

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON
FISCAL AFFAIRS

MINUTES OF THE MEETING
FEBRUARY 6, 2012

The meeting was called to order at 5:56 p.m.

There were present:

Committee Members:

Hon. Joseph J. Lhota, Chair
Hon. Peter S. Pantaleo, Vice Chair
Hon. Valerie L. Beal
Hon. Judah Gribetz
Kathleen M. Pesile
Prof. Terrence Martell, faculty member
Mr. Jermaine Morris, student member

Ex-officio:

Hon. Benno Schmidt

University Staff:

Chancellor Matthew Goldstein
Executive Vice Chancellor and Chief Operating
Officer Allan Dobrin
Senior Vice Chancellor Marc Shaw
Associate Vice Chancellor Matthew Sapienza
University Controller Barry Kaufman
Chief Investment Officer Janet Krone
University Deputy Executive Controller Miriam
Katowitz

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
General Counsel and Senior Vice Chancellor
Frederick P. Schaffer
Deputy to the Secretary Hourig Messerlian
Mr. Steven Quinn

Cal. No.	DISPOSITION
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The agenda items were considered in the following order:

I. ACTION ITEMS:

- A. APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 31, 2011. The minutes were approved as submitted.**

II. INFORMATION ITEMS:

A. Report by Associate Vice Chancellor Matthew Sapienza

- State of New York 2012-13 Executive Budget

PRESENTATION BY ASSOCIATE VICE CHANCELLOR MATTHEW SAPIENZA

In response to a question from Trustee Judah Gribetz, Associate Vice Chancellor Sapienza stated that there has been a lot of discussion about CUNY's shovel-ready projects, and that its capital construction program—amounting to 20 percent of all construction projects in the city--not only benefits the University but it is a workforce development program for New York City.

Chancellor Matthew Goldstein explained that CUNY has a project at the New York City College of Technology that has about \$200 million in appropriated money which is basically

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FEBRUARY 6, 2012

inaccessible to start this project because the project is not fully funded. When this was brought up to the attention of the right players in Albany—that CUNY could start this much needed project going now by what funding is currently in place instead of waiting for about three years for additional money to complete its funding, the response requires further consideration. The best that the University has been able to achieve thus far is the funding of about \$284 million for important critical maintenance projects.

B. Report by Chief Investment Officer Janet Krone and Cambridge Associates Managing Director Mark Fowler

- Performance Review
- International Equity Manager Recommendation

PRESENTATIONS BY CIO J. KRONE & C.A. MANAGING DIRECTOR M. FOWLER

COMMITTEE ON FISCAL AFFAIRS – SUBCOMMITTEE ON AUDIT

The agenda items were considered in the following order:

III. ACTION ITEMS:

- A. APPROVAL OF THE MINUTES OF THE MEETING OF NOVEMBER 29, 2011. The minutes were approved as submitted.**

IV. INFORMATION ITEMS:

A. 2011 Audit of Auxiliary Enterprise Corporations and College Associations

University Controller Barry Kaufman stated that this audit report is strictly an informational item on the College Associations, which is the group that receives most of its revenue from student fees, and on the Auxiliary Enterprise Corporations, which is a group that receives most of its revenue through book store commissions, parking, cafeteria, vending and food services and facilities. The Audit firm of Toski & Company, P.C. conducted about forty separate audits of these entities. The financial statements that have been performed for the associations and the auxiliaries are rolled up into the University's combined statements each year. They are reviewed by KPMG, but in effect they are statements that effectively belong to the associations and the auxiliaries and to their individual boards of directors.

The Controller's Office has taken the independent audits and combined them into summary reports just to highlight some of the most salient features.

REPORT FROM RONALD TOSKI, DOUGLAS ZIMMERMAN, AND ROB WILLIAMS, TOSKI & CO. P.C.

In response to a question from Professor Terrence Martell with reference to the citing of three weaknesses in two different institutions, Mr. Douglas Zimmerman noted that his firm would adjust its audit plan to review these issues in the 2012 audits.

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FISCAL AFFAIRS

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Trustee Valerie Beal stated that she noticed that there are a couple of colleges that have continuously been cited for weaknesses for the number of years that she has been reviewing these reports.

Chancellor Matthew Goldstein stated that in the auxiliary services area, which is probably the most problematic as there are all different levels of professionalism depending upon the institution and its size, the Central Administration tries to work with the campuses to get them to do the quality assurance that is necessary. He noted that there are still a number of campuses that are continuing to have small work-in-progress issues, and The Office of the University Controller continues to work with these campuses to try to get them to be at the level of the other campuses.

University Controller Kaufman added that all of the auxiliaries have a board of directors organization and the board of directors usually consist of administrative staff, faculty and students who are involved in the distribution of funds that come in. He reiterated that there is variability in terms of the staffing and skill sets, and noted that his team meets with the college auxiliaries and the associations twice a year, and also provides their representatives with training in accounting and other related procedures, especially prior to a mid-year close and an end of year close. Over the years his office has seen improvement in this area, but there still is progress to be made. They will continue to work closely with the colleges.

The meeting was adjourned at 6:53 p.m.