

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Audit-Finance Committee Meeting
Minutes

May 18, 2016

The Audit-Finance Committee of the Board of Directors of the State of Connecticut Health and Educational Facilities Authority met in session on Wednesday, May 18, 2016 at 12:30 p.m.

The Meeting was called to order by Barbara Rubin, Board Chair at 12:32 p.m. and, upon roll call, those present and absent were as follows:

PRESENT: Patrick Colangelo
Barbara Lindsay
Dr. Peter Lisi
Dr. Estela Lopez
Sarah K. Sanders (Rep. for Denise Nappier)¹
Barbara Rubin

ABSENT: John Biancamano
Paul Mutone

ALSO PRESENT: Jeanette W. Weldon, Executive Director
Paula L. Herman, General Counsel
JoAnne Mackewicz, Controller
Michael F. Morris, Managing Director
Debra M. Pinney, Manager, Administrative Services
Cynthia Peoples, Managing Director
and Kathy Owens, Administrative Assistant of
the Connecticut Health and Educational Facilities Authority

¹ Ms. Sanders attended the meeting via conference telephone that permitted all parties to hear each other.

Approval of Minutes – Audit-Finance Committee Meeting of February 17, 2016

Ms. Rubin requested a motion to approve the minutes of the Audit-Finance Committee Meeting of February 17, 2016. Ms. Sanders moved to accept the minutes. Mr. Colangelo seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Patrick Colangelo	None	None
Barbara Rubin		
Sarah Sanders		

FY 2017 Proposed Operating and Capital Budget

Ms. Peoples provided an overview of the CHEFA fees and revenues in the proposed budget. Management anticipates seven issues closing in FY 2017. In the hospital sector, Management considered expected consolidations in developing its revenue estimates. In higher education, Wesleyan will be refunding all but one of its bond issues with taxable century bonds, which will reduce CHEFA administrative fees from Wesleyan’s outstanding debt. A discussion ensued.

Ms. Peoples reported the Authority is anticipating doing a deal on behalf of Yale University in the third quarter for approximately \$250 million.

Ms. Peoples stated that the compensation and benefits budget was presented at the meeting last month and included in this proposed budget as presented. In support of strategic initiatives, Management included one-time funds for audit engagements to address risk areas which are to be identified. Staff education has been increased, reflecting the impact of the management restructuring and new hires. The Annual Client Conference budget has also been increased. A discussion ensued.

Ms. Peoples stated that the capital budget includes the replacement of two web servers that are beyond their depreciation and life cycle for support. The Microsoft Windows update included in FY 2017 is a carryover from FY 2016. She added that because of staffing changes, the Authority was not able to make that purchase and do the implementation. Also included are plans to replace the boardroom projector and screen because it has exceeded a 10-year expected life and is displaying reduced clarity.

General and Administrative Expenses

Ms. Mackewicz provided an overview of general and administrative expenses. Certain expenses are split between CHEFA and CHESLA pro rata, based on the number of CHESLA and CHEFA employees. She stated that CHESLA's percentage in prior years was 9%. The budget assumes a transition toward a staff increase for CHESLA (1 additional person), with CHESLA's pro rata share budgeted at 11% for FY 2017 and expected to reach 14% in FY 2018.

Lease and Storage

The lease was renewed in 2012 and effective every January 1st rent increases by \$.50 per square foot. CHESLA currently pays for the use of 610 square feet of space. If additional staff is hired, the CHESLA space will be 898 square feet. The budget includes 9 months of CHESLA paying rent based on the higher square footage. A discussion ensued.

Business Insurance

Ms. Mackewicz reported that CHEFA assumed a 10% increase in premiums for commercial and crime insurance, with CHESLA sharing 11%. CHEFA shares the Cyber-crime coverage/premium with CHESLA and CSLF as recommended by our insurance consultants with CHEFA's share being 10%.

Budgeted miscellaneous expenses increased to accommodate consideration of payroll platforms that include HR and time management components.

Depreciation expense reflects changes in fixed assets as reflected in the proposed capital budget in addition to those assets currently held.

Ms. Mackewicz stated Management also included \$15,000 for Information Systems consultants and the insurance consultant for the Authority's insurances will remain consistent at \$6,300 and \$10,000 for miscellaneous data programming.

Ms. Mackewicz reported that the administrative costs for the Child Care Program are budgeted to decrease in FY 2017. Servicing fees will remain at the FY 2016 level; however origination and services fees paid to LISC will be negotiated to a per issuance fee. The grants are budgeted for \$2 million in FY 2017 and are allocated in accordance with the recommendation of the Grant Committee.

Ms. Rubin requested a motion to approve the proposed compensation and benefits budget for FY 2017. Mr. Colangelo moved to approve the proposed compensation budget. Ms. Rubin seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Patrick Colangelo Barbara Rubin	Sarah Sanders	None

Ms. Rubin requested a motion to approve the non-compensation portion of the proposed FY operating budget. Mr. Colangelo moved to approve the non-compensation portion of the proposed operating budget. Ms. Sanders seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Patrick Colangelo Barbara Rubin Sarah Sanders	None	None

Ms. Rubin requested a motion to approve the proposed FY 2017 capital budget. Mr. Colangelo moved to approve the proposed capital budget. Ms. Sanders seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Patrick Colangelo Barbara Rubin Sarah Sanders	None	None

The meeting adjourned at 1:25 p.m.

Respectfully submitted,

Barbara Rubin, Board Chair