multi-Strategy Bond Fund has had rates of returns that have averaged between one and two percent. Greater returns were received from the TIAA-CREF investment portfolio and the Intermediate Fund managed by the Commonfund. Total investment earnings for the 2011-12 year were \$1,098,141.

**(3) TIAA-CREF Investment Management Presentation (Information Item):**

As noted above, the College's core cash, operating cash not anticipated to be needed during the course of a fiscal year, is invested in high-grade, longer-term fixed-income instruments. The Common Fund and TIAA-CREF are each currently used to manage a portion of the College's core cash. Effective May 2011, TIAA-CREF began management of College funds in the amount of 10 million dollars.

Mr. John Seifried, Wealth Management Advisor; Mr. Michael Collins, Director, Investment Product Sales; Ms. Laura Allen, Senior Portfolio Manager, Private Asset Management; and Ms. Ellyn Korzun, Senior Director, Portfolio Manager, from TIAA-CREF reviewed the investment performance of funds managed by TIAA-CREF and discussed how current market conditions are expected to impact on the 2012-13 fiscal year investment performance. Attachment C contains the presentation materials that were used by the TIAA-CREF representatives.

Mr. Collins provided a brief history of the TIAA-CREF organization. TIAA-CREF has a long history of providing investment services to higher education, both to faculty and staff in the management of individual investment portfolios; and, more recently, with the creation of the TIAA-CREF Trust, in the management of higher education investment pools. Currently, TIAA-CREF manages investments for 200 colleges and universities and has \$14 billion of funds under investment management. TIAA-CREF uses a total return approach to management. Investment portfolios are actively managed to maximize opportunities for return. Fixed-income investment instruments are generally intermediate length with averages around 5 to 7 years. The long end of the fixed-income curb is avoided because of the greatest possibility for larger swings in unit values. Barclays Intermediate Government Index is used as the performance standard against which the portfolio is assessed. As shown in Attachment C, over the period of time that TIAA-CREF has managed the College's portfolio, the investment return rate has exceeded the performance index.

The TIAA-CREF presentation team described the nature of the corporate bonds that are included in the portfolio and the reasons for shifting investments among different industry groups. Based upon existing market conditions, the College's portfolio

is currently over-allocated to high-grade corporate bonds as opposed to U.S. treasury securities.

The team provided a summary of TIAA-CREF's perspectives on the economy and its impact on fixed-income investments. The first two slides of Attachment C summarized the observations which were made. It was noted that the present Federal Reserve Bank procedures are very favorable to the bond market. Inflation is not expected to be a major concern for fixed-income investments over the next year. A key challenge is managing the portfolio to maintain yields in an environment where there will be a tendency toward rising interest rates. In discussing the impact of the economic uncertainty associated with European countries, it was noted that the recent actions taken by the European Central Bank to stabilize market conditions have reduced the threat that there will be a break-up of the Eurozone.

Mr. White noted that all TIAA-CREF staff were remunerated on a salary basis. This eliminates the potential financial incentives for frequent trades and provided a strong basis for confidence that the portfolio is managed in a way that is in the College's interest, not the traders. This factor was an important consideration in the Board's decision to utilize the services of TIAA-CREF.

**(4) Next Meeting Date:**

The next regularly scheduled meeting of the Committee will occur on Wednesday, January 23, 2013 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

TRH/lm

Attachments

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# **ATTACHMENT A**

## **COMMUNITY COLLEGE OF PHILADELPHIA INVESTMENT GUIDELINES**

**Community College of Philadelphia**  
**Statement of Policies and Procedures, Objectives and Guidelines for**  
**Investing Operating Funds**

**INTRODUCTION**

This statement outlines the investment policies and procedures, objectives and guidelines for the operating funds for Community College of Philadelphia (CCP). Part I has two purposes: (1) to define and assign responsibilities of the parties involved; and (2) to establish a clear understanding of the investment goals and objectives for operating funds and a basis for evaluating investment results.

Part II provides guidelines and limitations to all investment managers, including college managers, regarding the investment of the College's operating funds.

Operating funds for the purpose of these Investment Procedures and Guidelines are defined as dollars which are available to the College as part of the normal course of college operations. Primary sources of operating dollars are City and State appropriations, students' tuition and fee payments and investment income. Not included in this definition of operating funds are dollars received for restricted purposes, and quasi and true endowment funds.

**PART I - OVERSIGHT POLICIES AND PROCEDURES AND INVESTMENT OBJECTIVES**

**Responsibilities of the Board of Trustees and College Management**

The Board of Trustees is responsible for adopting and maintaining investment policies that are consistent with the Board's role as stewards of public dollars and the collective philosophy of the Board with respect to investment asset risk and liquidity. The CCP management team is responsible for the investment of operating funds under the policies established by the Board of Trustees. No person may engage in an investment transaction except as provided under the terms of policy. Specific responsibilities include:

1. The Board will establish and maintain reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the operating funds
2. College management will prudently and diligently identify and recommend to the Board qualified investment professionals, including investment management consultant(s), custodian(s), and trustee(s),

3. College management will regularly evaluate the performance of the investment managers to assure adherence to policy guidelines and monitor investment objective progress.
4. The Board will monitor the investment strategies and rates of return to ensure compliance with Board-established Guidelines.

### **Requirements and Responsibilities of the Investment Manager**

Investment managers must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank. Each investment manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Specific responsibilities of the investment managers include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this statement. Any deviation requires written approval from CCP management
2. Monthly reporting on a timely basis of account valuations and investment performance results
3. Communicating any major changes to economic outlook, investment strategy, or changes within the investment management organization, or any other factors which affect implementation of investment process or their progress toward investment objectives.
4. Complying with any legislative or regulatory statutes and stipulations.

### **Community College of Philadelphia General Investment Objectives**

The general investment objective is to maintain significant liquidity and maximize annual income for the College while avoiding excessive risk. CCP believes that the achievement of investment returns should be viewed in a long-term context. Furthermore, CCP recognizes that rates of return are volatile on a year-to-year basis and that investment returns will not progress uniformly over time. Thus volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Specific objectives include the following:

1. Maintain sufficient liquidity to meet anticipated cash needs.
2. Preservation of principal is of equal importance to total return. CCP recognizes that it may be necessary to forego opportunities for potential large gains to achieve a reasonable risk posture.

3. Understanding that risk is present in all types of securities and investment styles, CCP recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet CCP's objectives. However unnecessary levels of risk taking are to be avoided.
4. Diversification, in so far as it reduces portfolio risk, is required.
5. Operating funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
6. Conformance with applicable Federal, State, City, and other legal requirements.

### **Specific Investment Goal**

Each manager is expected to meet or exceed the market index/benchmark selected and agreed upon while displaying an overall level of risk consistent with the risk associated with their benchmark.

## **PART II - INVESTMENT GUIDELINES**

### 1. Investment Approach

The College's operating fund balances will be divided into three categories for investment purposes:

- A. Core Cash – Funds, which based upon the College's financial history, are not required for operating purposes at any point during the fiscal year. Funds in this category can be invested in long-term fixed-income investments as well as shorter-term instruments as market conditions warrant.
- B. Contingency Cash – Funds, which based upon the College's financial history, are rarely required for operating purposes. Longer-term investments of these funds is desirable, but with assurance of liquidity if operating circumstances require their use.
- C. Working Capital (Liquidity) – Cash balances required on a continuous basis to meet payroll and other operating purposes. Funds in this category are to be invested in short-term fixed-income instruments where there will be no fluctuations in asset values.



Given the volatility of cash flows throughout the fiscal year, the policy portfolio is assigned a range of percentages for each liquidity level while also maintaining a rolling 12 month average annual target percentage:

<u>Range</u>	<u>Target</u>	<u>Description</u>
25 - 60%	40%	Liquidity assets
5 - 50%	30%	Contingent assets
0 - 40%	30%	Core assets

These percentages will be reviewed annually so as to correspond with expected budget and cash flow requirements including debt service, operating cash requirements, and plant expenditures.

## 2. Policy Benchmarks

The overall portfolio has an average annual return objective of the 3 month Treasury bill yield plus 100 basis points. The portfolio will also attempt to maintain or exceed a Strategic Policy benchmark that matches the liquidity classification of the underlying assets to the following benchmarks:

40% Liquidity assets: 3 month Treasury bill yield,  
30% Contingent assets: Merrill Lynch 1 to 3 year treasury index,  
30% Core assets: Lehman Aggregate Bond Index

Performance will be measured based on the Policy Portfolio asset level and percentage of assets designated to each liquidity classification.

## 3. Allowable Assets

Allowable Assets are limited to Cash Equivalents and Fixed Income Securities as follows:

### A. Working Capital (Liquidity) Cash

- Treasury Bills
- Money Market Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit
- Common Fund Short-Term Fund (or equivalent)

### B. Contingency and Core Cash

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds

- Asset Backed Bonds
- Floating Rate Securities
- Yankee Notes and Bonds
- Common Fund Intermediate Fund (or equivalent)
- High Quality Bond Fund
- Multi Strategy Bond Fund
- All Items Listed Under Working Capital Investments

4. Requirements for Cash Equivalents and Fixed Income Securities Investments

a. The maximum investment in any one sector is limited as follows:

<u>Sector</u>	<u>Maximum%</u>
U.S. Government and Agency	100%
Asset Backed Bonds	25%

- b. No more than 5% of the total investments of a manager's portfolio may be invested in the securities of a single issuer with the exception of the United States Government and Agency obligations.
- c. No more than 5% of the total investments of a manager's portfolio will be investment in Rule 144A securities. These securities must be issued with registration rights, have a minimum issue size of \$250 million and must meet all other existing guidelines.
- d. Individual security holdings of eligible government agencies may not exceed 30% of the portfolio.
- e. Operating funds may be invested in commercial paper rated A1/P1 (or equivalent) or better.
- f. Repurchase agreements must be backed by U.S. Treasury or Agency securities having at all times determined on a daily basis a market value of at least equal to 102% of the amount invested.
- g. Banker's acceptances and certificates of deposit must be issued by a bank which has, or whose parent holding company has, combined capital and surplus of \$100 million and a rating on unsecured senior debt of A or higher from Moody's or Standard & Poor's.

5. Prohibited Investments

Prohibited investments are any investments that are not specifically authorized within this statement. These include but are not limited to the following:

- a. Equity Securities
- b. Commodities and Futures Contracts
- c. Private Placements (Except as detailed in item 10 under Guidelines for Fixed Income)
- d. Options
- e. Venture Capital
- f. Tangible Personal Property
- g. Direct Real Estate
- h. Art/Precious Metals
- i. Margin Transactions
- j. Oil and Gas Payments /Drilling Partnerships
- k. Instruments issued in any country where such investments are prohibited by City, State, or Federal policies.

6. Safekeeping and Custody

Investment securities purchased for CCP will be delivered by either book entry or physical delivery and held in third-party safekeeping by a Federal Reserve member financial institution or its affiliated trust company designated as CCP's depository and custodian. CCP shall execute a Safekeeping/Custody Agreement with each bank or trust company prior to using the depository's services.

7. Contractual Arrangement with Investment Managers

Contractual arrangements with organizations providing investment services will be short-term with the College reserving the right to terminate the relationship without financial cost other than that paid for services to date.

8. Board Review of Guidelines and Performance

At least annually, the Board will review the Investment Guidelines and performance to determine any appropriate revisions.

9. Change in Status of Investment

The guidelines, outlined above, apply at the time of purchase. CCP recognizes that subsequent market valuation changes may cause an investment, which was allowable at the time of purchase to subsequently fall outside of these stated guidelines. In those instances, it is expected

that the investment manager will either reduce the investment so that it is allowable under the guidelines or obtain written approval from CCP management to continue the investment.

10. Risk Monitoring

Rather than focusing on maturities of underlying assets, the portfolio will attempt to match the appropriate risk characteristics and volatility commensurate with the benchmarks for Liquidity, Contingent, and Core assets noted above. The risk categories to be used in accessing the overall portfolio risk as well as the risk to specific asset classes may include: an analysis of the standard deviation, Sharpe ratio, and/or risk of principal loss to the underlying assets. For instance, the following chart lists the target risk levels based on the benchmark risk profiles for each classification of assets:

Index	Asset Classification	Standard Deviation	Maximum Drawdown
3-month Treasury Bill Index	Liquidity	0.50%	0.00%
Merrill Lynch 1-3 year Treasury Index	Contingent	1.53%	-1.06%
Lehman Aggregate Bond Index	Core	3.56%	-3.55%

*\* The risk measurements above are 10 year average annualized values as of December 31, 2006.*

Because risk will be evaluated at the portfolio level, Community College of Philadelphia will make use of some commingled funds such as fixed income mutual funds and The Commonfund. Consequently, some funds may incorporate strategies such as hedging, option swaps, risk arbitrage, or other non-traditional techniques. However, the overall risk of these commingled funds will be evaluated as part of the overall policy portfolio and adhere to the risk profiles of the relevant benchmark. Furthermore, specific security investments purchased by Community College of Philadelphia will not include equities, options, or interest rate swaps.

**BOARD APPROVED: FEBRUARY 7, 2008**

# **ATTACHMENT B**

**COMMUNITY COLLEGE OF PHILADELPHIA  
SUMMARY OF INVESTMENT RESULTS  
FOR 2011-12 AND FIRST FOUR MONTHS OF 2012-13**

COMMUNITY COLLEGE OF PHILADELPHIA

INVESTMENT PERFORMANCE SUMMARY ANALYSIS

JULY 1, 2011 - JUNE 30, 2012

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
<i>Commonfund</i>						
<b>Multi-Strategy Bond Fund</b>	1.38	1.08	-0.72	1.30	-0.81	0.85
Barclays Capital U.S. Aggregate Bond Index	1.59	1.46	0.73	0.11	-0.09	1.10
<b>Balance</b>	<b>\$5,156,140</b>	<b>\$5,212,004</b>	<b>\$5,125,010</b>	<b>\$5,191,565</b>	<b>\$5,149,288</b>	<b>\$5,143,994</b>
<b>Intermediate term fund (Annualized Total return)</b>	6.36	-1.30	-1.34	-2.59	-5.23	1.65
Benchmark: 3-month Treasury Index	3.18	4.36	-1.70	-1.06	0.61	0.59
<b>Balance</b>	<b>\$2,417,645</b>	<b>\$2,415,035</b>	<b>\$2,399,369</b>	<b>\$2,404,591</b>	<b>\$5,378,343</b>	<b>\$5,355,182</b>
<i>TIAA-CREF</i>						
<b>Monthly Rate of Return</b>	3.33	3.26	3.31	3.27	3.26	3.24
Money Market Funds	202,800	271,990	178,734	277,162	331,600	348,348
U.S. Treasury Obligations	3,152,184	3,181,451	3,696,316	3,682,972	3,676,477	3,700,877
U.S. Government Agencies	1,911,463	1,919,346	1,559,854	1,558,247	1,541,141	1,547,036
Corporate & Foreign Bonds	4,885,311	4,830,883	4,783,123	4,743,255	4,692,154	4,734,540
Cash	-	41,288	-	(5,315)	-	-
<b>Balance</b>	<b>\$10,151,758</b>	<b>\$10,244,958</b>	<b>\$10,218,027</b>	<b>\$10,256,321</b>	<b>\$10,241,372</b>	<b>\$10,330,801</b>
<i>National Penn Bank</i>						
Municipal Flex Money Market Fund	0.50	0.30	0.30	0.30	0.30	0.25
<b>Balance</b>	<b>\$1,113,886</b>	<b>\$1,114,224</b>	<b>\$1,114,499</b>	<b>\$1,114,783</b>	<b>\$1,115,058</b>	<b>\$1,115,328</b>
<i>Wells Fargo Bank</i>						
High Performance Money Market Fund	0.40	0.40	0.40	0.40	0.40	0.40
<b>Balance</b>	<b>\$235,432</b>	<b>\$235,497</b>	<b>\$235,560</b>	<b>\$15,236,446</b>	<b>\$8,240,674</b>	<b>\$4,242,268</b>
Concentration Account	0.25	0.25	0.25	0.25	0.25	0.25
<b>Balance</b>	<b>\$15,324,201</b>	<b>\$12,832,486</b>	<b>\$12,288,698</b>	<b>\$11,513,805</b>	<b>\$11,250,111</b>	<b>\$13,477,073</b>
<i>PNC Bank</i>						
Business Premium Money Market Fund	0.15	0.15	0.10	0.10	0.10	0.10
<b>Balance</b>	<b>\$32,784</b>	<b>\$32,764</b>	<b>\$32,742</b>	<b>\$32,720</b>	<b>\$32,698</b>	<b>\$32,674</b>
<i>Valley Green Bank</i>						
Business Premium Money Market Fund	0.75	0.75	0.75	0.50	0.50	0.50
<b>Balance</b>	<b>\$252,085</b>	<b>\$252,192</b>	<b>\$252,296</b>	<b>\$252,403</b>	<b>\$252,507</b>	<b>\$252,614</b>
Certificate of Deposit (6 Months) matures 09/08/2011	0.90	0.90				
<b>Balance</b>	<b>\$5,063,980</b>	<b>\$5,063,980</b>				
Certificate of Deposit (6 Months) matures 03/07/2012			0.90	0.90	0.90	0.90
<b>Balance</b>			<b>\$5,086,757</b>	<b>\$5,086,757</b>	<b>\$5,086,757</b>	<b>\$5,086,757</b>
Certificate of Deposit (6 Months) matures 09/06/2012						
<b>Balance</b>						
<b>TOTAL BALANCE INVESTED</b>	<b>\$39,747,911</b>	<b>\$37,403,140</b>	<b>\$36,752,958</b>	<b>\$51,089,391</b>	<b>\$46,746,808</b>	<b>\$45,036,691</b>
Less: Quasi Endowment	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)
<b>AVAILABLE BALANCE</b>	<b>\$38,004,183</b>	<b>\$35,659,412</b>	<b>\$35,009,230</b>	<b>\$49,345,663</b>	<b>\$45,003,080</b>	<b>\$43,292,963</b>

YTD Realized & Unrealized Gain (Loss)

YTD Interest Income

Grand Total

COMMUNITY COLLEGE OF PHILADELPHIA

INVESTMENT PERFORMANCE SUMMARY ANALYSIS

JULY 1, 2011 - JUNE 30, 2012

	Jan 2012	February 2012	March 2012	April 2012	May 2012	Jun 2012
<i>Commonfund</i>						
Multi-Strategy Bond Fund	1.51	0.67	-0.27	1.00	-0.11	-0.11
Barclays Capital U.S. Aggregate Bond Index	0.88	-0.02	-0.55	1.11	0.90	0.90
<b>Balance</b>	<b>\$5,221,816</b>	<b>\$5,257,023</b>	<b>\$5,193,776</b>	<b>\$5,245,842</b>	<b>\$5,240,043</b>	<b>\$5,227,306</b>
<i>Intermediate term fund (Annualized Total return)</i>						
15.19	5.41	3.89	4.99	-2.12	-2.12	
Benchmark: 3-month Treasury Index	1.41	-1.76	-0.71	2.56	0.47	0.47
<b>Balance</b>	<b>\$5,424,480</b>	<b>\$5,447,672</b>	<b>\$5,454,775</b>	<b>\$5,477,392</b>	<b>\$5,467,651</b>	<b>\$5,470,918</b>
<i>TIAA-CREF</i>						
Monthly Rate of Return	3.15	3.03	2.95	2.97	2.67	2.67
Money Market Funds	379,605	444,073	447,171	520,640	486,733	489,536
U.S. Treasury Obligations	3,715,575	3,674,538	3,678,180	3,578,212	3,742,951	3,837,929
U.S. Government Agencies	1,555,130	1,542,134	1,640,649	1,771,353	2,001,397	2,003,958
Corporate & Foreign Bonds	4,785,790	4,953,487	4,629,466	4,868,872	4,292,738	4,185,074
Cash	-	(169,597)	-	(250,046)	-	38,405
<b>Balance</b>	<b>\$10,436,100</b>	<b>\$10,444,635</b>	<b>\$10,395,466</b>	<b>\$10,489,031</b>	<b>\$10,523,819</b>	<b>\$10,554,902</b>
<i>National Penn Bank</i>						
Municipal Flex Money Market Fund	0.25	0.25	0.25	0.25	0.25	0.25
<b>Balance</b>	<b>\$1,115,565</b>	<b>\$1,115,786</b>	<b>\$1,116,022</b>	<b>\$1,116,251</b>	<b>\$1,116,482</b>	<b>\$1,116,706</b>
<i>Wells Fargo Bank</i>						
High Performance Money Market Fund	0.40	0.40	0.40	0.40	0.40	0.40
<b>Balance</b>	<b>\$4,243,683</b>	<b>\$244,139</b>	<b>\$25,247,806</b>	<b>\$18,254,922</b>	<b>\$5,257,555</b>	<b>\$258,058</b>
Concentration Account	0.25	0.25	0.25	0.25	0.25	0.25
<b>Balance</b>	<b>\$9,605,688</b>	<b>\$9,813,960</b>	<b>\$9,462,760</b>	<b>\$5,685,390</b>	<b>\$7,310,420</b>	<b>\$9,873,255</b>
<i>PNC Bank</i>						
Business Premium Money Market Fund	0.10	0.10	0.10	0.10	0.10	0.10
<b>Balance</b>	<b>\$32,653</b>	<b>\$32,624</b>	<b>\$32,595</b>	<b>\$32,566</b>	<b>\$32,537</b>	<b>\$32,508</b>
<i>Valley Green Bank</i>						
Business Premium Money Market Fund	0.50	0.50	0.50	0.50	0.50	0.50
<b>Balance</b>	<b>\$252,721</b>	<b>\$252,822</b>	<b>\$252,929</b>	<b>\$253,033</b>	<b>\$253,140</b>	<b>\$253,244</b>
Certificate of Deposit (6 Months) matures 09/08/2011						
<b>Balance</b>						
Certificate of Deposit (6 Months) matures 03/07/2012	0.90	0.90				
<b>Balance</b>	<b>\$5,086,757</b>	<b>\$5,086,757</b>				
Certificate of Deposit (6 Months) matures 09/06/2012			0.75	0.75	0.75	0.75
<b>Balance</b>			<b>\$5,109,636</b>	<b>\$5,109,636</b>	<b>\$5,109,636</b>	<b>\$5,109,636</b>
<b>TOTAL BALANCE INVESTED</b>	<b>\$41,419,463</b>	<b>\$37,695,418</b>	<b>\$62,265,765</b>	<b>\$51,664,063</b>	<b>\$40,311,283</b>	<b>\$37,896,533</b>
Less: Quasi Endowment	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)	(\$1,743,728)
<b>AVAILABLE BALANCE</b>	<b>\$39,675,735</b>	<b>\$35,951,690</b>	<b>\$60,522,037</b>	<b>\$49,920,335</b>	<b>\$38,567,555</b>	<b>\$36,152,805</b>
<b>YTD Realized &amp; Unrealized Gain (Loss)</b>						<b>\$494,710</b>
<b>YTD Interest Income</b>						<b>\$603,431</b>
<b>Grand Total</b>						<b>\$1,098,141</b>

COMMUNITY COLLEGE OF PHILADELPHIA

INVESTMENT PERFORMANCE SUMMARY ANALYSIS

JULY 1, 2012 - JUNE 30, 2013

	July 2012	August 2012	September 2012	October 2012
<i>Commonfund</i>				
<b>Multi-Strategy Bond Fund</b>	1.70	0.61	0.97	0.22
Barclays Capital U.S. Aggregate Bond Index	1.38	0.07	0.14	0.20
<b>Balance</b>	<b>\$5,316,172</b>	<b>\$5,348,730</b>	<b>\$5,355,928</b>	<b>\$5,367,720</b>
<b>Intermediate term fund (Annualized Total return)</b>	8.24	5.30	5.11	2.12
Benchmark: 3-month Treasury Index	2.83	0.12	0.00	-0.59
<b>Balance</b>	<b>\$2,501,395</b>	<b>\$2,512,527</b>	<b>\$2,513,961</b>	<b>\$5,518,544</b>
<i>TIAA-CREF</i>				
<b>Monthly Rate of Return</b>	2.56	2.48	2.48	2.31
<b>Money Market Funds</b>	465,649	503,323	514,729	579,340
U.S. Treasury Obligations	3,917,176	3,591,924	3,591,241	3,583,876
U.S. Government Agencies	2,013,774	2,233,957	2,229,061	2,158,021
Corporate & Foreign Bonds	4,267,996	4,358,000	4,367,374	4,388,710
Cash	-	-	-	-
<b>Balance</b>	<b>\$10,664,595</b>	<b>\$10,687,204</b>	<b>\$10,702,405</b>	<b>\$10,709,947</b>
<i>National Penn Bank</i>				
<b>Municipal Flex Money Market Fund</b>	0.25	0.25	0.25	0.25
<b>Balance</b>	<b>\$1,116,942</b>	<b>\$1,117,179</b>	<b>\$1,117,408</b>	<b>\$1,117,644</b>
<i>Wells Fargo Bank</i>				
<b>High Performance Money Market Fund</b>	0.40	0.40	0.40	0.40
<b>Balance</b>	<b>\$258,116</b>	<b>\$5,259,063</b>	<b>\$5,260,772</b>	<b>\$13,263,414</b>
<b>Concentration Account</b>	0.25	0.25	0.25	0.25
<b>Balance</b>	<b>\$17,444,322</b>	<b>\$11,526,571</b>	<b>\$5,855,073</b>	<b>\$9,744,525</b>
<i>PNC Bank</i>				
<b>Business Premium Money Market Fund</b>	0.10	0.10	0.10	0.10
<b>Balance</b>	<b>\$32,480</b>	<b>\$32,452</b>	<b>\$32,423</b>	<b>\$32,395</b>
<i>Valley Green Bank</i>				
<b>Business Premium Money Market Fund</b>	0.50	0.50	0.50	0.50
<b>Balance</b>	<b>\$253,352</b>	<b>\$253,460</b>	<b>\$253,564</b>	<b>\$253,656</b>
<b>Certificate of Deposit (6 Months) matures 09/06/2012</b>	0.75	0.75		
<b>Balance</b>	<b>\$5,109,636</b>	<b>\$5,109,636</b>		
<b>Certificate of Deposit (6 Months) matures 03/07/2013</b>			0.75	0.75
<b>Balance</b>			<b>\$5,128,780</b>	<b>\$5,128,780</b>
<b>TOTAL BALANCE INVESTED</b>	<b>\$42,697,010</b>	<b>\$41,846,822</b>	<b>\$36,220,314</b>	<b>\$51,136,625</b>
Less: Quasi Endowment	(\$1,914,234)	(\$1,914,234)	(\$1,914,234)	(\$1,914,234)
<b>AVAILABLE BALANCE</b>	<b>\$40,782,776</b>	<b>\$39,932,588</b>	<b>\$34,306,080</b>	<b>\$49,222,391</b>

YTD Realized & Unrealized Gain (Loss)

YTD Interest Income

Grand Total

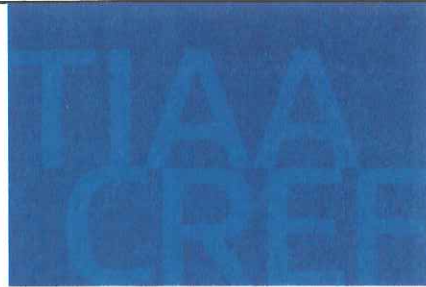


# **ATTACHMENT C**

**TIAA-CREF INVESTMENT MANAGEMENT PRESENTATION**



Financial Services



### Community College of Philadelphia Investment Review November 28, 2012

**Ellyn Korzun**  
Senior Director, Fixed Income  
TIAA-CREF Trust Company, FSB

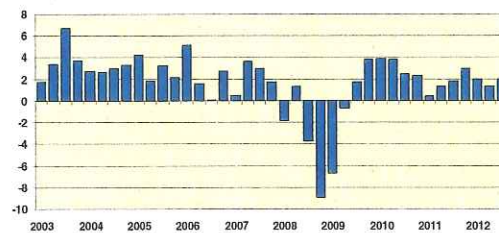
**Laura J. Allen, CFA**  
Senior Portfolio Manager  
TIAA-CREF Trust Company, FSB  
Investment Management & Fiduciary Services



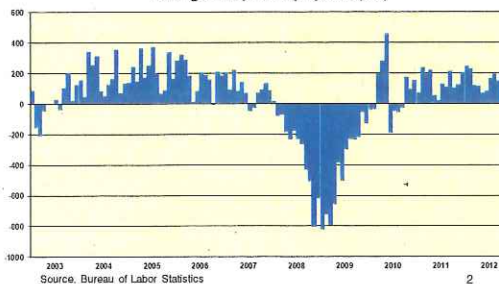
### Economic Review

- **Real GDP** rose at a 2% annual rate in the third quarter of 2012 compared to 1.3% in the second quarter. Consumer spending, residential investment, and defense outlays were the primary contributors, while lower capital spending, exports and inventories subtracted from growth in the quarter.
- **Labor market** conditions continued to improve but at an uneven rate. Payrolls increased further year to date through October, with the unemployment rate remaining below 8%. Consumer confidence measures have advanced in recent months and are above year ago levels.
- **US housing** activity gradually improving. Boosted by record low mortgage rates, existing home sales were up 11% in October compared to a year ago. Inventories continued to drop, representing about five months of supply. Median existing home prices rose 11% from a year ago, supported by fewer distressed sales.
- **Manufacturing** activity started the year on a solid note but contracted in the third quarter. Industrial production rebounded in September and fell modestly in October, due in part to the impact of Hurricane Sandy.
- **Core inflation**, excluding food and fuel costs, rose at a 2% annual rate in October. Headline inflation, as measured by the CPI, edged higher with rising food prices, increasing at a 2.2% annual rate. Wage pressures remain contained, with average hourly earnings rising at a record low 1.6% annual rate in October.

Percent Change in Real GDP



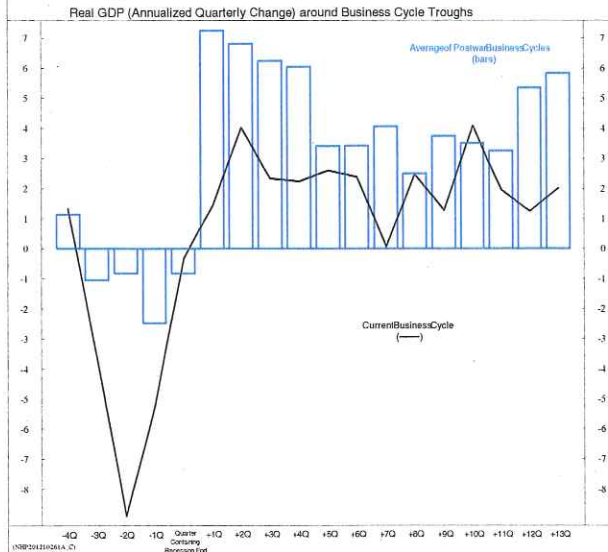
Change in Payroll Employment (000)



Source: Bureau of Labor Statistics

## Economic Outlook Continued Sluggish Growth

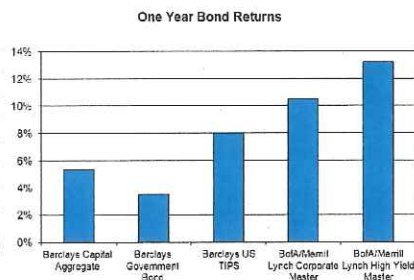
- **Real GDP** is expected to grow at a modest pace in the 2H12, supported by positive consumer spending, moderate gains in capital investment, and better manufacturing activity. While fiscal policy will be a restraint to growth in 2013, monetary policy is expected to remain highly accommodative both here and abroad.
- **Corporate profit** growth decelerated in the second and third quarters, impacted by the slowdown in global economic activity and a higher US dollar. Cash flows for US corporations remain healthy and should support improved business spending and job growth.
- **Consumer expenditures** are expected to continue to expand assisted by gains in employment and firming home prices. Volatile energy costs and reductions in federal, state and local budgets are potential constraints.
- **Core inflation** is expected to be relatively tame. The Federal Reserve and investors remain focused on the trend in inflation expectations.
- **Key risks** include flaring of the European sovereign debt crisis, a deepening Eurozone recession, slowing growth in China, and the direction of US fiscal policy in 2013.



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## Capital Markets Review Period Ending October 31, 2012

	One Month	Year to Date	One Year
<b>Equity Markets</b>			
S&P 500 Index	-1.9%	14.3%	15.2%
Russell Mid-Cap	-1.0%	12.8%	12.1%
Russell 2000	-2.2%	11.8%	12.1%
MSCI EAFE	0.8%	11.0%	4.6%
MSCI Emerging Markets	-0.6%	11.3%	2.6%
<b>Fixed Income Markets</b>			
Barclays Capital Aggregate	0.2%	4.2%	5.3%
Barclays Government Bond	-0.2%	1.9%	3.5%
Barclays US TIPS	0.9%	7.2%	8.0%
BofA/Merrill Lynch Corporate Master	1.3%	10.5%	10.5%
BofA/Merrill Lynch High Yield Master	0.8%	12.8%	13.2%

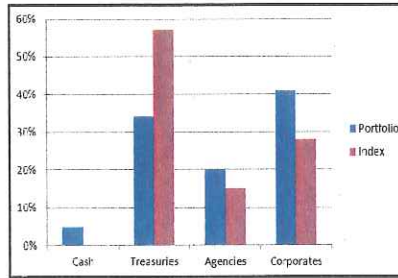
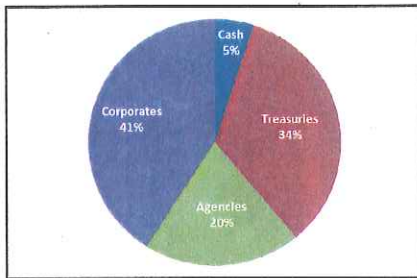


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## Community College of Philadelphia Asset Summary

Asset Class	10/31/2012 Market Value	10/31/2012 % of Assets	Index*	Allowable Range	
				Minimum	Maximum
<b>Cash Equivalents</b>	<b>\$579,284</b>	<b>5.3%</b>			
GS Prime Obligations Fund	579,284	5.3%	0.0%	0.0%	25.0%
<b>Fixed Income</b>	<b>\$10,130,364</b>	<b>94.7%</b>			
US Treasuries	3,583,633	33.5%	56.9%	28.5%	100.0%
US Government Agencies	2,158,021	20.2%	15.3%	7.6%	30.5%
US Corporate Bonds	4,388,710	41.0%	27.8%	13.9%	55.7%
<b>Total Portfolio</b>	<b>\$10,709,648</b>	<b>100.0%</b>			

\*Barclays Capital Intermediate Government/Credit Index

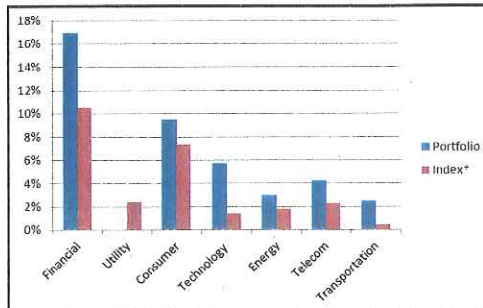


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## Community College of Philadelphia Corporate Bond Sector Allocation

Sector	Portfolio	Index*
Financial	16.8%	10.5%
Utility	0.0%	2.4%
Consumer	9.3%	7.3%
Technology	5.6%	1.4%
Energy	2.8%	1.8%
Telecom	4.1%	2.3%
Transportation	2.4%	0.4%
<b>Total Corporate Bonds</b>	<b>41.0%</b>	<b>26.1%</b>

\*Barclays Capital Intermediate Government/Credit Index



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**Community College of Philadelphia  
Investment Returns as of October 31, 2012**

	Latest 3 Months	June Fiscal YTD	Calendar YTD	One Year	Since 5/31/11 Inception
<b>Total Assets</b>	<b>0.5%</b>	<b>1.6%</b>	<b>3.9%</b>	<b>4.7%</b>	<b>5.1%</b>
<i>Blended Index*</i>	<i>0.6%</i>	<i>1.5%</i>	<i>3.5%</i>	<i>4.1%</i>	<i>4.7%</i>
<b>Total Fixed Income, Excluding Cash</b>	<b>0.5%</b>	<b>1.7%</b>	<b>4.1%</b>	<b>5.0%</b>	<b>5.4%</b>
<i>Barclays Intermediate Govt/Credit Index</i>	<i>0.6%</i>	<i>1.6%</i>	<i>3.7%</i>	<i>4.2%</i>	<i>4.8%</i>
<b>Cash and Cash Equivalents</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
<i>MFR All Taxable Index</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

All returns include the effects of all principal change and income, and returns for longer than one year are annualized

Total Account Blended Index: Monthly average asset mix allocations, Report period average asset mix allocation detailed below  
05/31/11 - 10/31/12 93.58% BC Inter GW/Cr, 6.42% MFR All Taxable



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