UNIVERSITY OF
THE DISTRICT OF COLUMBIA

BOARD OF TRUSTEES

JOINT BUDGET & FINANCE AND STUDENT AFFAIRS
COMMITTEE MEETING

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
<table>
<thead>
<tr>
<th>I. Call to Order and Roll Call</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reginald Felton, Chair</td>
<td></td>
</tr>
<tr>
<td>Beverly Franklin, Executive Secretary</td>
<td></td>
</tr>
<tr>
<td>II. Tuition Increase</td>
<td>5</td>
</tr>
<tr>
<td>Don Rickford, Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>James Lyons, Acting President</td>
<td></td>
</tr>
<tr>
<td>III. Approval of Budget and Finance Committee Minutes, March 19, 2014</td>
<td>10</td>
</tr>
<tr>
<td>IV. Report on Investments</td>
<td>11</td>
</tr>
<tr>
<td>Don Rickford, Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>V. Reprogramming</td>
<td>20</td>
</tr>
<tr>
<td>Don Rickford, Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>VI. Closing Remarks</td>
<td>44</td>
</tr>
<tr>
<td>VII. Adjournment</td>
<td>46</td>
</tr>
</tbody>
</table>
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.
PRESIDENT LYONS: Here.

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

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

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

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

(Off microphone comments)

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

CHAIR FELTON: Oh, you're right.

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

CHAIR FELTON: Oh, you know what,
they're on the second one --

MS. FRANKLIN: They're on the third.

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

TRUSTEE SHELTON: All right.

Okay, thanks.

CHAIR FELTON: Who do you want to kick off?

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

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

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

And University proposing an increase in tuition of 1.5 percent inflation plus the one percent, or a total of 2.5
This is expected to generate for
the spring semester of 2015, approximately
$321,000 new income during fiscal year '15.
And from after that it would apply to every
semester.

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

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

We are not just increasing the
money and bringing in the revenue to put it
in the bank as such. We really do have plans
that flow out of the Vision 2020 Strategic
Plan, to use those dollars and so, Mr.
Chairman, we bring this to you for Board consideration and action.

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

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

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

CHAIR FELTON: Right.

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

PRESIDENT LYONS: Yes, spring semester, 2015.

CHAIR FELTON: All right. And as result of the Resolution, of course it will be proposed. There'd be a comment period. And then a final action.
PRESIDENT LYONS: Is that, I don't understand that to be the procedure, Mr. Chairman. Is that?

MS. FRANKLIN: It is the --

CHAIR FELTON: Please clarify.

PRESIDENT LYONS: Is that correct, yes, okay?

MS. FRANKLIN: Yes, it is.

PRESIDENT LYONS: Is that?

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

PRESIDENT LYONS: In the DCMR.

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

TRUSTEE SHELTON: Welcome to Washington.

PRESIDENT LYONS: Thank you, sir.

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

TRUSTEE SHELTON: So move the
resolution.

PRESIDENT LYONS: Second

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

MS. FRANKLIN: We have a copy and I believe the Resolution and the whole packet was posted in, on the Board website as well.

So, you're just approving moving the recommendation forward to the full Board. So --

CHAIR FELTON: Okay.

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

CHAIR FELTON: Then all in favor?

(Chorus of ayes)

CHAIR FELTON: Opposed?

(No response)

CHAIR FELTON: Any abstentions?

(No response)

CHAIR FELTON: Okay, thank you very much.
PRESIDENT LYONS: Thank you, Mr. Chairman.

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

TRUSTEE SHELTON: So moved, Mr. Chair.

PRESIDENT LYONS: Second.

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

(Chorus of ayes)

CHAIR FELTON: Opposes?

(No response)

CHAIR FELTON: Abstentions?

(No response)

CHAIR FELTON: Ayes have it unanimously. Thank you very much. We are now ready to hear a report on investments.
Don Rickford will give us a summary and
George, I'm sure you'll have some questions.

(Off microphone comments)

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

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

Barclay's continues to provide
significant feedback and reporting on the
plan. And the Treasurer has a meeting
planned, scheduled for the Barclay's team on
the 27th to review all of the holdings.
In terms of the performance, the assets of the plan as of March 31, 2014 stands at $4,722,000. That is up from $3.9 million when Barclay's took over in January of 2013.

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

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

It is slightly higher than the target policy, the policy target is at five percent. But it's slightly higher at this point. They're working to reduce it to that five percent level, which would mean that given the current total value of the fund, it would be about 2.23 percent as opposed to
3.1, million, sorry. As opposed to $3.1 million.

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

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

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

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

CHAIR FELTON: Okay, thank you. Questions?
CHAIR SCHWARTZ: So you don't recommend a shift in, on how the portfolio is aligned then?

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

CHAIR FELTON: Trustee Shelton.

TRUSTEE SHELTON: We received a finding for --

CHAIR FELTON: Mic.

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

MR. RICKFORD: Yes.

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

MR. RICKFORD: The Treasurer has
recommended a change in the policy to make it consistent with the D.C. Government policy. He has made those changes in a draft at this time. It's being reviewed by the city CFO and then he will come back after he gets feedback from the city CFO, to the Board with it.

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

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

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

(Simultaneous speaking)

MR. RICKFORD: City policy, yes.

TRUSTEE SHELTON: And that's the origin of this difficulty.
MR. RICKFORD: Yes.

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

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

TRUSTEE SHELTON: But they believe they can control --

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

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

MR. RICKFORD: Yes.

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

MR. RICKFORD: Yes.

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

MR. RICKFORD: Yes, as --

CHAIR FELTON: Is there a

projected date at this time?

MR. RICKFORD: He did not give me

a date but he expects to get it done soon.

He didn't give a specific date, no.

CHAIR FELTON: Okay, can you

follow up and --

MR. RICKFORD: Yes, I sure can.

CHAIR FELTON: -- and ask that

Board wanted to know --

MR. RICKFORD: Sure.

CHAIR FELTON: -- specifically the

date.

MR. RICKFORD: Sure, Mr. Chairman.

Yes.

CHAIR FELTON: Okay. Other

questions?

TRUSTEE VRADENBURG: Since they're

expecting one from me, where do I look here

to see what the index is that we're comparing
this performance against the index?

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

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

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

MR. RICKFORD: Yes.

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

MR. RICKFORD: So I will request that him, forward it via email to you.
TRUSTEE VRADENBURG: Thank you.

MR. RICKFORD: And to the Committee.

TRUSTEE VRADENBURG: Sure.

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

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

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

TRUSTEE VRADENBURG: The fees are subtracted.

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

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

Then we will move onto our next
agenda item, the reprogramming.  Don.

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

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

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

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

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

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

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

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

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

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

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

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

MR. RICKFORD: Yes.

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

MR. RICKFORD: Basically what is
happened is that although the over projection occurred in the tuition fund. By the time we moved to correct those problems, of course people we spending money from different funds.

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

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

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

TRUSTEE VRADENBURG: So are you
saying that if you add up all the movement --

MR. RICKFORD: Yes.

TRUSTEE VRADENBURG: -- it totals six, but theoretically, we're only

reprogramming $4.

MR. RICKFORD: $4.3 million, yes.

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

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

MR. RICKFORD: Okay, I can --

CHAIR FELTON: Mail it to us.

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

TRUSTEE VRADENBURG: Yes.

MR. RICKFORD: We are, the net reprogrammed in amounts consists of reduction of $1.8 million in VS for vacancy savings.

That's what we're doing. $1.89 million for NPS and $500,901 in NPS from the contingency
reserve, as I had indicated to the Board in previous meetings that we do maintain a contingency reserve. So we were able to get some of the funds from there again.

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

MR. RICKFORD: The $4.3 million.

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

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

MR. RICKFORD: Yes, subsidies and transfers.

TRUSTEE VRADENBURG: -- in a
regular pay line. So somewhere in here, you're saying that this will net, and I can't see how it would, but it somehow nets the $4.3. And I'd love to just a little brief arithmetic lesson to understand how I can understand that.

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

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

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

PRESIDENT LYONS: I mean if you're looking at this, the forms total $6+ million. And we're coming to them, so is there, are we locked into -- and I'm just thinking about how we present material. Are we locked in to a particular type of form that makes us do this. Because I mean, you know it's a --
CHAIR FELTON: Well I mean I can understand that these are the correct numbers I think. But just a simple --

PRESIDENT LYONS: Explanation to your --

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

TRUSTEE SHELTON: Would accompany the report, you know.

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

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

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

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

(Simultaneous speaking)

CHAIR FELTON: -- for the city.

But not the form -- for the committee.

TRUSTEE SHELTON: That's the form we're transferring it inside the Government.

But we're being asked to make a decision about it, we need a format that resembles the city's but explains to us what the city is requiring.

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

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

CHAIR FELTON: Yes. A name.

MR. FRANKLIN: David Franklin.

What you have here is actually a combination of what is known as the reprogramming and
also a fund swap.

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

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

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

MR. FRANKLIN: So what I will --

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

And so if I'm trying to say which
accounts did you move from and to, it unless
there are different accounts within subsidies
and transfers. That transfer basically
moving out of subsidies and transfers
approximately, what you're moving it to. So
somewhere else in this is the regular pay
lines that are shifting in some direction.

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

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

TRUSTEE VRADENBURG: Fair enough.

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

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

MR. RICKFORD: There was a
TRUSTEE BELL: So you're going to fix the timing on the other issues by you'll know when, if the Board acts on the tuition increases, but the enrollment is going to continue to be --

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

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

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

PRESIDENT LYONS: And Mr.
Chairman.

CHAIR FELTON: Yes.

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

MALE PARTICIPANT: You put yourself in a hole.

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

So I wanted to clarify that. Wasn't like they just rejected it because it was being proposed.
CHAIR FELTON: Yes.

TRUSTEE VRADENBURG: One last question.

CHAIR FELTON: Sure.

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

CHAIR FELTON: No, no I expect it.

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

MR. RICKFORD: Absolutely none. Not a penny.

TRUSTEE VRADENBURG: All right.

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

MR. RICKFORD: That is correct.
TRUSTEE CRIDER: Okay, so if there are expenditures that were not planned in the initial budget, are they captured in the $1.8 that you're moving to reprogram, or?

MR. RICKFORD: These funds probably were planned to be used for things like that but we just didn't allow people to do it because there were no actual dollars behind it coming in to support that budget. So they never, we never allowed them to spend the money. This is just what was budgeted and we then reduced the budget that were allocated by this amount.

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

MR. RICKFORD: I'm not aware of any spending that's going on beyond the budgets that we had allocated. And you're asking about spending beyond budget allocations.
CHAIR FELTON: Madam Chair, is your question, were there expenditures unplanned expenditures that would then make it difficult to cover if this is not enough money to transfer.

TRUSTEE CRIDER: Right.

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

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

CHAIR FELTON: Yes, okay.

CHAIR SCHWARTZ: So I see $1.89 million in NPS that to me says this is a, it's a reduction. So if you're reducing by $1.9 and we had some expenditures that we wanted to use the fund balance for, I guess I'm just not putting all the numbers together.
MR. RICKFORD: Those are, that is something completely different.

TRUSTEE CRIDER: Okay.

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

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

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

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

MR. RICKFORD: That was the, for example we had the request to use $2 million to pay for the, what one would call the buy-
out for the faculty earlier than planned, as opposed to keeping them on board for another year to buy them out early and use those savings to start investing in the strategic plan.

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

CHAIR FELTON: But they weren't obligations.

MR. RICKFORD: No. They were not obligations.

(Simultaneous speaking)

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

TRUSTEE CRIDER: Right.

MR. RICKFORD: No. That was not an obligation that we had. No, there were other items that I believe that were planned to be used by the additional $2 million or just less than $2 million.
And I do not recall exactly what
those things were off the top of my head,
but, and those things are not going forward.

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

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

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

WHEREAS, a reprogramming and
funding swap in the amount of $4.3 million is
necessary to balance the FY2014 budget,
reflecting the reduction of estimated tuition
revenue that was budgeted in anticipation of
Board of Trustee approval of tuition and fee
increases, and projected enrollment
increases. Neither of which was realized;

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

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

TRUSTEE SHELTON: Is that true?

MALE PARTICIPANT: Yes.

CHAIR FELTON: Where's my legal?

All right, so can I have a motion?

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

CHAIR FELTON: That's factual but
can we hear a response from legal?

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

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

TRUSTEE BELL: We say just change the wording.

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

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

MS. RADKAR: Well, you can change it.

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

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

TRUSTEE BELL: I just wanted to know if we stop after the 2014 budget? The
reason being that we didn't increase the

tuition because of the concerns about health.

That's not reflected.

I don't want people to think that

we're just being arbitrary in our decisions

about the not increasing tuition. And then

the projected enrollment was off. I'm less

concerned about the enrollment one than I am

about the other one.

CHAIR FELTON: I don't have any

objections. And you don't have objections?

MS. MILLS: No. Can I just

clarify what that change was again?

TRUSTEE BELL: So it was just --

CHAIR FELTON: Stop at the --

TRUSTEE BELL: I would say after

2014 budget, it'd be semicolon.

MS. MILLS: Okay.

CHAIR FELTON: Be semicolon? Oh,

for the paragraph, right.

MS. MILLS: Okay.

CHAIR FELTON: Is there consensus
to accept that modification?

TRUSTEE SHELTON: So moved, Mr. Chair.

TRUSTEE BELL: Second.

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

(Chorus of ayes)

CHAIR FELTON: Opposed?

(No response)

CHAIR FELTON: Abstention?

(No response)

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

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

CHAIR FELTON: Second?

PRESIDENT LYONS: Second.

CHAIR FELTON: Properly moved and seconded. Any other readiness? There being none, all in favor?
MALE PARTICIPANT: Aye.

FEMALE PARTICIPANT: Aye.

CHAIR FELTON: Let's call the roll.

MS. FRANKLIN: Mr. Felton.

CHAIR FELTON: Aye.

MS. FRANKLIN: General Schwartz.

CHAIR SCHWARTZ: Aye.

MS. FRANKLIN: Mr. Vradenburg.

TRUSTEE VRADENBURG: Aye.

MS. FRANKLIN: Ms. Castillo.

(No response)

MS. FRANKLIN: Mr. Bell.

TRUSTEE BELL: Aye.

MS. FRANKLIN: Mr. Tardd.

(No response)

MS. FRANKLIN: Mr. Shelton.

TRUSTEE SHELTON: Aye.

CHAIR FELTON: Thank you. I want to thank the members of the committee and thank you for this joint. I would like to also bring you up to date.
We had format of a report last month and I think since that time many of us have had, raised questions about, as Mr. Shelton says, that the difficulty in trying to figure out what's really going on.

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

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

TRUSTEE CRIDER: No.

CHAIR FELTON: Okay.

PRESIDENT LYONS: Question, Mr. Chairman.

CHAIR FELTON: Yes.

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

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

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

PRESIDENT LYONS: And fund performance, okay.

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

CHAIR FELTON: Does that answer your question, Jim?
PRESIDENT LYONS: Yes. It does, thank you.

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

(Off microphone comments)

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

TRUSTEE BELL: Second.

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

(Chorus of ayes)

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

(Whereupon, the meeting in the above-entitled matter was concluded at 6:47 p.m.)
Neal R. Gross and Co., Inc.
202-234-4433
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: Board of Trustees: Committee Meeting

Before: Reginald Felton, Errol Schwartz

Date: Thursday, May 15, 2014

Place: UDC

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

[Signature]
Court Reporter

NEAL R. GROSS
COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701
(202) 234-4433
www.nealgross.com