

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON
FISCAL AFFAIRS

MINUTES OF THE MEETING
JANUARY 6, 2014

The meeting was called to order at 6:05 p.m.

There were present:

Committee Members:

Hon. Joseph J. Lhota, Chair
Hon. Peter S. Pantaleo, Vice Chair
Hon. Valerie L. Beal
Hon. Barry Schwartz
Hon Terrence F. Martell, faculty member
Mr. David Rosenberg, student member
President Felix Matos Rodriguez, COP liaison

University Staff:

Interim Chancellor William P. Kelly
Executive Vice Chancellor and Chief Operating
Officer Allan H. Dobrin
Senior Vice Chancellor Marc V. Shaw
Associate Vice Chancellor Matthew Sapienza
Chief Investment Officer Janet Krone
University Controller Leonard Zinnanti
Deputy Controller Miriam Katowitz

Ex-officio:

Chairperson Benno Schmidt

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
Ms. Towanda Lewis
Mr. Steven Quinn

Cal. No.

DISPOSITION

Committee Chair Joseph Lhota stated that he would like to introduce and welcome Mr. Barry Schwartz as the new Trustee member on this Committee.

The agenda items were considered and acted upon in the following order:

I. ACTION ITEMS:

- A. **APPROVAL OF THE MINUTES OF THE MEETING OF NOVEMBER 4, 2013.** The minutes were approved as submitted.
- B. Audit, Tax and Advisory Services RFP. Committee Chair Lhota asked that the Committee approve this resolution authorizing the General Counsel to execute a contract on behalf of the University to provide audit, tax and advisory services for FY2014-FY2019. The contract shall be awarded on the basis of best value to a responsive and responsible offeror after public advertisement and timely submission of sealed proposals pursuant to law and University regulations. The RFP solicitation and evaluation process shall be conducted by the University. The initial term shall be for three years, and the contract shall include up to two one-year options for the University to renew in its best interest. Such purchase shall not exceed a total estimated cost of \$2 million during the initial term of the contract.

In response to a question from Committee Chair Lhota, Associate Vice Chancellor Matthew Sapienza stated that the RFP process has already occurred. The Committee made a recommendation to the State Controller's Office about the vendor that was selected. At the December 4th meeting of the Subcommittee on Audit, the Committee also had a discussion about this item and gained approval in terms of the audit perspective as to moving forward on this item.

Following discussion this item was approved for submission to the Board.

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- C. Konica Minolta Business Solutions U.S.A., Inc. Committee Chair Lhota asked that the Committee approve this resolution authorizing the General Counsel to execute a University-wide service contract with Konica Minolta which will not exceed a total estimated cost of \$1.5 million. CUNY has nearly 2,000 Konica copier machines and the continued operation of this fleet is critical to day-to-day operations of the University. Konica has provided the required maintenance services to the University under a NYS Office of General Services contract which has now expired and has not been renewed. To prevent the interruption of services, Konica will continue to provide these services through June 30th of this year. The University will conduct a competitive procurement to provide for these services as of July 1, 2014.

In response to a question from Committee Chair Lhota, AVC Sapienza stated that this is the result of an initiative that the Governor started on strategic sourcing for the entire State of New York. The state has contracted with Extensia to help them do strategic sourcing for all of their commodities statewide and as a result of that the state has allowed current contracts to expire. The University had always piggybacked off the state's Konica Minolta contract for copiers; however, that contract is now expired at the state level and so CUNY needs this six-month agreement for the University to get through the interim period for the remainder of the fiscal year so that Konica Minolta can continue to provide services.

In response to a question from University Faculty Senate Chair and Trustee Terrence Martell, AVC Sapienza stated that if the University decides to go with a new vendor starting on July 1st, the normal practice is that if the University still has Konica machines, Konica Minolta will continue to service them.

Following discussion this item was approved for submission to the Board.

- D. Project MUSE Online Electronic Database of Scholarly Electronic Journals. Committee Chair Lhota asked that the Committee approve this resolution authorizing the General Counsel to execute a University-wide contract with The John Hopkins University Press for online access to Project Muse Standard Collection, a unique not-for-profit collaboration between libraries and publishers, supporting a diverse array of research needs at academic libraries worldwide. CUNY has been utilizing Project MUSE for many years and it is an integral resource for the colleges. This renewal shall not exceed an estimated cost of \$600,000 and will provide continued access to Project MUSE from January 1, 2014 through December 31 of 2016.

Following discussion this item was approved for submission to the Board.

- E. American Chemical Society Journal Subscriptions Contract Details. Committee Chair Lhota asked that the Committee approve this resolution authorizing the General Counsel to execute a University-wide contract with American Chemical Society for online access to its collection of academic journals. The University has been utilizing this subscription for many years and it is an integral resource for the colleges. This contract will provide access for a period of three year from January 1, 2014 through December 31, 2016 and shall not exceed a cost of \$863,000.

Following discussion this item was approved for submission to the Board.

- F. Multimedia Equipment and Installation Services for Smart Classrooms for Brooklyn College. Committee Chair Lhota asked that the Committee approve this resolution to execute a contract on behalf of Brooklyn College to purchase multimedia equipment and installation services for Smart Classrooms. Such purchase shall not exceed a total estimated cost of \$3.1 million for the initial three year term and up to two one-year renewal terms ending on June 30, 2018. The College retrofits 20-30 legacy classrooms each year with "smart"

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technology capabilities but there continues to be more demand for smart rooms than the College can meet and the ultimate goal is to facilitate advanced technology assisted instruction and to enhance pedagogy and learning for students in all instructional spaces.

In response to a question from Committee Chair Lhota, AVC Sapienza stated that all the universities are installing smart technology capability.

In response to a question from Trustee Schwartz, Brooklyn College Chief Technology Officer Mark Gold stated that the contract is being awarded to Edart GTI.

In response to another question from Trustee Schwartz, Mr. Gold stated that the College has had experience working with Edart GTI, which also includes some grant work. The College had a previous contract with a vendor who unfortunately did not follow state rules and was removed from the contract so all vendors that bid on this project were vendors that had worked with Brooklyn College in the past. They are a known provider of this type of equipment.

Following discussion this item was approved for submission to the Board.

II. INFORMATION ITEMS:

A. University's Portfolio Performance Update

PRESENTATION BY CHIEF INVESTMENT OFFICER JANET KRONE ON THE UNIVERSITY'S PORTFOLIO PERFORMANCE THROUGH NOVEMBER 30, 2013

Dr. Martell stated that the University sets an asset allocation and allows some variation within it. He added that CUNY shorted the duration because rates went up and that is a nice thing, but the University should not expect to figure out when to shorten or lengthen the duration. CUNY ought to be comfortable with what was set and live with it; otherwise, the University will not be able to do what needs to be done.

B. Update on Audit Subcommittee Meeting of December 4, 2013

Committee Chair Lhota stated that Shelly Masi and John Eusanio from KPMG presented the draft year-end financial statements and the results for FY2013 audit to the Subcommittee on Audit on December 4th. They also shared copies of the KPMG's 2013 Higher Education Industry Outlook Survey and the KPMG's Audit Committee Institute information with the Committee. During the presentation, KPMG indicated that there were no changes to the audit plan and there were four open items. The open items have since been completed and the audited financial statements were issued on December 16, 2013. KPMG reviewed the audit results and indicated that there were no corrected or uncorrected audit adjustments identified during the audit. KPMG pointed out the changes to the audit opinion which included headings to the paragraphs and, instead of a qualified or unqualified opinion, the auditors' opinion is now either not modified or modified. KPMG has no other significant matters to report and indicated the independence between CUNY and KPMG and that no management services were performed for CUNY by KPMG at FY2013. At the February Subcommittee on Audit meeting, the management letter and the A-133 Audit will be reported. KPMG indicated that there were no management findings from the current year. There were a number of questions from the Committee and several requests for clarification and future enhancements. The Committee accepted the financial statements and requested that they be issued as soon as possible. The Financial Statements have been issued as of December 16, 2013, as was

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stated. Copies of the KPMG's 2013 Higher Education Industry Outlook Survey are available if anyone would like one.

Trustee Valerie Beal stated that the Committee on Faculty, Staff, and Administration (CFSA) has been assigned the task of developing an Investment Policy Statement for the University's Optional Retirement Program and deferred annuity plan. It is imperative that the Committee on Fiscal Affairs have access and work closely with the CFSA, because of the expertise that lies within this cluster to advise how CFSA will be developing protocols, etc. Trustee Beal added that she will be working with Dr. Martell—with the Committee's assistance—on a subcommittee to develop protocols on how CUNY will move forward to best serve the interests of the University.

In response to a question from Trustee Schwartz, AVC Sapienza stated that there have been discussions with Vice Chancellor Gloriana Waters about this issue for several months now and Chief Investment Officer Janet Krone has been working closely with Vice Chancellor Water's staff. It is a terrific suggestion and the Committee looks forward to collaborating with the CFSA.

In response to a question from Chairperson Benno Schmidt, AVC Sapienza stated that the Governor's Executive Budget will be reported in two weeks. At the next Fiscal Affairs meeting—which is on February 3—the committee will be able to report on the results of the Governor's Executive Budget. The Committee will certainly have an analysis done before that which will be sent out electronically.

The public meeting was adjourned at 6:27 p.m.