

BOARD OF TRUSTEES  
THE CITY UNIVERSITY OF NEW YORK

COMMITTEE ON  
FISCAL AFFAIRS

MINUTES OF THE MEETING  
FEBRUARY 6, 2017

The meeting was called to order by Committee Chair Barry Schwartz at 4:01 p.m.

The following people were present:

**Committee Members:**

Hon. Barry F. Schwartz, Chair  
Hon. Fernando Ferrer, Vice Chair  
Hon. Una S. T-Clarke  
Hon. Lorraine A. Cortés-Vázquez  
Prof. Kay Conway, faculty member  
Ms. Cecilia Salvi, student member  
President Felix V. Matos Rodriguez, COP Liaison

**University Staff:**

Chancellor James B. Milliken  
Senior Vice Chancellor and Chief Financial Officer  
Matthew Sapienza  
Senior Advisor to the Chancellor Marc V. Shaw  
Senior Associate General Counsel Marina Ho

**Trustee Observers:**

Hon. William C. Thompson, Jr.  
Hon. Chika Onyejiukwa

**Trustee Staff:**

Senior Advisor to the Chancellor and Secretary of  
the Board Gayle M. Horwitz  
Interim General Counsel and Vice Chancellor for  
Legal Affairs Jane Sovern  
Ms. Towanda Lewis  
Ms. Fenella Ramsami

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<b>Cal. No.</b>	<b>DISPOSITION</b>
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The agenda items were considered and acted upon in the following order:

**I. ACTION ITEMS:**

**A. APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 9, 2017.** Moved by Committee Chair Schwartz and seconded by Trustee Una Clarke, the minutes were approved as amended, as follows: page 7 (last page), fifth paragraph to read "President Felix Matos Rodriguez noted that as for Queens College, the State covers financial aid for 1,322 students."

**B. POLICY CALENDAR**

1. John Jay College - NYC Justice Corps. Committee Chair Schwartz asked for the Committee's approval to authorize the General Counsel to renew four existing contracts on behalf of John Jay College to provide services for the NYC Justice Corps. The additional renewal term authorized shall be one year, with the option to renew for another one-year term, based on the availability of funding. Such purchase shall not exceed a total estimated cost of \$2.6 million during the fiscal year ending June 30, 2018, using funds allocated by the City of New York. The NYC Justice Corps is a collaborative initiative that John Jay College is engaging in with the New York City Center for Economic Opportunity as a demonstration project to reduce poverty and recidivism among youth ages 18 to 24, by setting them on a path toward higher levels of education, dignified work, and meaningful participation in civic life.

In response to a question from Committee Chair Schwartz on why is the Committee authorizing the General Counsel to renew this contract:

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Interim General Counsel and Vice Chancellor (IGC&VC) Jane Sovern stated that the General Counsel is delegated the authority in the Bylaws to sign all contracts for the University.

In response to another question from Committee Chair Schwartz on who would be the signatory to the contract, absent that delegation:

IGC&VC Sovern stated that the Board has the authority to enter into the contract under New York State Education Law, so it is the Board's delegation. She added that she is not sure if the Chairperson of the Board would have the authority but it is delegated to the General Counsel.

In response to a question from Chairperson William Thompson on whether there are other instances where the General Counsel is authorized to sign expenditures without it coming to the Board:

IGC&VC Sovern stated that the General Counsel is authorized to sign expenditures without authorization from the Board. The Manual of General Policy provides the thresholds—purchases of goods and services—for which the Board has to approve. For contracts that do not reach a threshold amount or are not for the purchase of goods and services, for example, when the University enters into agreements with New York City with respect to programs that are provided, the Board accepts grants that come in from the City and those are in the list of grants. She added that Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza, herself, and others at CUNY have discussed whether that is something that may be revisited in terms of having those kinds of agreements come to the Board for approval.

Chairperson Thompson stated that the Board would like to have that discussion at some point in the future because at the very least, there is one situation—reimbursables—where the Board was out a substantial amount before receiving that amount in return.

IGC&VC Sovern stated that last week, the chancellery discussed and agreed that this is something that ought to be amended and brought to the Board.

Committee Chair Schwartz stated that as Secretary Gayle Horwitz helps the Board review the Bylaws, this item should be prominent among the review items. He noted that in the update of the Committee on Fiscal Affairs (CFA) approved resolutions, the Committee had a similar proposal from John Jay College which was approved in February 2016. The amount is basically the same and this is the renewal of what the Committee approved.

In response to a question from University Faculty Senate (UFS) Chair and Trustee Kay Conway on what did the College spend this money on:

John Jay College Director of Collaborative Learning Elena Sigman stated that the contract funds program operations, for example, staff, case managers, and placement specialists, etc., to help young people, ages 18 to 24, to achieve the goals of the program.

In response to a follow-up question from UFS Chair and Trustee Conway on how is the program assessed:

John Jay College Director of Collaborative Learning Sigman stated that a combination of metrics are put in place to assess whether or not the money is being well spent, such as, the process outcomes in terms of retention and graduation from the program, whether the young people are placed in jobs, education programs, or vocational training, and the ability of the young people to follow through on some of the behavioral and cognitive thinking changes.

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She added that the program is doing well for Fiscal Year 2017, and metrics will continue to be monitored over the course of the year, including an evaluation.

In response to another question from UFS Chair and Trustee Conway on how many students are in this program:

John Jay College Director of Collaborative Learning Sigman stated that in the first half of Fiscal Year 2017, the program served 123 young people. The program will serve approximately the same number in the second half of Fiscal Year 2017, but with a different group of students. She added that in calendar year 2016, 211 students were served so roughly the same number is expected in 2017.

In response to a question from Committee Chair Schwartz on what metrics does the program have for the first half of this year:

John Jay College Director of Collaborative Learning Sigman stated that eighty-four young people were placed in community benefit projects, which are the youth-designed and youth-completed service projects. In terms of employment readiness credential, which is another metric, young people are earning things like OSHA 10, which is a basic construction safety credential, or Digital Literacy; so sixty-seven young people earned various employment readiness credentials. Sixty young people graduated in the first half of the fiscal year. There were eighty-five job placements to education programs, and vocational training, and fifty-one of those placements were retained for thirty days or more. She added that she will provide the Committee with the metrics report for the first half of the fiscal year and the final report will be provided for the full year in July 2017.

In response to another question from Committee Chair Schwartz on whether there is any recidivist activity reported:

John Jay College Director of Collaborative Learning Sigman stated that recidivism is looked at anecdotally in real time. The staff of the program is asked to report if a young person does have new involvement in the justice system as there is a big difference between a new arrest and a conviction. So to consider recidivism the program would need a longer timeframe. John Jay College's target is about three years after enrollment.

Moved by Committee Chair Schwartz and seconded by Trustee Clarke, and following discussion, the item was unanimously approved for submission to the Board.

2. The City University of New York - Revised Procurement Policy. Committee Chair Schwartz asked for the Committee's approval to adopt a revised Procurement Policy for the University. The Policy sets forth guidelines applicable to the procurement of commodities and services by the University for all senior and community colleges as well as the Central Office, and updates and replaces the University's existing Purchasing Policy Manual that was last approved by the Board on October 23, 1995. The revised Policy has been reviewed and approved by the Office of the New York State Inspector General (IG).

SVC&CFO Sapienza stated that this Revised Procurement Policy is the first step in a commitment that the Office of Budget and Finance (OBF) made to the Board about reviewing all of the policies and financial management guidelines that have been previously approved by the Board. OBF is going to take a fresh look at all approved policies to tighten them up, making all necessary changes. OBF started with this Procurement Policy which as Committee Chair Schwartz mentioned, was last approved by the Board in October 1995, and vetted and approved by the Office of the New York State IG, which recommended some

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revisions that OBF has incorporated into the Policy. He added that good work was done on this Policy, and he is very glad that the University received the approval from the IG.

IGC&VC Sovern stated that in Section 1(b) of this Policy, which essentially applies to the money used by the University itself—tax levy money, student tuition and fees and some fund reimbursable accounts—specifically carves out the separately incorporated entities such as the Research Foundation and the Construction Fund. Those entities have their own procurement policies so the Office of Legal Affairs is in the process of reviewing and also updating them.

In response to a question from Committee Chair Schwartz on what policies are in the process of being updated:

IGC&VC Sovern stated that there are policies relating to the separately incorporated affiliated entities such as the college associations and the auxiliary enterprise corporations. University Executive Senior Associate General Counsel Jane Davis, who principally does the legal work for these entities, is in the process of reviewing that policy to see if it is up-to-date, and recommend changes that will then be circulated among staff, as well as the Board. Furthermore, the foundation guidelines and MOUs are also in the process of being reviewed and redrafted, which will then follow a similar process.

In response to another question from Committee Chair Schwartz on whether this Committee provides the guidelines for the Research Foundation (RF) with respect to the procurement and the policy that is then adopted by the RF:

IGC&VC Sovern stated that she is not precisely sure what role this Committee would have, or what exactly is anticipated, but certainly any such guidelines would have to be acceptable to the University as a whole, and the Board in particular.

In response to a question from UFS Chair and Trustee Conway on will the process now have to be reviewed since the University is in the process of moving to a federated model:

IGC&VC Sovern stated that the Procurement Policy reflects the law and best practices but it is really a reflection of the law that governs the University, so that is not likely to change. This is one of the reasons why the University felt that this policy ought to be done as quickly as possible. It is essential for so many things.

Chancellor James Milliken stated that this federated model is exactly the kind of policy that would be approved at the Central Office level as it sets the framework for procurement throughout the University, and uniformity is required. The execution of it will take place in many different places but the central guidelines and controls should be adopted here. McKinsey was consulted when the University developed this, and they are in agreement with the proper setting of these policies within the proposed federated model.

In response to a question from University Student Senate (USS) Chair and Trustee Chika Onyejiukwa on what does the word fees refer to in section I.B., Purpose and Application:

IGC&VC Sovern stated that it refers to student activity fees, as well as all other fees, such as technology or academic excellence fees.

In response to another question from USS Chair and Trustee Onyejiukwa on how would this Policy govern student activity fees if each college has a separate policy on procurement:

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IGC&VC Sovern stated that it will depend on whether the college associations are separately incorporated or not. For the ones that are not separately incorporated, and that are part of the campus, then those would be the fees that would be governed by it.

Senior Associate General Counsel Marina Ho stated that if the college associations are separately incorporated, those fees would follow the financial management guidelines that are being revised as well. Everything else would be considered University expenditures and would follow the procurement guidelines.

In response to questions from Ms. Cecelia Salvi on a) how much of the policy is a necessary change, and b) what would be the process of updating the policy:

IGC&VC Sovern stated that the policy, in section VI.C., provides that there can be modification, supplementation, or an update of the policy by the Senior Vice Chancellor and Chief Financial Officer and the General Counsel as necessary to implement law, regulations or administrative requirements, or to make this consistent with other University policies without Board action. Certainly if there were a change in policy, then that would come to the Board. She added that the law requires a substantial portion of what is in the policy, and it also requires the University to have a policy. In other words, the law sets out the framework, the State Comptroller sets out the guidelines, and then the University is required to have a policy that goes into more detail. So some parts are a choice, and other parts are required by law. When the IG reviewed this, the comment was that the Policy had the right kinds of items in it, and was consistent with the law and made choices that reflected the overall legal scheme for public procurement, in terms of best value, best price, transparency, and accountability.

In response to a follow-up question from Ms. Salvi on why were the amended parts not included in this document:

IGC&VC Sovern stated that this is a completely new document. The old guidelines from 1995 were different as the law has changed, so this is not a red-lined document.

In response to a comment from Ms. Salvi on her concerns that this document can be changed by the General Counsel and the Senior Vice Chancellor and Chief Financial Officer without additional action by the Board of Trustees:

SVC&CFO Sapienza stated that those are for changes in state procurement law or if there are administrative requirements that the University has to implement, those will be things that would not have to come back to the Board each time to get modified. As IGC&VC Sovern mentioned earlier, if anything of substance needs to change in the policy, the Committee certainly has OBF's commitment that before any modifications are made, the policy will come back before CFA.

In response to a question from Trustee Lorraine Cortés-Vázquez on what is the policy OBF wants this Committee to ratify versus all of the procedural and operational steps that are enumerated in this document:

IGC&VC Sovern stated that the policy is really in section II.A., under Policy Statement, of this document. That is the concise statement of this policy. It reads: "It is the policy of the University to procure commodities and services in a manner that promotes: (i) the wise, prudent, and transparent use of the resources of the University and the taxpayers of the City and State; (ii) compliance with all provisions of law governing procurements by the University; (iii) the acquisition of quality commodities and services at reasonable prices in a timely and efficient manner; (iv) the maximum feasible participation of New York State-certified minority-

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and women-owned business enterprises (“MWBE”) and service-disabled veteran-owned business enterprises (“SDVOB”) in University procurements, as required by law and University policy; and (v) the prevention of favoritism, extravagance, fraud, and corruption, or the appearance thereof.”

Committee Chair Schwartz stated that he would like to urge Trustee Cortés-Vázquez to also look at section II.B., as it details the implementation of the policy because the Committee should direct a policy that implements CUNY’s policies which is what the rest of this document does.

In response to a question from Committee Chair Schwartz on can the words, “subject to the Board’s ratification,” be inserted in section VI.C. as per Ms. Salvi’s concerns:

IGC&VC Sovern stated that the provision will be made.

Committee Chair Schwartz stated that he would like to make a motion to allow the changes, so that there will be certainty that any changes would be ultimately reviewed and then ratified by this Committee, as well as the full Board.

In response to a question from USS Chair and Trustee Onyejiukwa on whether the 1995 version covered student activity fees:

Senior Associate General Counsel Ho stated that the 1995 document was more procedural even though it was called a policy. She added that she does not know specifically what the policy said about student activity fees.

In response to another question from USS Chair and Trustee Onyejiukwa on were there guidelines governing the way that these fees were spent:

IGC&VC Sovern stated that the Fiscal Accountability Handbook had more procedures in terms of how the spending of student activity fees were governed. As much as this is a policy statement that includes guidelines, this is not a detailed how-to. She added that during her conversation with the USS on Friday afternoon about the process of student activity fee expenditures, one of the things that was talked about was the USS meeting with a number of different Central Office staff members to talk about how that would work, and that the Central Office staff would prepare guidance for the USS about what is the appropriate process to follow when the various campuses are using student activity fee money to make purchases.

Committee Vice Chair Fernando Ferrer stated that if Committee Chair Schwartz’ observation on the policy, and suggestion of the inclusion of "subject to" language was a motion, he would be very happy to second that.

In response to a question from Committee Chair Schwartz to Trustee Cortés-Vázquez on would it satisfy her complaint if the header was changed to read “Procurement Policy and Procedures at The City University of New York”:

Trustee Cortés-Vázquez stated that it would satisfy the question and the resolution.

Moved by Committee Chair Schwartz and seconded by Trustee Kay Conway, and following discussion, this item was approved for submission to the Board with the following amendments: as per motion moved by Committee Chair Schwartz and seconded by Trustee Fernando Ferrer the resolution title was amended to read, “Revised Procurement Policy and Procedures”; and item VI.C. of the appended policy was amended to read: “The General Counsel and the Senior Vice Chancellor and Chief Financial Officer or their successors may

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modify, supplement, or update this Policy, subject to the Board of Trustees' ratification, as they may deem necessary to implement changes in law, regulations, and administrative requirements, and to ensure consistency with other University policies." Ms. Cecilia Salvi abstained.

3. The City University of New York - Executive Search and Recruitment Services. Committee Chair Schwartz asked for the Committee's approval to authorize the General Counsel to execute three contracts with firms that provide executive search and recruitment services. The contracts are being awarded on the basis of best value after public advertisement and timely submission of sealed proposals. The Request for Proposal (RFP) solicitation and evaluation process was conducted by the University. The initial term shall be two years and the contracts shall include up to three 1-year options for the University to renew in its best interests. The purchase will not exceed an estimated \$3.35 million in aggregate under the three contracts for five years. These executive search and recruitment services will be utilized by the University on an as-needed basis to fill vacancies for the positions of presidents, deans, vice chancellors, and higher education executives at the colleges and Central Office.

In response to questions from Chairperson Thompson on a) when was the executive search and recruitment services process conducted, and b) what did the process entail:

Senior University Dean (SUD) for the Executive Office and Enrollment Robert Ptachik stated that the Office of Enrollment Management (OEM) has worked on this for several months, and within the last few weeks the Review Committee met and selected the firms to be considered. The members of the committee included Chief of Staff to the Chancellor Doris Suarez, Director of Executive Search and Enrollment Services Mahlet Tsegaye, and Deputy to the President of Hostos Community College Dolly Martinez, who is the former Director of Executive Search at the Central Office.

SVC&CFO Sapienza stated that the RFP was issued several months ago. As SUD Ptachik mentioned, a Review Committee was put together for the RFP. They vetted all of the responses, and have chosen three vendors that they are now going to negotiate a contract with. But before those contracts are finalized, OBF needs the Committee to approve this item for submission to the full Board.

Chairperson Thompson stated that this is the first time he has heard of a process that was gone through before to get to this point, and it would have made a lot more sense to have involved the Trustees at an earlier date, particularly since the University is locking into a contract for a 3-year period of time, or at least a number of renewable year contracts, at multiple millions of dollars. Given the fact that the Trustees are involved in a number of searches in conjunction with the Chancellor, the Board conducts those searches. Since the search firms are going to work along with Trustees, the Board should have a role in their selection, or at least in the process, up to this point. He added that it is a little disconcerting to be presented with something after the fact.

Chancellor Milliken stated that it is his understanding that under the policies of the Board it is the responsibility of the Chancellor to provide assistance to the Board in retaining a consulting firm. The University has used a number of firms over the several years that he has been the Chancellor, mainly for presidents and University-wide dean searches—several of the same firms. The University has gone through a procurement process but not the State process, and has not used tax levy funds for it because of the time involved in retaining search firms. Many months of estimated time would cause CUNY to lose the window on recruiting. He added that this process would be used to pre-qualify a number of firms but then the University could use the tax levy funds to hire the firms. So OEM developed a process that he was not involved with, identifying a number of the leading firms—all of them that do

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presidential searches in higher education—to come up with a set of recommendations. That is what this Committee is being asked to approve today.

Chairperson Thompson stated that he understands that attempting to do things quickly makes sense; however, the University is in search processes all the time. It is the one thing that, no matter what, the Board can be sure that they will be involved in year in and year out. Seeing it after the fact is a concern. He added that if those are the search firms that the Board is going to be using, he would have thought that it would have made sense that the Trustees would have been involved at an earlier point.

Chancellor Milliken stated that in the time that he has been involved with this, and he suspects, in the time prior to that, OEM has not consulted on identification of the firms, they have gone through a process that included asking for recommendations, reviewing them, and then selecting a firm to assist with the search, and present that. That has just been the previous process that has been used. This provides the University with a tool for two of the kinds of searches that it uses, and CUNY would like to do a third process for community college searches because they tend to be specialists in that area who work with community college searches. So then the University would have three different pools of search consultants to choose from if for one reason or another, it was decided not to use one of the two firms that were selected as part of this process; there is nothing to prevent CUNY from using the previous process as well. For instance, if the University had several searches going at one time and using these firms, it is often a consideration in hiring a firm that they do not want to compete against themselves and want to get another firm involved. Then a discussion will be made to go beyond that. The firms that are chosen here are firms that the Board is actually either working with now in searches, or has worked with successfully in the past year.

Trustee Cortés-Vázquez stated that Chairperson Thompson is not questioning who the firms are, he is questioning process and transparency. She added that the Chancellor is responsible for the search but if an RFP is being bid for something of this magnitude and is in the middle of searches, it is just a process question which is important for the University in terms of the nature of how the Board and the chancellery are going to communicate and interact with each other. That is the larger question.

Committee Chair Schwartz stated that the concern is not so much transparency, because this was an RFP, public for the Board to see. Except the Trustees did not know to look for it therefore the Board was not aware of who bid in the RFP. He added that he does understand that in the past the University has used non-tax levy dollars to pay for these search consultants, and one of the reasons this item is before this Committee today for approval is so that tax levy dollars can begin to be used in the name of transparency for the process for searches.

Trustee Clarke stated that the proactive nature of this Board is to take past practice into a new practice as to how the Trustees will conduct themselves and their responsibility as Board members. It is not meant to be offensive; it is meant to be participatory, and no roles will be taken away from anyone who played a part in this process. It is just the knowledge that it is being done, what it is going to cost and where the money is coming from, so that everyone is on the same page.

Chancellor Milliken stated that there is no offense taken whatsoever. At most, this adds a tool for CUNY to have this option for the University to exercise selection under this process, and the University still has every available process that was used prior to this as well.

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Committee Chair Schwartz stated that he would like to move to table this item for the purpose of the Committee to be provided with the RFP, including the report of the deliberations of the Review Committee and then it can be brought back up at the Committee's next scheduled meeting. Ms. Salvi seconded the motion.

SVC&CFO Sapienza asked if OBF provides the Committee with the RFP that was issued within the next day to review so that this item can still go to the full Board later this month because the next scheduled Board meeting is not until May 1<sup>st</sup>. It will delay the procurement over two months if it is not brought to the full Board later on this month.

In response to a question from Committee Chair Schwartz on does that mean that the University would still use other than tax levy dollars for any searches where a consultant is needed over these next two months:

SVC&CFO Sapienza stated that the same process will continue for the next two months if this item is not voted on at the Board meeting on February 21<sup>st</sup>.

Committee Vice Chair Ferrer stated that a fairly simple way out of this, again, is transparency. If OBF had a tab on the CUNY website that said procurements and broke them out like many other educational agencies do, this would not be an issue. The Trustees would have had a chance to review it. In fact the general public would have had that same opportunity. He added that in the interest of transparency he would urge OBF to consider putting these things on the website.

Chairperson Thompson stated that he is sure it is on the website but it needs to be identified better for transparency and accessibility.

Ms. Salvi stated that she is looking at the consequence of being on a hiring committee; for example, the USS ran a search for a seat for marketing a few years ago and the search company that was used recommended all white men. The committee that was comprised of faculty and students had to send it back because it was not a good enough search. The USS was looking for diversity. She added that her biggest concern is that the University can hire consulting firms who are just going to give the same results as before. Ms. Salvi stated that one metric she would like put in place is to see if the recommended companies had success in proposing diverse pool of candidates.

Committee Chair Schwartz stated that it is up to the committee to tell the search committee what it is they are looking for, and if they do not provide it, then they find someone else.

In response to a question from Ms. Salvi on how much is the University saving:

Committee Chair Schwartz stated that typically the firms charge the same fee; in the range of about thirty-two percent of the salary being paid to the particular person who is being hired.

SVC&CFO Sapienza stated that he would like to underscore what Chancellor Milliken mentioned earlier. This process just provides another tool that the University can use when it comes to searches. It does not lock CUNY into using particular firms that they are negotiating with.

UFS Chair and Trustee Conway stated that this is a wise move, comparing it to what was done on Committee on Facilities, Planning and Management (CFPM), when they preapproved architectural and engineering firms so that the process can move forward with more speed. She added that she would be curious to see the underlying RFP or the rubric

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that was used to evaluate them, for example, as mentioned, a fee-based search. Some firms work on a retainer basis whether the search fails or not.

Trustee Cortés-Vázquez stated that she understands and appreciates the need to move this item forward but the higher order is the interaction and work that the University is going to be doing moving forward. So if an interim step can be put in place for reviewing the RFP, the Committee could move it for submission to the full Board, including more information. But just for the sake of expediency for the Board's Calendar, it may be a default practice that she does not want to engage in as a Board member.

In response to a question from Committee Chair Schwartz to Chairperson Thompson on what would he most be comfortable with doing with this item:

Chairperson Thompson stated that he is deferring in this case, because this is a decision that needs to be made by the members of this Committee.

UFS Chair and Trustee Conway stated that she would like to follow SVC&CFO Sapienza's suggestion for the Committee to get a copy of the RFP to review, giving OBF the flexibility to have this item go to the full Board later on this month.

In response to questions from Committee Chair Schwartz on a) what is the timeline and the identity of people that the Review Committee determined to be hired, and b) what information does OBF have about these search firms:

SVC&CFO Sapienza stated that OBF can provide the Committee with all of the information that was provided by the vendors within a matter of days. He added that OBF has not finalized any contract with these vendors, as they are still in the procurement process.

Chancellor Milliken stated that the selection process should not be redone. He added that the RFP, including membership of the committee and the set of criteria that they used to score this will be provided to the Committee tomorrow.

Moved by Committee Chair Schwartz and seconded by Trustee Clarke, and following discussion, Committee Chair Schwartz made a motion to table this item, which was seconded by Ms. Salvi. This motion passed with four committee members in favor and two opposed. Following further discussion, Committee Chair Schwartz then made a motion for SVC & CFO Matthew Sapienza to distribute information to the Committee members for consideration before bringing this item to the upcoming meeting of the full Board. This motion was seconded by Trustee Clarke and was unanimously approved by the Committee.

**II. INFORMATION ITEMS:**

**A. Status Report on Approved Board Resolutions for Fiscal Year 2016**

Committee Chair Schwartz stated that at its last meeting, CFA requested a status report on approved resolutions by this Committee for Fiscal Year 2016, which SVC&CFO Sapienza and his team have produced for today's meeting. This document indicates the date, college, name of resolution and a status update for each.

SVC&CFO Sapienza stated that the report represents all the resolutions that were approved by CFA last year with the exception of one which was the approval of the University's Budget Request last year as there is no status update to that.

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In response to a question from Committee Chair Schwartz on what is the current status of the hosting services to migrate CUNY's IT Hosting operations to a new environment—this is from November 2, 2015:

Vice Chancellor Brian Cohen stated that the RFP for hosting services is a complex procurement with a technical past. The existing hosting contract the Department of Computing and Information Services (CIS) has was carried through a capital procurement for these to deliver CUNYfirst. This contract is expected to expire in May 2017. In July 2014, CIS commenced the procurement for a replacement vendor to be paid using tax levy dollars. The vendor CIS was negotiating with to actually award the contract announced that they were being acquired by another vendor who had also responded to the RFP and was deemed nonresponsive or non-suitable to actually deliver the services. With the advice of the General Counsel, through discussions with Procurement staff and with the New York State Office of the State Comptroller (NYSOSC), the procurement was cancelled. After further consultation with the Office of General Counsel, Procurement staff, and the NYSOSC regarding the time required for CUNY to complete a full-blown RFP before the existing contract expired. CIS began a new procurement in April 2016, using a sole source procurement method with the existing vendor who was providing the hosting services. Currently, CIS is in negotiations with this vendor and expects to complete the negotiations shortly. CIS hopes to have something ready for an award this May 2017 that will take over once the existing contract expires.

In response to a follow-up question from Committee Chair Schwartz on whether the new RFP is under development:

Vice Chancellor Cohen stated that the NYSOSC was also requiring the University to do an RFP. They agreed to a 3-year period for the sole source agreement as a bridge as long as CUNY agrees to do another RFP, which will be a competitive procurement open to any vendor who can respond to the requirements in the RFP.

In response to a third question from Committee Chair Schwartz on whether the RFP will be after three years with the current vendor with whom CIS is negotiating:

Vice Chancellor Cohen stated that the University actually has to begin that RFP almost immediately after the bridging contract is awarded because it will take at least a year and a half for CIS to complete the RFP, including negotiations necessary for the terms and conditions. Then CUNY will need at least a year to plan the migration from the existing vendor over to the new vendor. For example, using an RFP that was ultimately cancelled as a backdrop, the first three months that the RFP was on the street was spent in vendor conferences, meeting with the vendors, and responding to questions. Then ultimately CIS received responses by packets from the vendors who were responding to the actual RFP. After that, CIS had to go through the review of the RFPs, which included extensive on-site interviews with the vendors. They did presentations. CIS had to do reference checks, as well as site visits to their locations to make sure that their locations were suitable both from security and staffing perspectives to support CUNYfirst. Once an actual vendor was selected, CIS went into negotiations on terms and conditions, and that took almost six months. When everything was put together—the responses, the pre-conferences, the review of the responses, the negotiations, and the onsite visits—it was almost 15 to 18 months and then there was a 3-month period in which CIS was going back and forth with the vendor after being notified that they were going to be acquired.

Committee Chair Schwartz stated that a principal concern he has, having visited 20 campuses, is that at all 20 campuses, he heard complaints from various people about CUNYfirst.

In response to a question from Committee Chair Schwartz on whether the current vendor will fix any pre-existing issues with CUNYfirst:

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Vice Chancellor Cohen stated that the current vendor is strictly the vendor who hosts CUNYfirst for the University. They are the infrastructure and the hardware. They run the environment as far as the stacks of software and the operating systems, and when the University needs to do upgrades or has a disaster recovery situation they are the vendor who helps support CUNY. The vendor that helped deliver CUNYfirst was Oracle. They are no longer under contract with the University. Their contract terminated last year. Currently, the only office that supports CUNYfirst and makes enhancements is CIS, with the help of existing staff and with some subcontracting resources as well.

In response to a question from Trustee Clarke on what is CUNYfirst:

Vice Chancellor Cohen stated that CUNYfirst is the University's complex system for records. It supports the human resources systems, the finance systems, and the student information systems. It is the same system for all of the colleges except for one, the Graduate School and University Center. They are in the process of transitioning over to CUNYfirst from their existing system. CUNYfirst is used for all of the HR functions—it is one system where the University does its hiring, and maintains all employee records. It is where CUNY does its finances—it is the accounts payable system, the accounts receivable system, the procurement system, the budgeting system, and the asset management system. It is also the student system where the student's transcript and their academic record is kept—registrar, bursar, financial aid, and student financial records.

In response to questions from Chairperson Thompson on a) does CIS staff handle CUNYfirst, and b) how many CUNYfirst staff members does CIS have:

Vice Chancellor Cohen stated that CIS has a staff of about 270 people, and the total for CUNYfirst production support is about 22 people.

Trustee Cortés-Vázquez stated that presently CUNY has a host that holds all of the University's system records. But in the meantime it will take three years to come up with another vendor. CUNY should seriously look at that procurement process and start tabula rasa—not using past practices because a 6-month negotiation is unimaginable once one has a contract. She suggested that CUNY needs to look at ways to streamline that process because the University cannot continue functioning in major systems like this that impact its transformation. This Committee needs to find ways to expedite a procurement process, particularly on something as critical as CUNY's entire transformation and new practices. A 3-year process or an 18-month process just to get the University to start considering who they would ask to consider is more than what CUNY could afford as part of its transformation.

Vice Chancellor Cohen stated that the good news is that the experiences CIS has gone through with the failed procurement and with the current procurement now have educated the University tremendously on what this industry is looking for. It has given CUNY the contract models and statement of works that it did not have back when the procurements first started. So the University is much more prepared and CIS hopes that the education and knowledge will now make the next procurement go a lot faster.

Chairperson Thompson noted that if there is a problem with NYSOSC, there are people around the table who would be happy to reach out to them.

Committee Chair Schwartz stated that the Board wants some degree of comfort that CUNY is building that backbone to ensure that the University works efficiently. He added that he is not getting a sense of comfort or urgency that CIS is focused on that.

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Chancellor Milliken stated that he has heard the concerns, and that he has actually been involved in implementing three of these enterprise systems that are enormously expensive, amazingly complex, and absolutely necessary. He added that it was a centerpiece of the work the University has done with McKinsey. As a key part of the Administrative Excellence Plan, the administration plans to focus on CUNYfirst, and it involves significantly more user/stakeholder input into the governance and the satisfaction questions about the system. Chancellor Milliken stated that Vice Chancellor Cohen welcomes that involvement, as does he, and it will be a central focus of the transformation process.

In response to a question from Trustee Clarke on whether there is any hope that this process can be done in a shorter time frame than three years:

Chancellor Milliken stated that he is not talking about the procurement process, he is talking about the process of transformation will be well underway long before that.

Trustee Cortés-Vázquez stated that this report undermines that impression and direction. It puts in question the same kind of focus and attention, and all the other resources that the University has. That is a disservice to CUNY, and to the work that McKinsey has done.

Chancellor Milliken stated that it is a separate focus of the transformation process, to focus specifically on the procurement process throughout CUNY. This sort of overlaps the IT and procurement issues.

In response to a question from USS Chair and Trustee Onyejiukwa on why does the process of an RFP take so long and can it be fixed:

Committee Chair Schwartz stated that there are multiple players involved so once the University has an RFP, the vendor has to get it approved by the NYSOSC. Sometimes that approval is forthcoming, and sometimes not, but it always takes at least 90 days if not longer. The Committee's attention is not so much focused on the RFP process, but on what the University is doing to shore up the IT backbone. He added that as mentioned earlier, what the Trustees are hearing does not give them the sense of comfort or urgency that CUNY has a clear plan to fix the problem, and what is at the heart of what this Committee and Chancellor Milliken want to do going forward. So it has to be addressed, and to say that it will be addressed in a 3-year period does not provide much comfort.

Chairperson Thompson stated that it tends to be a larger frustration that this institution has done things in its own timeframe over a period of time and that is not acceptable any longer. As a general statement, the University needs to put the pedal to the metal and get serious. He added that if any assistance is needed, the Board would be happy to help move this forward through the government to expedite things. As an institution, the administration needs to adopt a sense of urgency when it comes to certain things.

Committee Chair Schwartz stated that he would like to underscore what Chairperson Thompson said. This Board can be very helpful when it is asked, and made aware of what the issues and concerns are. He pointed out that it was the very good suggestion of former Trustee Valerie Beal—while she was still on this Committee—that these kinds of updates be provided. He added that had the Committee not asked for this update to be provided for this meeting, members of the Board would not have been made aware of the current predicament in the IT front. Committee Chair Schwartz noted that he would urge that, absent the request for updates on resolutions, that the asset that the University has in the form of the Board of Trustees be utilized with greater frequency.

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In response to a comment from Trustee Cortés-Vázquez on recapping the three key IT points that were raised:

Committee Chair Schwartz stated that first the Board is concerned about IT as it is a critical part of what this University wants to do going forward. Second, the IT procurement has run into a problem. There is a lack of urgency that needs to be addressed. Lastly, members of the Board would like to be told how they can be helpful.

Trustee Cortés-Vázquez responded that the only thing she would amend is that there is a transformation going on with McKinsey, so there has to be seamless alignment between those two processes because it does not appear to be that way.

UFS Chair and Trustee Conway stated that she would like to thank SVC&CFO Sapienza for providing the Committee with the list of updates. She added that she would like to encourage Chairperson Thompson or Senior Advisor to the Chancellor and Secretary of the Board Gayle Horwitz to encourage every other committee to get updates on their resolutions as well. UFS Chair and Trustee Conway stated that she would appreciate it if going forward with this list of resolutions, OBF could make sure there is some consistency in reporting, for example, some of the resolutions state that there were a certain number of bidders and others do not and it was just something that was awarded. It would be useful to know, where it is relevant, what the cost per student works out to be, whether it is the Justice Academy or the Medgar Evers Bus, where CUNY increased academic excellence fees or tuition, and what the impact was, if any, on enrollment.

Committee Chair Schwartz stated that UFS Chair and Trustee Conway's suggestions were very good, and he would like to raise one other. On April 4, 2016, the Committee approved a Predictive Analytical Software System program. It was a very heated discussion, and there was not unanimity at that meeting; however, it moved forward. The vendor was the Education Advisory Board (EAB), and this procurement was not secured from the NYSOSC, and a new resolution will be submitted for approval after a competitive procurement process. This is related, as it says, to inform the Committee because of the University's inability to provide the advisory services to the students when they begin to face some issues. A year has been lost, and it looks like CUNY is going to lose another year so this is of great concern.

SVC&CFO Sapienza stated that as Committee Chair Schwartz mentioned, the vendor that OBF tried to enter into a contract with and did bring to the Board back in April 2016 was EAB. They had a contract with SUNY Albany to provide this predictive analytical software system that CUNY felt was going to be of great benefit to the University, in terms of helping with advising and early warning for students who may be getting into academic trouble. In terms of the procurement, OBF piggybacked off the contract that SUNY Albany had with EAB, but after much discussion over several months NYSOSC would not allow the University to piggyback off of that contract. Their reason for doing that was that CUNY wanted to roll this out to all of the senior colleges and the NYSOSC felt that the contract with SUNY Albany was for one specific campus and not for a cadre of colleges, so the University had to start the competitive procurement process again. Therefore, OBF plans to bring a new resolution to this Committee for that procurement in April 2017, hoping to be able to begin that new system in the current academic year and obviously that is not possible so OBF will try to move with as much speed as possible to get this in place for the campuses.

Chancellor Milliken stated that predictive analytics is the future of student success in higher education. If one would like to get a short summary of that, read the first story in the *Times Education Week* supplement this Sunday. In fact, every Board member will be provided a copy. It is a great layman's discussion of the benefits of predictive analytics. It interviewed people at Georgia State who have perhaps been the leaders in this for large University systems in the

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country. He added that he does not know where CUNY will end up with the next RFP on this process but needs to get in this game quickly. The colleges need this tool. Chancellor Milliken noted that if there are people more disappointed in this than he is, it is the college presidents, because this is essential. There was some discussion about it at the Committee earlier when the decision was made to move forward but there is no question that this is one of the most important things the University can do to help shore up CUNY's ability to help students succeed.

Trustee Cortés-Vázquez noted that this is where the Board could be helpful in navigating with the NYSOSC now rather than a year later. That is what this discussion is about.

Trustee Clarke stated that the University needs to use the resources that they have in the form of members of the Board of Trustees.

**B. Report by SVC&CFO Matthew Sapienza on the FY 2018 State Executive Budget and FY 2018 City Preliminary Budget**

SVC&CFO Sapienza stated that as part of the materials that were provided for this meeting, there was a preliminary analysis done on the State Executive Budget that was also provided in advance of the last Board meeting, including an oral report on the State Executive Budget, so he is not going to focus too much on the State Executive Budget but would like to point out that OBF has updated the analysis to include the City Preliminary Budget which Mayor Bill de Blasio issued within the last couple of weeks. On the City Preliminary Budget, it does include full funding for CUNY's collective bargaining increases for the community college unionized employees on an ongoing basis, so that is about \$60 million in recurring resources to the community college budgets to cover those costs. There is also a savings initiative of about \$3.1 million for next year that OBF will be rolling out to the community colleges as part of the Fiscal Year 2018 planning. Mayor de Blasio will issue his Executive Budget in late April or early May 2017, so CUNY is hoping that a lot of the strategic initiatives that are outlined in the Budget Request will be funded as part of the Executive Budget process. The analysis has been updated to include both the State Executive Budget and the City Preliminary Budget, and OBF will continue to work with the people in City Hall and certainly with more short-term urgency in Albany with the Assembly and the Senate and the Executive regarding the State Adopted Budget which is due on April 1<sup>st</sup>.

In response to a question from UFS Chair and Trustee Conway on whether this information is on the CUNY website:

SVC&CFO Sapienza stated that he believes it is on the website but if not OBF will certainly have it up within the next 24 hours.

In response to a question from Committee Chair Schwartz on when the Committee should expect to receive a Preliminary Budget for CUNY:

SVC&CFO Sapienza stated that OBF made a commitment to bring a budget to the Committee for adoption for Fiscal Year 2018. In terms of timing, the next meeting of CFA is on April 3<sup>rd</sup>. The State Budget, is not adopted until April 1<sup>st</sup> or thereabouts, so it does not give OBF much time from when the State budget is adopted to the next Committee meeting. He added that he would like to propose, with Committee Chair Schwartz' consideration, to schedule an independent meeting for CFA sometime in the middle of April 2017 to review the Preliminary Budget for the reason that the full Board meeting is on May 1<sup>st</sup>, and would like to bring the approval of the budget allocations for the senior colleges at that meeting. This way the budget can get to the colleges in May 2017 and not have to wait until June 2017. The community colleges will be on a different track because CUNY has to wait for the Mayor's Executive Budget to come out which might not be until after May 1<sup>st</sup>.

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In response to a question from Trustee Cortés-Vázquez on how would the Committee look at a full budget:

SVC&CFO Sapienza stated that the Committee will be provided with a report on the entire budget for the current fiscal year at its April 3<sup>rd</sup> meeting. Then once the State budget is adopted and the University knows what that condition is, OBF will be able to make recommendations as to what the allocations to the senior colleges would be. He added that OBF can provide that report in advance of the April 3<sup>rd</sup> meeting for review.

In response to a question from Committee Vice Chair Ferrer on whether that mean the Committee will receive a Preliminary Budget that puts out everything:

SVC&CFO Sapienza stated that OBF will provide the Committee with a report on the entire budget, including the projected expenditures against that budget for the current year, in addition to showing what the projected changes are for next year.

SVC&CFO Sapienza noted that on April 1<sup>st</sup> or thereabouts, OBF will know what the State Adopted Budget is for the University for next year. Once that condition is known, CUNY will then be able to make a recommendation based on the budget that the State has authorized for the next fiscal year in terms of allocations to the senior colleges.

In response to a question from Trustee Cortés-Vázquez on whether the Committee will know at that time about the city budget:

SVC&CFO Sapienza stated that CUNY is going to have two processes. One for the senior colleges and one for the community colleges. The process for the community colleges will be done later on.

In response to questions from Trustee Clarke on a) how does the University propose to use the Board to assist in this budget, and b) how will the budget request be rolled out for the State and the City:

SVC&CFO Sapienza stated that the University's budget for Fiscal Year 2018 was approved by the Board in October 2016. It is the University's guidepost for discussions with the Senate and the Assembly as they are reviewing Governor Andrew Cuomo's Executive Proposal. Therefore, any assistance that the Board members can give is helpful. He added that he knows CUNY is having Legislative Borough meetings. There was one in the College of Staten Island, which was attended by Trustees Jill O'Donnell-Tormey and Rita DiMartino, as well as elected officials. One is coming up in the Bronx later this week, so the budget request that has been authorized by the Board back in October 2016—the document that OBF already sent to the elected officials—is what is being used as CUNY's lobbying document to make sure that they know those are the priorities of the University and the Board.

In response to questions from Trustee Cortés-Vázquez on a) when are these borough hearings, b) who is their audience, and c) what is the intent:

SVC&CFO Sapienza stated that the Legislative Borough Meetings are coordinated by one of the CUNY college presidents in each borough. Elected officials are invited to talk about what CUNY's needs are, for example, what the budget outlook looks like and what is needed from them to help the University. This has been done for many years and is continuing this year. He added that it is not a requirement; it is just something that is done to help CUNY's lobbying efforts; for example, what might be missing from the Executive Budget that the University needs them to restore.

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In response to a question from Chairperson Thompson on whether there is schedule for these meetings:

SVC&CFO Sapienza stated that as mentioned the Staten Island hearing occurred last week. The Bronx hearing is this Friday. He added that OBF will provide the Committee as well as the Board with the schedule for the meetings in the other boroughs.

Trustee Cortés-Vázquez stated that there is a public process which is probably labor intensive; for example, what is the expected outcome from each one of those meetings rather than asking an elected official to advocate on something specific. That is sometimes more proactive and impactful than a public hearing.

SVC&CFO Sapienza stated that OBF is working on a document that can be shared externally on both the operating and capital sides with elected officials that will outline the ask CUNY is making of them. Whether it is to support proposals in the Executive Budget that are really important, that need to continue, or restoring things that are not in there.

SVC&CFO Sapienza noted that at the last meeting of the Subcommittee on Investment, the Committee requested a status report for the RFP for the outsourced Chief Investment Officer function—the Committee also talked about it at the last CFA meeting. OBF has now issued an RFP, and the Committee has been provided a copy of it. It has been issued in the New York State Contract Reporter so OBF is still on track to bring to the Board the recommendation for a vendor at the June 2017 meeting. SVC&CFO Sapienza stated that he will certainly keep the Board and the Subcommittee on Investment posted as to the progress.

Chairperson Thompson stated that he would like to compliment OBF on bringing this proposal to the Board expeditiously in this case.

Upon motion duly made by Committee Chair Schwartz, and seconded by UFS Chair and Trustee Conway, the meeting was adjourned at 5:42 p.m.