

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON
FISCAL AFFAIRS

MINUTES OF THE MEETING
JUNE 3, 2013

The meeting was called to order at 5:01 p.m.

There were present:

Committee Members:

Hon. Joseph J. Lhota, Chair
Hon. Peter S. Pantaleo, Vice Chair
Hon. Judah Gribetz
Hon. Kathleen M. Pesile
Hon. Carol A. Robles-Roman
Hon Terrence F. Martell, faculty member
Prof. Kay Conway, faculty alternate

University Staff:

Chancellor Matthew Goldstein
Executive Vice Chancellor and Chief Operating
Officer Allan H. Dobrin
Associate Vice Chancellor Matthew Sapienza
Chief Investment Officer Janet Krone
Acting University Controller Miriam Katowitz
Senior University Dean/Special Counsel Dave
Fields

Ex-officio:

Vice Chairperson Philip A. Berry

Trustee Observers:

Hon. Kafui K. Kouakou

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
General Counsel and Senior Vice Chancellor
Frederick P. Schaffer
Ms. Towanda Lewis
Mr. Anthony Vargas

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| Cal. No. | DISPOSITION |
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The meeting was adjourned at 5:02 to go into the Subcommittee of Investment meeting. The committee reconvened at 5:37 p.m. The agenda items were considered and acted upon in the following order:

I. ACTION ITEMS:

A. APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 8, 2013. The minutes were approved as submitted.

B. POLICY CALENDAR

1. Approval of Academic Excellence Fees for Graduate Students in the Hunter-Bellevue School of Nursing, and Nursing Programs at the College of Staten Island and Lehman College. Associate Vice Chancellor Matthew Sapienza asked that the Committee approve the academic excellence fees in the graduate nursing programs at Hunter College, College of Staten Island, and Lehman College. The cost of the nursing programs has continued to go up so all the revenue generated by this fee—\$500 a semester—will be invested in the graduate nursing programs at the campuses.

Following discussion, the item was unanimously approved for submission to the Board.

2. Approval of an eighteen month in-state tuition rates for out-of-state veterans. Associate Vice Chancellor Sapienza asked that the Committee approve a proposal that gives out-of-state veteran students eighteen months in which they will be charged the in-state rate;

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they will have to establish residency in New York State within those eighteen months in order to continue being charged the in-state rate.

In response to a question from Trustee Terrence Martell, Associate Vice Chancellor Sapienza stated that this past year there were about 160 non-resident veteran students at CUNY campuses. The differential rate total was about \$1.2 million in foregone revenue.

Trustee Kafui Kouakou stated that he supports this resolution, and that prior to it the University Student Senate had passed a resolution supporting in-state tuition rate for veteran students, and SUNY students have already done so.

General Counsel and Senior Vice Chancellor Frederick Schaffer stated that the University is looking into ways to encourage the federal government to return to its prior policy.

In response to a question from Trustee Judah Gribetz, Committee Chair Joseph Lhota stated that the proposed resolution is based on changes in a federal policy in which amendments to return to the past can be made by the University based on full Board approval.

Following discussion, the item was unanimously approved for submission to the Board, revised as follows: The following sentence is added to the explanation section of the resolution – “The Chancellery will pursue with the United States Department of Veterans Affairs efforts to reinstate the prior policy whereby the federal government paid out-of-state tuition rates for eligible veterans.”

3. Acceptance of \$1 million gift from SC Group. Associate Vice Chancellor Sapienza asked that the Committee accept a \$1 million gift from the SC Group, a private foundation which makes grants and loans, that focuses on the environment, the elderly, and education. The plan is to use it as a revolving loan fund with the campuses to develop initiatives to make the campuses more sustainable and greener thereby resulting in energy savings.

Following discussion, the item was unanimously approved for submission to the Board.

4. Approval of the revised University Tuition and Fee Manual. Committee Vice Chair Peter Pantaleo asked that the Committee revise the University Tuition and Fee Manual, which has not been comprehensively reviewed or modernized in over 20 years.

PRESENTATION OF THE CITY UNIVERSITY OF NEW YORK TUITION AND FEE MANUAL

In response to a question from Trustee Gribetz, Committee Vice Chair Pantaleo stated that once the revised University Tuition and Fee Manual is approved by the Committee and the full Board, it will then become available on the CUNY website.

In response to another question from Trustee Gribetz, Associate Vice Chancellor Sapienza stated that the fee changes to the revised Manual are related to the costs of those services to CUNY.

In response to a question from Trustee Kouakou, Associate Vice Chancellor Sapienza stated that the revised Manual highlights a new equipment fee that will be for the use of library equipment.

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Trustee Carol Robles-Roman stated that she would like to congratulate the authors of the Manual and recommend that the final review be done with an eye towards plain language.

Following discussion, the item was unanimously approved for submission to the Board.

5. Approval of increase to technology fee. Associate Vice Chancellor Sapienza asked that the Committee approve an increase in the technology fee from \$100 per semester for full-time students to \$125 per semester and from \$50 per semester for part-time students to \$62.50 per semester, effective at senior colleges beginning Spring 2014, and at the community colleges beginning Fall 2015. The last time the University had increased the technology fee was in 2008, and all revenues from the technology fee are kept at the campuses and have direct benefits to the student body by improving the technology at the campuses.

In response to a question from Trustee Martell, Associate Vice Chancellor Sapienza stated that the University has been reporting on the expenditure of the technology fee to the colleges to make sure that the colleges are spending the dollars in the year that they are earned.

In response to questions, Executive Vice Chancellor and Chief Operating Officer Allan Dobrin stated that any circumstances involving student representation concerning technology fees will certainly be regarded.

Chancellor Matthew Goldstein further noted that at the next Council of Presidents meeting technology fees will be discussed with the presidents.

Following discussion, the item was unanimously approved for submission to the Board.

6. Approval of one year extension to KPMG Contract. Associate Vice Chancellor Sapienza asked that the Committee extend KPMG's contract for one-year to ensure continuity of services as CUNY conducts an external audit for FY2013, while issuing an RFP for auditing services for external services going forward.

In response to a question from Trustee Martell, Associate Vice Chancellor Sapienza stated that due to timing issues the item is going through the Committee on Fiscal Affairs as an alternative of the Subcommittee on Audit.

Following discussion, the item was approved for submission to the Board. **TRUSTEE PETER PANTALEO ABSTAINED.**

7. Approval of Amended Investment Policy - Appendix A - Asset Allocation. Associate Vice Chancellor Sapienza asked that the Committee revise the Asset Allocation to increase the allocation to both hedge funds and emerging markets.

Following discussion, the item was unanimously approved for submission to the Board.

8. Approval of Cambridge Associates Contract. Associate Vice Chancellor Sapienza asked that the Committee authorize the General Counsel to execute a contract on behalf of the Office of the University Controller to purchase investment consultant services from Cambridge Associates, LLC or an affiliated entity ("Cambridge"), without competitive solicitation and pursuant to law and University regulations for advice to the University and

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its Investment Pool. Cambridge's current contract expires on July 1, 2013, and the services are being continued in the best interests of the University.

Following discussion, the item was unanimously approved for submission to the Board.

9. Approval of Fiscal Year 2014 Spending Rate. Associate Vice Chancellor Sapienza asked that the Committee approve a 4.5% appropriation for the funds in the portfolio for the fiscal year ending June 30, 2014.

Following discussion, the item was unanimously approved for submission to the Board.

10. Approval of Amended Investment Policy. Associate Vice Chancellor Sapienza asked that the Committee amend the Policy to permit the Committee on Fiscal Affairs and its Subcommittee on Investment to delegate authority to the Senior Vice Chancellor of Budget, Finance and Fiscal Policy as it relates to the current policy concerning decisions to make marketable and non-marketable alternative investments as circumstances warrant.

Following discussion, the item was unanimously approved for submission to the Board.

11. Approval of Amended Investment Policy - Appendix B - Spending Policy. Associate Vice Chancellor Sapienza asked that the Committee revise the spending policy to permit a more efficient process of implementation, as well as to further clarify the policy in terms of compliance with NYPMIFA and best practices in accounting.

In response to a question from Trustee Martell, Chancellor Goldstein stated that funds distributed from the spending pool are intended to be spent. The philosophy is to spend it or lose it.

Following discussion, the item was unanimously approved for submission to the Board.

II. INFORMATION ITEMS:

A. Report of the 2013-2014 City Executive Budget by Associate Vice Chancellor Matthew Sapienza

The City Executive Budget keeps the maintenance of effort for the community colleges. In past years, it fell short and the University had to lobby with the City Council to bring CUNY back to at least the maintenance of effort level. In addition, the Executive Budget also recognized the revenue from the fall tuition increase of \$23 million. With the additional tuition revenue and with the additional state-aid to the community colleges, the University should have a very stable environment for the community colleges going forward and be able to make some additional investments.

Last year, there was an adoption agreement made between the Council and the Office of Management and Budget that the Black Male Initiative program would be funded in CUNY's baseline budget and which meant that funding would be there permanently; however, that is not the case so the University has some concerns. BMI is a terrific program supported by the University so CUNY is confident that the Council will adopt the budget for BMI for next year.

The meeting was adjourned at 6:14 p.m.