

April 18, 2018

**Minutes of the Lehman College Auxiliary Enterprise Corp., Inc.
Board of Directors Meeting
Thursday, November 16, 2017, 3:30 pm – 5:00 pm, Shuster 336**

Board Attendees: Jose Acevedo, Victoria Antonetti, Steve Antonio, Vincent Clark, Dawn Ewing-Morgan, Harriet Fayne, Gina Harwood, Jose Magdaleno, , Erick Peguero, Rene Rotolo.

Absent: Peter Alexanderson, Sadhana Jacob, Selina Paulino, Nadia Baba, Donald Gracia-Dwyer, Evelyn Gomez

Quorum present yes

Other Attendees: Luz Andujar, Alice Jenkins

Proceedings:

Meeting called to order at approximately 3:45pm by Chair, Vincent W. Clark

The minutes of the May 23, 2017 board meeting were approved by the present Board Members

Chair's Report

Chair, Vincent Clark welcomed the Board to the first meeting of the fiscal year.

- a. CUNY Central is in process of updating the Guidelines for Auxiliary Corporations. The guidelines are still in red-line draft form; once finalized they will be shared with the board members. A cursory review of the draft by the Chair and the Treasurer, did not indicate any major changes to the current guidelines. It does spell out very clearly those activities the Auxiliary Corporation can be involved in, as well as those that it cannot. The Corporation is 100% compliant, and will continue to be so.
- b. New Policies are being outlined by CUNY, including a matrix of all the funding sources used at CUNY, including tax levy, auxiliary, foundation and other non-tax levy funds; what can and cannot be purchased using these funds. (The association was excluded from the matrix, the understanding being that there will be a separate funds matrix for the Association and guidelines created taking in to account association fees and processing procedures.) No major changes were noted for the auxiliary, but they do offer more clarity.
- c. CUNY issued a final draft on other polices including:
Banking Procedures, new guidelines on opening and closing of accounts, these guidelines affect Auxiliary and all other financial operations of the College.
New Petty Cash Guidelines-does not directly affect Auxiliary, and is not generally in use at the College.
Use of Facilities Guidelines – Vincent Clark will address this area, as this department is under his purview. Chair will provide the finalized Auxiliary Corporation Guidelines to the Board Members as soon as it becomes available.
- d. Board meetings should convene at least four times a year; another will be scheduled in February 2018.

- e. Parking-The Chair has become aware that there are community concerns regarding the parking lots. At the last Senate meeting November 15, 2018, the Facilities Committee voiced concerns about the parking lots including asking if there are other ways to process the sale of parking permits? There are also questions as to whether or not the current rates provide sufficient funds to cover maintenance, public safety and snow removal, without subsidizing from other funding sources. There have been no parking rate increases in five years. Salaries have increased so the rates need to be re-considered. The Board Treasurer and AVP for Financial Operations, Gina Harwood will be conferring with the other pertinent staff on these questions, and the findings will be brought back to the Board for review.

Treasurer's Report

- a. Fiscal Year 2016-17 Financial Audit was presented by Treasurer of the Board, Gina Harwood. Last year's financial audit has been completed; for an overview and explanation of the report, the Treasurer recommended that the Board members review the *Management's Discussion and Analysis* section and the Statement of Net Position, June 30, 2017 and 2016 (page 9). The Auxiliary began the New Year with a surplus. On June 30, 2017, the Auxiliary assets were \$ 2.1 million, which was a little higher than the previous year, which was \$2. Million, this indicates that the assets have increased in value, including cash. Liabilities are also slightly up, last year's number was \$ 302,000, this year as of June 30th, liabilities amounted to \$ 337,000. The liabilities shows what is outstanding (these figures do not indicate money spent). In summation, the Auxiliary's net position improved from last year's \$ 1.7million, to this year \$ 1.8million, a \$ 100,000 surplus net worth as of June 30, 2017. Operating revenues were slightly down from last year, largely in the areas of commission; bookstore, cafeteria, and vending, and while expenses were slightly up. Nevertheless, the Auxiliary was still able to maintain a surplus; last year's figure was \$ 388,000. , this year-end surplus was \$ 114,000. This information will be posted to the Related Entities website.

A question arose regarding donated space, it was clarified that this term is used to describe the office space used by Campus Activities, which is paid for by the College.

It was also noted that an Audit Committee must be comprised of independent board members, who are not paid by the College.

Fiscal Year 2017-18 Financial Report -Treasurer of the Board, Gina Harwood, presented the report beginning with revenue earned as of October 31, 2017, noting each related entity category and the revenue earned amount to date for each. There was a total \$ 744,058 in revenue, as of October 31, 2017. It is expected that the Auxiliary will meet the projections of total revenues of \$1,677,659 by June 30, 2018. A good portion of the Rental income came from big movie shoots over the summer managed by Campus Planning and Facilities. Board Member, Jose Acevedo inquired whether the Auxiliary surplus revenue can be used to offset the cost of parking lot maintenance, rather than

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raising student parking fees. Chair, Vincent Clark responded that there would not be an arbitrary decision to raise student parking fees, all considerations will be taken into account before raising student parking fees.

- b. Moving on to the expenditures portion of the report, Treasurer of the Board, Gina Harwood presented the expenditures listed in different categories; some of which reflected funds already spent. These variances are due to the timing of when certain expenses are incurred during a fiscal year.
- c. Contingency

Original Approved Budget Contingency	31,225.00	
Moved to Professional & Audit	(612.00)	To cover increase audit fees/filing fee Char500
Moved to Insurance	(11,560.00)	To cover General Liability Insurance
Moved to Housing	(4,500.00)	To cover new Washing machine
subtotal	14,553.00	
From Principal	20,000.00	VP recommended increase in case of any Emergency
New Contingency Budget	34,553.00	

Student Housing Presentation

Chair, Vincent Clark introduced the next item on the agenda, Campus Student Housing. He related that there has been a demand for housing on campus. Housing feasibility studies have been done in the past (2008 and 2011). Vice President of Student Affairs, Jose Magdaleno and Assistant Vice President, Campus Planning and Facilities, Rene Rotolo has worked together on this project. Previously CUNY was not in support of the plan, but now we have the full support of the University. AVP Rotolo has been the mover behind completing this study. Phase I of the current study was paid by tax levy funds, the remaining \$ 55,000 needed to complete the second phase of the study may need to be paid from the Auxiliary. AVP Rotolo presented the highlights from the study. The study was prepared by Brailsford and Dunlevy, a firm which specializes in student housing across the country. (They prepared the 2008 housing feasibility study also. The 2011 study was done by HR&A, a local firm CUNY had on retainer). This 2017 report looked at potential demand, as well as amenity and unity type preferences, including evaluation of student enrollment which is focused on demographics and target market segment. The study looked at what local colleges and university in the area actually had, as unit types; to get an idea of what the competition is and what their pricing was. An off-campus market analysis was done of local housing to determine local stock and pricing. They also conducted undergrad and graduate student focus groups; having one to one interactions, asking questions of students to determine what they are looking for in campus housing. An on-line survey was completed, 500 students responded, which is an excellent response for a student survey. With this information, the consultants developed a Student Housing Demand Module and Financial Analysis. Recommendations in the study, based upon the market and financial analysis, the study determined that there is sufficient demand for a 350 bed facility on the campus. To keep cost down it was the semi-suite was recommended. This is a two bedroom unit, with a

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shared bathroom, no kitchen or living space in the unit. Majority of the units would be double occupancy, two beds to a room, total four persons sharing one bathroom. There would be a few single occupancy units, for Resident Assistant's use and for those who want to spend a little more to have a private bedroom. After completing this, because the financial analysis just meets the threshold for debt coverage ratio necessary to make the project viable, their recommendation is that we complete the next phase of the study, is a site analysis. This phase would be to look at possible sites on campus to determine where the housing unit would be most feasible. With the limited available space, the softball field is the most feasible location.

One of the benefits of this location is that once funding is available to convert the Old Gym Building to the Student Union, the housing unit will be in close proximity, and a connection between the buildings will be possible. This would also enable easy access to the tunnels. The question was answered as to whether or not a floor could be added to existing structures for example the Student Life Building. The library is the only building on the campus that is structured to accommodate another floor. The key issue that came out of the focus group and the online survey was price point. Adjustments can be made to the unit design to keep cost down, but there will be common space provided. Also space must be will be considered for services the campus does offer, for example laundry facilities. Student Representative, Jose Acevedo agreed that cost to students must stay low.

AVP Rotolo went on to explain that the next phase of the study, site analysis, will determine the best fit for the footprint of the building to maximize the space used, with the focus on taking as little of the softball field as possible.. It was first necessary to establish the demand and financial feasibility of the project. The financials just meet feasibility levels; any fluctuation in the economy can affect that. If interest rates go up slightly or construction rates go up slightly, it would affect the College's ability to get the financing needed, we are right at the margin of being able to cover the debt. An actual schematic design for the building would be developed, a footprint created, to determine exactly what would fit in each part of each floor to the building. A detailed construction estimate would be done using real on-site cost figures, as opposed to using New York State *average square foot* rates used in the earlier phase of the study. (It may be slightly less to build in the Bronx.) Projected cost to students 2-3 years from now, \$ 6,700 - \$6,950 per semester for double occupancy (not including food service).

Student Representative, Erick Pegero, introduced the question of comparable cost, on site versus off site housing cost and the student's ability to use financial aid to pay for housing. The committee discussed the student's ability to use federal and state Financial Aid, Loans and scholarships to pay for room and board, as it is an allowable expense. The question arose what would be done with the existing off campus housing, and it was stated that that determination would be made at a later date as the plans for on-campus housing development, the prevailing thought being that the demand is there for both. Cost includes the cost of the unit, operating cost, maintenance cost and the debt service; all of these factors are rolled into the cost of the facility. A couple of agencies will be used to bond the funding for the development of the project. The committee also discussed the need for an accompanying food

plan, one which would be mandatory for freshman. One other determination of the last phase of the study, would be to decide whether to build on-site versus installing modular units, the latter being the faster process, and sometimes the least costly.

The Chair, Vincent Clark presented the following motions to the Board for discussion and vote; each motion was unanimously passed into resolution by the present Board Members:

Agenda Items 5 – 12:

5. Approval to transfer \$55,000 from the unrestricted reserve to professional fees account in FY17-18 budget to pay for housing study.
6. Auxiliary Liability Insurance:
 - a. Delegation to Chair to enter into a contract for Auxiliary Corporation liability insurance at an amount not to exceed \$11,560.
 - b. Approval of related transfer from the FY17-18 contingency to the insurance budget line for the same amount
7. Purchase of Washer and Dryer for Student Housing
 - a. Approval to transfer monies not to exceed \$4,500 from contingency to Student Housing for the purchase of a washer and dryer
8. Approval to Transfer of \$612 from FY18 Contingency to Professional fees to cover overage due to audit costs/taxes. (Budget was \$11,580, audit fees actual was \$11,942 and \$250 filing fee Char 500)
9. Approval to reallocate unspent Public Relations and Campus Ceremonies funds from FY 2017 surplus funds in the amount of \$22,156 to the FY 2018 Campus Ceremonies account to help cover 50th Anniversary expenditures.
10. Approval to reallocate unspent FY17 surplus funds in the amount of \$5,415.35 from Lehman Studios (Multimedia) budget line and \$15,651.65 from Lehman Studios depository account to Lehman Studios FY 2018 Budget.
11. NOTE: Agenda Item 11. was dropped from vote, as it was a repeat Agenda Item 8.
12. Approval to appropriate additional fund balance in the FY 18 to cover any contingencies that may result.

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New Business - none

The following is a summary of an open discussion covering the following topics:

- Proposals – the formal Budget Request process takes place in the spring, but proposals may be submitted directly to the Chair. Some Student Budget requests may be more suitably funded through Association.
- Parking System – A better system of accountability is required. Campus Planning and Facilities will be exploring a more sophisticated counting system for registering incoming and outgoing vehicles.
- Communication with Students - a call for better outreach to the Student Representation with information sharing regarding information about what is going on campus and financial processes was voiced. It was pointed out that the Committee of Campus Life and Facilities, part of the Senate Committee has student representation and is the perfect forum to voice financial inquiries. Under President Cruz's administration there has been an emphasis on communication and open dialogue with the Lehman student government, there are areas of communication that can be improved.

The meeting was adjourned by the Chair, Vincent W. Clark at approximately 4:40 PM