

UNIVERSITY OF
THE DISTRICT OF COLUMBIA

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BOARD OF TRUSTEES

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JOINT BUDGET & FINANCE AND STUDENT AFFAIRS
COMMITTEE MEETING

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Thursday,
May 15, 2014

The meeting convened at 6:11 p.m.,
Reginald Felton, Chair, and Errol Schwartz,
Chair, presiding.

BOARD OF TRUSTEES MEMBERS PRESENT:

REGINALD FELTON, Chair, Budget and Finance
Committee

ERROL SCHWARTZ, Chair, Student Affairs
Committee

CHRISTOPHER BELL

ELAINE CRIDER

JEROME SHELTON

GEORGE VRADENBURG

JAMES LYONS, Acting President

ALSO PRESENT:

BEVERLY FRANKLIN, Executive Secretary

DAVID FRANKLIN, Budget Director

STACIE MILLS, Office of General Counsel

SMRUTI RADKAR, Assistant General Counsel

DON RICKFORD, Chief Financial Officer

T-A-B-L-E O-F C-O-N-T-E-N-T-S

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P-R-O-C-E-E-D-I-N-G-S

(6:11 p.m.)

CHAIR FELTON: Okay. I'm going to call the Budget Finance and Joint Committee with the Student Affairs Committee to order. Ms. Franklin.

(Roll call)

MS. FRANKLIN: Mr. Felton.

CHAIR FELTON: Present.

MS. FRANKLIN: General Schwartz.

CHAIR SCHWARTZ: Here.

MS. FRANKLIN: Mr. Vradenburg.

TRUSTEE VRADENBURG: Here.

MS. FRANKLIN: Ms. Castillo.

(No response)

MS. FRANKLIN: Mr. Bell.

(No response)

MS. FRANKLIN: Dr. Tardd.

(No response)

MS. FRANKLIN: Mr. Shelton.

TRUSTEE SHELTON: Here.

MS. FRANKLIN: Dr. Lyons.

1 PRESIDENT LYONS: Here.

2 MS. FRANKLIN: Mr. Chair, you have
3 a quorum for Budget and Finance. And you
4 have a quorum for Student Affairs.

5 CHAIR FELTON: Thank you. Thank
6 you, Ms. Franklin. Okay, we have a pretty
7 comprehensive agenda, but it should not be
8 that long.

9 First of course as a result of the
10 joint meeting, we're able to have our tuition
11 increase presentation of Dr. Lyons.

12 PRESIDENT LYONS: Let's start with
13 CFO and then I'll pick up with --

14 (Off microphone comments)

15 TRUSTEE SHELTON: It's not,
16 getting approval of the last minutes is not
17 listed on the agenda, like it's supposed --

18 CHAIR FELTON: Oh, you're right.

19 TRUSTEE SHELTON: Approval of the
20 last month's minutes. I would encourage
21 should be done before we go to anything else.

22 CHAIR FELTON: Oh, you know what,

1 they're on the second one --

2 MS. FRANKLIN: They're on the
3 third.

4 CHAIR FELTON: -- and it's after
5 this.

6 TRUSTEE SHELTON: All right.
7 Okay, thanks.

8 CHAIR FELTON: Who do you want to
9 kick off?

10 MR. RICKFORD: Do you want me to
11 go ahead?

12 PRESIDENT LYONS: Yes, why don't
13 you start.

14 MR. RICKFORD: Consistent with
15 Resolution 2012-27, that was approved by the
16 Board of Trustees, creating a policy of
17 increasing tuition by the rate of, the growth
18 of the Consumer Price Index in the previous
19 year plus one percent.

20 And University proposing an
21 increase in tuition of 1.5 percent inflation
22 plus the one percent, or a total of 2.5

1 percent.

2 This is expected to generate for
3 the spring semester of 2015, approximately
4 \$321,000 new income during fiscal year '15.
5 And from after that it would apply to every
6 semester.

7 PRESIDENT LYONS: Thank you, Don.
8 I would simply add that the idea here is to
9 go ahead and do what the Board has already
10 approved. It's, and that is we're following
11 the Board policy.

12 Procedurally there have been
13 meetings and discussions of the PowerPoint
14 that you have in your packet. Is the example
15 of how, of what was shared in the hearings so
16 that we could make certain that this was
17 explained and discussed with students.

18 We are not just increasing the
19 money and bringing in the revenue to put it
20 in the bank as such. We really do have plans
21 that flow out of the Vision 2020 Strategic
22 Plan, to use those dollars and so, Mr.

1 Chairman, we bring this to you for Board
2 consideration and action.

3 CHAIR FELTON: Okay, before we
4 entertain the motion to approve the
5 resolution, I think, let's just clarify for
6 the record when the tuition expenses are to
7 become effective.

8 PRESIDENT LYONS: This is for the,
9 starts with the spring semester. And then
10 for the summer.

11 TRUSTEE SHELTON: Okay. 2015, I
12 just wanted to --

13 CHAIR FELTON: Right.

14 TRUSTEE SHELTON: Because I just
15 wanted to make, clarify that, that's all. It
16 is 2012's?

17 PRESIDENT LYONS: Yes, spring
18 semester, 2015.

19 CHAIR FELTON: All right. And as
20 result of the Resolution, of course it will
21 be proposed. There'd be a comment period.
22 And then a final action.

1 PRESIDENT LYONS: Is that, I don't
2 understand that to be the procedure, Mr.
3 Chairman. Is that?

4 MS. FRANKLIN: It is the --

5 CHAIR FELTON: Please clarify.

6 PRESIDENT LYONS: Is that correct,
7 yes, okay?

8 MS. FRANKLIN: Yes, it is.

9 PRESIDENT LYONS: Is that?

10 MS. RADKAR: Smruti Radkar, in
11 General Counsel. The rate, the tuition rates
12 would have to be published in the DCMR.

13 PRESIDENT LYONS: In the DCMR.

14 MS. RADKAR: You have to publish
15 the rates every time we change them.

16 TRUSTEE SHELTON: Welcome to
17 Washington.

18 PRESIDENT LYONS: Thank you, sir.

19 CHAIR FELTON: Okay, if there are
20 no other questions then let's entertain a, I
21 would entertain a motion to approve the --

22 TRUSTEE SHELTON: So move the

1 resolution.

2 PRESIDENT LYONS: Second

3 CHAIR FELTON: Okay, so properly
4 moved and seconded it. Do I need to read
5 that, Ms. Franklin? Or do you have a copy?

6 MS. FRANKLIN: We have a copy and
7 I believe the Resolution and the whole packet
8 was posted in, on the Board website as well.
9 So, you're just approving moving the
10 recommendation forward to the full Board. So
11 --

12 CHAIR FELTON: Okay.

13 MS. FRANKLIN: So, I think that
14 would be fine.

15 CHAIR FELTON: Then all in favor?
16 (Chorus of ayes)

17 CHAIR FELTON: Opposed?
18 (No response)

19 CHAIR FELTON: Any abstentions?
20 (No response)

21 CHAIR FELTON: Okay, thank you
22 very much.

1 PRESIDENT LYONS: Thank you, Mr.
2 Chairman.

3 CHAIR FELTON: Thank you. All
4 right, the next on our agenda is the approval
5 of the minutes. And in this case of course
6 this is the minutes of the Budget and Finance
7 Committee, so I would like those who are part
8 of that to --

9 TRUSTEE SHELTON: So moved, Mr.
10 Chair.

11 PRESIDENT LYONS: Second.

12 CHAIR FELTON: Properly moved and
13 seconded to approve the minutes. All those in
14 favor?

15 (Chorus of ayes)

16 CHAIR FELTON: Opposes?

17 (No response)

18 CHAIR FELTON: Abstentions?

19 (No response)

20 CHAIR FELTON: Ayes have it
21 unanimously. Thank you very much. We are
22 now ready to hear a report on investments.

1 Don Rickford will give us a summary and
2 George, I'm sure you'll have some questions.

3 (Off microphone comments)

4 MR. RICKFORD: Mr. Chairman, as
5 you're aware, Mr. Jeff Barnette, the
6 Treasurer of the City was supposed to be here
7 to make this presentation but he had a family
8 emergency and could not make it. So I will
9 summarize what's in the report from my
10 understanding of it.

11 The high level performance and
12 investments of the fund are doing, are
13 meeting the expectations. Basically the
14 consolidation of the investments into one
15 plan has made the administration also much
16 easier according to the report from the
17 Treasurer.

18 Barclay's continues to provide
19 significant feedback and reporting on the
20 plan. And the Treasurer has a meeting
21 planned, scheduled for the Barclay's team on
22 the 27th to review all of the holdings.

1 In terms of the performance, the
2 assets of the plan as of March 31, 2014
3 stands at \$4,722,000. That is up from \$3.9
4 million when Barclay's took over in January
5 of 2013.

6 For the fourth quarter of this
7 calendar year, the plan was up 1.6 percent.
8 And 9.8 percent since inception, since
9 Barclay's took over. That information is on
10 Page 3, labeled.

11 And the current allocation, you
12 have on the same Page 3, the current
13 allocation at the top of Page 3. We have
14 Cash and Short Bonds which represent seven
15 percent.

16 It is slightly higher than the
17 target policy, the policy target is at five
18 percent. But it's slightly higher at this
19 point. They're working to reduce it to that
20 five percent level, which would mean that
21 given the current total value of the fund, it
22 would be about 2.23 percent as opposed to

1 3.1, million, sorry. As opposed to \$3.1
2 million.

3 And the Bonds represent 21 percent
4 at this time, of the fund. And equity is
5 about 50 percent, with alternative
6 investments of 22 percent.

7 According to the Treasurer's
8 report the allocation amongst are, generally
9 in line with policy. There's a slight
10 difference there with the Cash and Short
11 Bonds that they're looking to address.

12 At this time the bonds are under
13 performing slightly, by about 20 basis points
14 for the quarter and year-to-date. And the
15 equities are out performing the index by
16 approximately 80 basis points for the quarter
17 and year-to-date.

18 And the alternative portfolio has
19 performed in line with expectations. That is
20 the summary of the report.

21 CHAIR FELTON: Okay, thank you.
22 Questions?

1 CHAIR SCHWARTZ: So you don't
2 recommend a shift in, on how the portfolio is
3 aligned then?

4 MR. RICKFORD: No significant
5 shift at this time according to the
6 recommendations from the Treasurer.

7 CHAIR FELTON: Trustee Shelton.

8 TRUSTEE SHELTON: We received a
9 finding for --

10 CHAIR FELTON: Mic.

11 TRUSTEE SHELTON: We received a
12 finding for our investments in International
13 items which was a violation of our policy.

14 MR. RICKFORD: Yes.

15 TRUSTEE SHELTON: And I look at
16 Page 11, and I believe this is suggestive of
17 those investments that are in violation of
18 our policy. Are we recommending an
19 adjustment in our policy? Or are we
20 recommending that the company comply with our
21 policies?

22 MR. RICKFORD: The Treasurer has

1 recommended a change in the policy to make it
2 consistent with the D.C. Government policy.
3 He has made those changes in a draft at this
4 time. It's being reviewed by the city CFO
5 and then he will come back after he gets
6 feedback from the city CFO, to the Board with
7 it.

8 TRUSTEE SHELTON: Will we get some
9 sort of documentation as to the factor that
10 this was a city decision to violate our
11 policy? Not our decision, so that it goes
12 into the documentation of that area in our
13 report.

14 MR. RICKFORD: I believe that we
15 could get such documentation from the
16 Treasurer of the city.

17 TRUSTEE SHELTON: That indicates
18 that he was following city policy.

19 (Simultaneous speaking)

20 MR. RICKFORD: City policy, yes.

21 TRUSTEE SHELTON: And that's the
22 origin of this difficulty.

1 MR. RICKFORD: Yes.

2 CHAIR FELTON: Okay, question
3 though. But during the audit, wasn't that
4 the response that was given?

5 MR. RICKFORD: Yes, that was the
6 response that was given.

7 TRUSTEE SHELTON: But they believe
8 they can control --

9 MR. RICKFORD: But they said it
10 was still a violation of the policy and the
11 policy needed to be changed.

12 TRUSTEE SHELTON: And that's the,
13 we need a policy.

14 MR. RICKFORD: Yes.

15 TRUSTEE SHELTON: And that's what
16 I would anticipate coming forward before we
17 have another audit for the second quarter.

18 MR. RICKFORD: Yes.

19 TRUSTEE SHELTON: Because the
20 first quarter we're already in violation. So
21 we would need a correction, and a policy
22 effort before the second quarter is

1 completed.

2 MR. RICKFORD: Yes, as --

3 CHAIR FELTON: Is there a
4 projected date at this time?

5 MR. RICKFORD: He did not give me
6 a date but he expects to get it done soon.
7 He didn't give a specific date, no.

8 CHAIR FELTON: Okay, can you
9 follow up and --

10 MR. RICKFORD: Yes, I sure can.

11 CHAIR FELTON: -- and ask that
12 Board wanted to know --

13 MR. RICKFORD: Sure.

14 CHAIR FELTON: -- specifically the
15 date.

16 MR. RICKFORD: Sure, Mr. Chairman.
17 Yes.

18 CHAIR FELTON: Okay. Other
19 questions?

20 TRUSTEE VRADENBURG: Since they're
21 expecting one from me, where do I look here
22 to see what the index is that we're comparing

1 this performance against the index?

2 MR. RICKFORD: He has not provided
3 me that information. I really, I don't have
4 that in this report.

5 TRUSTEE VRADENBURG: The reason I
6 ask is that I'm on the Board of a couple of
7 other firms and the first quarter performance
8 is well in excess of two percent.

9 So if this is in excess of index
10 performance, I just would like to see what
11 the index is, against which we're comparing
12 our performance. It just seems low to me for
13 some reason.

14 MR. RICKFORD: Yes.

15 TRUSTEE VRADENBURG: And the
16 allocation doesn't seem to be wrong. I sort
17 of agree with the allocation, so must be
18 somewhere in the manager's selection or we've
19 set our index too low. With that, I would
20 appreciate that.

21 MR. RICKFORD: So I will request
22 that him, forward it via email to you.

1 TRUSTEE VRADENBURG: Thank you.

2 MR. RICKFORD: And to the
3 Committee.

4 TRUSTEE VRADENBURG: Sure.

5 TRUSTEE SHELTON: And for my
6 appreciation, is on Page 3, of the Net of
7 Fees, if you look at the graph on the bottom
8 left corner. It says the blue line is the
9 portfolio Net of Fees. What does that mean?

10 MR. RICKFORD: They are fees that
11 are charged by --

12 TRUSTEE SHELTON: And so this is
13 the portfolio graph including the fees?

14 TRUSTEE VRADENBURG: The fees are
15 subtracted.

16 TRUSTEE SHELTON: Subtracted,
17 that's what I was trying to make sure I
18 understood. Thank you.

19 CHAIR FELTON: Oh, wait, there's
20 no specific action at this point. Are there
21 other questions?

22 Then we will move onto our next

1 agenda item, the reprogramming. Don.

2 MR. RICKFORD: Yes, sir. Mr.
3 Chairman, previously I had reported to the
4 Board of Trustees the need to reprogram \$4.3
5 million to reflect the reduction of estimated
6 tuition revenue that was budgeted.

7 Back when we did the budget
8 training for the Board of Trustees. I think
9 it was October 1st, I believe it was. It was
10 the first time I had reported that.

11 We have since identified exactly
12 where we will take that money from. And we
13 are, we have to submit to the Central Budget
14 Office and to the Consulate for approval
15 after the Board, full Board has approved this
16 resolution to reduce the tuition revenue by
17 \$4.3 million.

18 This came about because there was
19 an expectation when the budget was prepared
20 that the Board would approve a tuition
21 increase which never materialized. And also
22 there was an expectation of an increase in

1 enrollment.

2 And as soon as, before the
3 beginning of fiscal year, I think in
4 September when we reviewed the budget to be
5 loaded into the BANNER system, we recognized
6 that it was an over projection.

7 And we had extensive discussions
8 with the President and decisions were made on
9 how we will reduce that down. The allocation
10 of those budgets to reflect the reduction in
11 revenue.

12 CHAIR FELTON: Okay, could either
13 you or the President, can you talk about what
14 methods you put in place to ensure that we
15 would have this amount to transfer? To
16 reprogram?

17 MR. RICKFORD: Sure. Well as I
18 indicated when the Chairman of the Counsel
19 asked me that same question. That we will
20 not base our budget on any expected
21 resolutions by the Board.

22 I will not develop the budget

1 until the Board decides whether they will
2 take an action on something or not. So that
3 basically is what created the problem for the
4 most part. Is the expectation that we would
5 have this tuition increase. And of course
6 when it was presented to the Board, the Board
7 rejected it.

8 CHAIR FELTON: Other comments,
9 questions? Madam Chair is here with us.

10 TRUSTEE VRADENBURG: I just am not
11 sure I understand this yet. We have roughly
12 \$4.3 million that is going to be
13 reprogrammed.

14 The supporting sheets have roughly
15 six, and a little over six million referenced
16 here in terms of the aggregate amounts being
17 moved from some account to another account.

18 MR. RICKFORD: Yes.

19 TRUSTEE VRADENBURG: Can you just
20 reconcile the supporting documentation to the
21 summary memo on top?

22 MR. RICKFORD: Basically what is

1 happened is that although the over projection
2 occurred in the tuition fund. By the time we
3 moved to correct those problems, of course
4 people we spending money from different
5 funds.

6 So we had to grab funds out of
7 different, dollars out of different funds to
8 make up the money. And then later on, we had
9 to transfer costs, expenditures that people
10 had spent those monies for.

11 So it's a series of transfers we
12 have to do, to net to that \$4.3 million.
13 Because a lot of the tuition dollars were
14 already expended and we had to transfer those
15 expenditures to different areas. It was a
16 lot of swapping that went on to resolve the
17 issue.

18 Since we don't have effectively
19 one fund. It's a series of funds we had to
20 mow down. I think six or seven funds that we
21 used.

22 TRUSTEE VRADENBURG: So are you

1 saying that if you add up all the movement --

2 MR. RICKFORD: Yes.

3 TRUSTEE VRADENBURG: -- it totals
4 six, but theoretically, we're only
5 reprogramming \$4.

6 MR. RICKFORD: \$4.3 million, yes.

7 TRUSTEE VRADENBURG: I'll take
8 your word for that because there's no
9 combination of these numbers, quickly, that
10 allows me to get to \$4.3.

11 CHAIR FELTON: Don, how about just
12 clarifying that in a follow up?

13 MR. RICKFORD: Okay, I can --

14 CHAIR FELTON: Mail it to us.

15 MR. RICKFORD: If you look at the
16 fiscal impact statement.

17 TRUSTEE VRADENBURG: Yes.

18 MR. RICKFORD: We are, the net
19 reprogrammed in amounts consists of reduction
20 of \$1.8 million in VS for vacancy savings.
21 That's what we're doing. \$1.89 million for
22 NPS and \$500,901 in NPS from the contingency

1 reserve, as I had indicated to the Board in
2 previous meetings that we do maintain a
3 contingency reserve. So we were able to get
4 some of the funds from there again.

5 TRUSTEE VRADENBURG: And if you
6 total those three, it would be --

7 MR. RICKFORD: The \$4.3 million.

8 TRUSTEE VRADENBURG: I understand,
9 I mean I'm looking at this supporting
10 documentation. There's, I'm not going to
11 follow up on it. I'll trust you. But it
12 certainly is not clear. I notice you're
13 moving some for example on the last page, I
14 guess the one that references BANNER Fund
15 Type 103115.

16 You're moving \$3 million out of
17 regular pay lines and that sounds to me like
18 BS. That sounds to me like empty positions.
19 You're moving other money to --

20 MR. RICKFORD: Yes, subsidies and
21 transfers.

22 TRUSTEE VRADENBURG: -- in a

1 regular pay line. So somewhere in here,
2 you're saying that this will net, and I can't
3 see how it would, but it somehow nets the
4 \$4.3. And I'd love to just a little brief
5 arithmetic lesson to understand how I can
6 understand that.

7 MR. RICKFORD: I'll have, ask Mr.
8 Franklin the Budget Director to prepare that,
9 or David you, are you prepared to address it
10 at this point?

11 PRESIDENT LYONS: But it's as
12 much, you know, it's as much as issue of the
13 forms, and I mean --

14 MR. RICKFORD: Yes, it's how we
15 have to report it.

16 PRESIDENT LYONS: I mean if you're
17 looking at this, the forms total \$6+ million.
18 And we're coming to them, so is there, are we
19 locked into -- and I'm just thinking about
20 how we present material. Are we locked in to
21 a particular type of form that makes us do
22 this. Because I mean, you know it's a --

1 CHAIR FELTON: Well I mean I can
2 understand that these are the correct numbers
3 I think. But just a simple --

4 PRESIDENT LYONS: Explanation to
5 your --

6 CHAIR FELTON: -- explanation that
7 would show as George has said, would be
8 helpful to us.

9 TRUSTEE SHELTON: Would accompany
10 the report, you know.

11 CHAIR FELTON: I don't know if
12 it's part of the reporting to the Committee.

13 TRUSTEE SHELTON: When you're
14 reporting a budget you really need to explain
15 to the people you're talking to what you're
16 talking about. So that they understand what
17 you're talking about and learn the language
18 of the reporting.

19 When you leave it to recall or
20 speculation, you make it difficult.

21 CHAIR FELTON: No, I think we're
22 in agreement. I think the issue is, this is

1 the requirement --

2 (Simultaneous speaking)

3 CHAIR FELTON: -- for the city.

4 But not the form -- for the committee.

5 TRUSTEE SHELTON: That's the form
6 we're transferring it inside the Government.
7 But we're being asked to make a decision
8 about it, we need a format that resembles the
9 city's but explains to us what the city is
10 requiring.

11 MR. RICKFORD: And I'm telling you
12 the fiscal impact statement clearly reflects
13 the \$4.3 million that we will, you know. And
14 Mr. Franklin probably could explain better
15 than I, since he is the expert in the city's
16 budget process.

17 MR. FRANKLIN: Good afternoon or
18 good evening. The, am I on?

19 CHAIR FELTON: Yes. A name.

20 MR. FRANKLIN: David Franklin.
21 What you have here is actually a combination
22 of what is known as the reprogramming and

1 also a fund swap.

2 So in essence, the reprogramming
3 indeed is \$4.3 million. That was the
4 overestimation. However, in order for us to
5 get to that number, we needed to swap out
6 some additional funds between post-secondary,
7 local dollars, and direct costs.

8 So when you look at it in terms of
9 a fund swap and the reprogramming, it totals
10 about \$6 million. But what we're really
11 programming is only \$4.3 of that.

12 TRUSTEE VRADENBURG: I understand
13 all the words. I just don't understand the
14 reconciliation.

15 MR. FRANKLIN: So what I will --

16 TRUSTEE VRADENBURG: Because if
17 you'll look at just what, you moved from
18 subsidies and transfers something right
19 around \$3 million and a little change. And
20 you moved to subsidies and transfers \$3.1.
21 The numbers are a little off.

22 And so if I'm trying to say which

1 accounts did you move from and to, it unless
2 there are different accounts within subsidies
3 and transfers. That transfer basically
4 moving out of subsidies and transfers
5 approximately, what you're moving it to. So
6 somewhere else in this is the regular pay
7 lines that are shifting in some direction.

8 And it's just a little difficult
9 to follow this way. And I understand what
10 you just said, and it would just be useful,
11 to sort of arithmetic how you get it.

12 MR. FRANKLIN: And I'll put that
13 together for you.

14 TRUSTEE VRADENBURG: Fair enough.

15 CHAIR FELTON: Thank you. Are
16 there any other --

17 TRUSTEE BELL: So part of the
18 problem on this, on your ability to calculate
19 was not just that we didn't raise the funds,
20 but also the variation in enrollment. The
21 enrollment wasn't what you expected?

22 MR. RICKFORD: There was a

1 projection that the enrollment would increase
2 and it did not.

3 TRUSTEE BELL: So you're going to
4 fix the timing on the other issues by you'll
5 know when, if the Board acts on the tuition
6 increases, but the enrollment is going to
7 continue to be --

8 MR. RICKFORD: We have tightened
9 up our estimates of enrollment. We're, you
10 know, this year we have made sure that we are
11 not overestimating. We have projected a much
12 more conservative numbers, you know.

13 And that I've made it clear that
14 any increased projection will have to be
15 supported with the actions that will drive
16 those increases.

17 My understanding was that it was a
18 promise so to speak that we will be taking
19 certain actions but there was no plan in
20 place. And those increases never in
21 enrollment never materialized.

22 PRESIDENT LYONS: And Mr.

1 Chairman.

2 CHAIR FELTON: Yes.

3 PRESIDENT LYONS: In my very first
4 meeting with Don, or if not the first,
5 certainly the second, he raised this issue
6 with me about over projection of enrollment.
7 So you're right, when you add the over
8 projection plus the new revenue that you
9 anticipated --

10 MALE PARTICIPANT: You put
11 yourself in a hole.

12 PRESIDENT LYONS: -- you put, we
13 were in a bad situation. And again the, as
14 we said, you said the Board rejected the
15 tuition increase but the issue there was the
16 health insurance I believe. And the Board
17 did not want to add the insurance, the
18 tuition increase on top of the health
19 insurance increase.

20 So I wanted to clarify that.
21 Wasn't like they just rejected it because it
22 was being proposed.

1 CHAIR FELTON: Yes.

2 TRUSTEE VRADENBURG: One last
3 question.

4 CHAIR FELTON: Sure.

5 TRUSTEE VRADENBURG: Mr. Chair,
6 thank you for your tolerance.

7 CHAIR FELTON: No, no I expect it.

8 TRUSTEE VRADENBURG: I would like
9 a representation that none of the funds are
10 coming out of the fund balance.

11 MR. RICKFORD: Absolutely none.
12 Not a penny.

13 TRUSTEE VRADENBURG: All right.

14 TRUSTEE CRIDER: I think I had a
15 similar question, thank you Mr. Trustee
16 Vradenburg for that. So in the NPS line
17 here, this is a reduction from what? If I'm
18 understanding it correctly. You've got a,
19 almost a \$1.9 million reduction in NPS, so
20 that's supplies, equipment, all those things,
21 right?

22 MR. RICKFORD: That is correct.

1 TRUSTEE CRIDER: Okay, so if there
2 are expenditures that were not planned in the
3 initial budget, are they captured in the \$1.8
4 that you're moving to reprogram, or?

5 MR. RICKFORD: These funds
6 probably were planned to be used for things
7 like that but we just didn't allow people to
8 do it because there were no actual dollars
9 behind it coming in to support that budget.

10 So they never, we never allowed
11 them to spend the money. This is just what
12 was budgeted and we then reduced the budget
13 that were allocated by this amount.

14 TRUSTEE CRIDER: Okay, so if there
15 were additional things that were purchased or
16 contracted for or whatever, that were not a
17 part of the original budget?

18 MR. RICKFORD: I'm not aware of
19 any spending that's going on beyond the
20 budgets that we had allocated. And you're
21 asking about spending beyond budget
22 allocations.

1 CHAIR FELTON: Madam Chair, is
2 your question, were there expenditures
3 unplanned expenditures that would then make
4 it difficult to cover if this is not enough
5 money to transfer.

6 TRUSTEE CRIDER: Right.

7 CHAIR FELTON: That's sort of the
8 basic question.

9 TRUSTEE CRIDER: Right because
10 going back to the original need for the fund
11 balance, it was to cover activities that were
12 not part of the original budget. So, I guess
13 I'm trying to tie these things together to
14 make sure I understand, what we have done.

15 CHAIR FELTON: Yes, okay.

16 CHAIR SCHWARTZ: So I see \$1.89
17 million in NPS that to me says this is a,
18 it's a reduction. So if you're reducing by
19 \$1.9 and we had some expenditures that we
20 wanted to use the fund balance for, I guess
21 I'm just not putting all the numbers
22 together.

1 MR. RICKFORD: Those are, that is
2 something completely different.

3 TRUSTEE CRIDER: Okay.

4 MR. RICKFORD: Things that the
5 fund balance requests were supposed to cover
6 are not related to what these budgets were
7 supposed to be used for. Completely
8 different?

9 TRUSTEE CRIDER: Right, so how are
10 we covering then?

11 MR. RICKFORD: Those additional
12 expense, we have not addressed that since the
13 Board has indicated that we could not use the
14 fund balance. We have not resolved that
15 issue as yet as to how we will cover those
16 expenses.

17 CHAIR FELTON: So there are other
18 expenses to which we have not allocated
19 funds?

20 MR. RICKFORD: That was the, for
21 example we had the request to use \$2 million
22 to pay for the, what one would call the buy-

1 out for the faculty earlier than planned, as
2 opposed to keeping them on board for another
3 year to buy them out early and use those
4 savings to start investing in the strategic
5 plan.

6 You know, we are not able to move
7 forward with that at this point. Because the
8 funding just isn't available, so.

9 CHAIR FELTON: But they weren't
10 obligations.

11 MR. RICKFORD: No. They were not
12 obligations.

13 (Simultaneous speaking)

14 CHAIR FELTON: I think that's what
15 we're trying to get, were there obligations
16 and commitments that haven't been addressed?

17 TRUSTEE CRIDER: Right.

18 MR. RICKFORD: No. That was not
19 an obligation that we had. No, there were
20 other items that I believe that were planned
21 to be used by the additional \$2 million or
22 just less than \$2 million.

1 And I do not recall exactly what
2 those things were off the top of my head,
3 but, and those things are not going forward.

4 CHAIR FELTON: Other questions?
5 Okay, you have a resolution before you.
6 Subject, Reprogramming of Funds.

7 WHEREAS, pursuant to 8 DCMR,
8 Section 204.2, all reallocations of funds
9 within programs or other areas over \$250,000
10 must be approved by the Budget and Finance
11 Committee and reported to the Board; and

12 WHEREAS, pursuant to 8 DCMR
13 Section 205.4(b), specific authorization by
14 the Board shall be required for any
15 transaction which requires modification of
16 the financial plan in excess of the
17 reprogramming authority delegated to
18 President; and

19 WHEREAS, a reprogramming and
20 funding swap in the amount of \$4.3 million is
21 necessary to balance the FY2014 budget,
22 reflecting the reduction of estimated tuition

1 revenue that was budgeted in anticipation of
2 Board of Trustee approval of tuition and fee
3 increases, and projected enrollment
4 increases. Neither of which was realized;

5 NOW, THEREFORE, BE IT RESOLVED that the
6 University of the District of Columbia is
7 hereby authorized to reprogram funds as
8 indicated above.

9 This is the resolution that would
10 be passed by the full Board. And so our
11 motion is just that we move this forward is
12 my understanding, to the full Board.

13 TRUSTEE SHELTON: Is that true?

14 MALE PARTICIPANT: Yes.

15 CHAIR FELTON: Where's my legal?
16 All right, so can I have a motion?

17 TRUSTEE BELL: Question. Do we
18 have to say that the lack of the reduction,
19 and the, I mean that the tuition didn't
20 increase and that the enrollment increases
21 didn't materialize?

22 CHAIR FELTON: That's factual but

1 can we hear a response from legal?

2 PRESIDENT LYONS: That's what's
3 driving the reprogramming.

4 CHAIR FELTON: And it's more than
5 just that the Board didn't want to approve it
6 like you said.

7 TRUSTEE BELL: We say just change
8 the wording.

9 TRUSTEE BELL: Legal. Can you
10 help us out with the words here.

11 TRUSTEE BELL: We're reprogramming
12 because it's necessary to balance the 2014
13 budget, period.

14 MS. RADKAR: Well, you can change
15 it.

16 MS. MILLS: We can change it to
17 whatever you need it to say. I don't think
18 that, that's substantive. We can change it.

19 CHAIR FELTON: Okay. So what's
20 your recommending?

21 TRUSTEE BELL: I just wanted to
22 know if we stop after the 2014 budget? The

1 reason being that we didn't increase the
2 tuition because of the concerns about health.
3 That's not reflected.

4 I don't want people to think that
5 we're just being arbitrary in our decisions
6 about the not increasing tuition. And then
7 the projected enrollment was off. I'm less
8 concerned about the enrollment one than I am
9 about the other one.

10 CHAIR FELTON: I don't have any
11 objections. And you don't have objections?

12 MS. MILLS: No. Can I just
13 clarify what that change was again?

14 TRUSTEE BELL: So it was just --

15 CHAIR FELTON: Stop at the --

16 TRUSTEE BELL: I would say after
17 2014 budget, it'd be semicolon.

18 MS. MILLS: Okay.

19 CHAIR FELTON: Be semicolon? Oh,
20 for the paragraph, right.

21 MS. MILLS: Okay.

22 CHAIR FELTON: Is there consensus

1 to accept that modification?

2 TRUSTEE SHELTON: So moved, Mr.
3 Chair.

4 TRUSTEE BELL: Second.

5 CHAIR FELTON: Okay, moved and
6 seconded. Any other readiness? All in
7 favor?

8 (Chorus of ayes)

9 CHAIR FELTON: Opposed?

10 (No response)

11 CHAIR FELTON: Abstention?

12 (No response)

13 CHAIR FELTON: Okay, then the
14 original motion that we move this forward to
15 full Board. Can we have a motion?

16 TRUSTEE SHELTON: I'll so move,
17 Mr. Chair.

18 CHAIR FELTON: Second?

19 PRESIDENT LYONS: Second.

20 CHAIR FELTON: Properly moved and
21 seconded. Any other readiness? There being
22 none, all in favor?

1 MALE PARTICIPANT: Aye.

2 FEMALE PARTICIPANT: Aye.

3 CHAIR FELTON: Let's call the
4 roll.

5 MS. FRANKLIN: Mr. Felton.

6 CHAIR FELTON: Aye.

7 MS. FRANKLIN: General Schwartz.

8 CHAIR SCHWARTZ: Aye.

9 MS. FRANKLIN: Mr. Vradenburg.

10 TRUSTEE VRADENBURG: Aye.

11 MS. FRANKLIN: Ms. Castillo.

12 (No response)

13 MS. FRANKLIN: Mr. Bell.

14 TRUSTEE BELL: Aye.

15 MS. FRANKLIN: Mr. Tardd.

16 (No response)

17 MS. FRANKLIN: Mr. Shelton.

18 TRUSTEE SHELTON: Aye.

19 CHAIR FELTON: Thank you. I want
20 to thank the members of the committee and
21 thank you for this joint. I would like to
22 also bring you up to date.

1 We had format of a report last
2 month and I think since that time many of us
3 have had, raised questions about, as Mr.
4 Shelton says, that the difficulty in trying
5 to figure out what's really going on.

6 So we can expect a different
7 format the next, for the May report that
8 would be, I believe, meet the needs that we
9 discussed.

10 Okay, any other readiness? Madam
11 Chair, would you like to offer any comments
12 before we adjourn?

13 TRUSTEE CRIDER: No.

14 CHAIR FELTON: Okay.

15 PRESIDENT LYONS: Question, Mr.
16 Chairman.

17 CHAIR FELTON: Yes.

18 PRESIDENT LYONS: I want to be
19 sure that I understand what we are supposed
20 to prepare for Trustee Vradenburg --

21 CHAIR FELTON: And for the whole
22 committee.

1 PRESIDENT LYONS: -- and for the
2 entire committee, again that explains, are we
3 asking for assurance that the, none of the
4 \$4.3 is coming out of the fund balance. And
5 then that although these forms totaled more
6 than \$6 thousand that we're only, just some
7 response, \$6 million, that we're still only
8 moving \$4.3.

9 TRUSTEE VRADENBURG: That and the
10 index that we used to compare fund
11 performance against the index.

12 PRESIDENT LYONS: And fund
13 performance, okay.

14 TRUSTEE VRADENBURG: You don't
15 need to do anything more with respect to the
16 assurance that have been given here, that in
17 fact we're not moving out of the fund
18 balance. That's been given orally. It's
19 recorded in the minutes and that's fine with
20 me.

21 CHAIR FELTON: Does that answer
22 your question, Jim?

1 PRESIDENT LYONS: Yes. It does,
2 thank you.

3 CHAIR FELTON: I sense we don't
4 want to adjourn here, so. I mean, I'm really
5 trying to have a record here.

6 (Off microphone comments)

7 TRUSTEE VRADENBURG: Mr. Chairman
8 this is a model of efficiency. So I move to
9 adjourn.

10 TRUSTEE BELL: Second.

11 CHAIR FELTON: Okay, motion to
12 adjourn please. Okay, seconded, finally
13 moved and seconded. All in favor?

14 (Chorus of ayes)

15 CHAIR FELTON: All right. This
16 meeting is adjourned. I want to thank the
17 staff for their cooperation tonight and my
18 colleagues for being here.

19 (Whereupon, the meeting in the
20 above-entitled matter was concluded at 6:47
21 p.m.)

22

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C E R T I F I C A T E

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In the matter of: Board of Trustees: Committee Meeting

Before: Reginald Felton, Errol Schwartz

Date: Thursday, May 15, 2014

Place: UDC

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