

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Minutes of

The Human Resources Committee Meeting

of March 30, 2010

The Human Resources Committee of the State of Connecticut Health and Educational Facilities Authority met in session at the offices of the Authority at 1:00 p.m. on Tuesday, March 30, 2010.

The Meeting was called to order by Dr. William J. Cibes, Jr., Committee Chair, and upon roll call those present were as follows:

PRESENT: William J. Cibes, Jr., Ph.D., Committee Chair
John Mengacci (Rep. for Robert Genuario)
Barbara Rubin

ABSENT: John Biancamano

ALSO PRESENT: Jeffrey A. Asher, Executive Director
Paula Herman, General Counsel
JoAnne Mackewicz, Controller
Cynthia Peoples, Assistant Director
Debra Pinney, Manager, Administrative Services
Norberto Ramirez, Compliance/Internal Auditor
David Wasch, Manager, Child Care
Jeanette Weldon, Managing Director
and Kathy Owens, Receptionist/Administrative Assistant

The Notice of Meeting was read and ordered spread upon the Minutes of this Meeting and filed for the record.

MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING

March 30, 2010

The Meeting of the Human Resources Committee of the Connecticut Health and Educational Facilities Authority was called to order by Dr. William J. Cibes, Jr., Committee Chair, at 1:00 p.m.

The purpose of the Meeting was to: 1) Approve the Minutes of the Human Resources Committee Meeting of February 23, 2010; and 2) Review the Employee Incentive Program.

Approval of Minutes

Dr. Cibes requested a motion to approve the Minutes of the Human Resources Committee Meeting of February 23, 2010. Mr. Mengacci moved to accept the minutes of the February 23, 2010 Human Resources Committee Meeting; Ms. Rubin seconded his motion.

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

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTENTIONS</u> |
|--------------------|--------------------|---------------------------|
| William J. Cibes | None | None |
| John Mengacci | | |
| Barbara Rubin | | |

Employee Incentive Program

Mr. Asher reported that after the last Human Resources Meeting, the Committee had discussed the development of a gradation system identifying eligibility for an incentive based on the employee’s annual performance evaluation. Management has identified the following ratings:

- Exceptional – employees that receive this rating will be eligible to receive 100% of the incentive amount available to employees within his or her EIP classification, based on the maximum aggregate incentive approved by the Board;
- Above Standard – employees that receive this rating will be eligible for 80% of such amount;
- Standard – employees that receive this rating will be eligible for 50% of such amount;

- Below Standard – employees that receive this rating will not be eligible for incentive compensation.

Mr. Asher stated that adjustments may need to be made, for individuals who receive a rating of above standard plus or above standard minus.

Dr. Cibes added that if adjustments were to be made the associated incentive levels should be documented because otherwise having pluses and minuses would be difficult to differentiate.

Mr. Asher further reported that the second part of the EIP proposed change is to identify the core goals and sub goals that Senior Management focused on in FY 2010 and then identify the suggested weighting factors for each of those categories. Management has created a table listing each of the core goals and sub goals identifying the internal weighting percentages and the percentage for each core goal. The entire Strategic Plan Development Team was involved in this effort and consisted of: Mr. Asher, Ms. Herman, Mr. Morris, Ms. Weldon, Ms. Peoples, Ms. Mackewicz and Mr. Wasch. Mr. Asher explained the logic behind each core goal and sub goal noting that Core Goal 1 - Superior Client Service is the single most important work that the Authority does. The other core goals are: Core Goal 2 - Programs and Services – They meet the demands of a changing market; Core Goal 3 – Partner in Public Policy; and Core Goal 4 – Sustainable and Ethical Organization.

In addition to weighting the core goals, The Strategic Plan Development Team reviewed each individual sub goal and assigned weighting factors to the sub goals. Mr. Asher stated that regarding Superior Client Service, the team believed that providing access to cost effective and timely financing was most important; providing post bond issuance compliance was the next most important; post issuance fund management, which would include disbursement of construction fund proceeds and lastly, strengthening client and investor relations.

Mr. Asher explained that the Strategic Plan previously adopted by the Board identified the activities associated with each sub goal and output measures.

Ms. Rubin stated that although she agrees with what the team has targeted, she found the criteria very general. While numerous outputs and activities were identified, she thought some core elements were omitted. A discussion ensued.

Ms. Rubin suggested that achieving clean audits and expense management be included. Mr. Mengacci agreed and stated that the Strategic Business Plan has a mission statement but the Plan lacked vision, i.e., Where should CHEFA be in five years? Mr. Mengacci added that he believes that the Strategic Plan outlines the correct path and that the Authority is part of the way there but believes that some aspects of the Plan need further development. Further discussion ensued.

Dr. Cibes stated that he did not think that the plan could alter the statutory mandate of CHEFA and the vision would be limited by that. Further discussion ensued.

Mr. Asher explained that Management developed the Strategic Business Plan to cover a three-year period which would be updated annually. Although vision was not specifically identified in the plan, there are aspects to the plan that clearly reflect vision. Mr. Asher provided examples of the projects accomplished over the past year.

- Board Retreat – Staff addressed the Authority’s underwriting criteria and agreed if the Authority is going to survive and continue to provide financing, the way we operate business would have to be changed.
- Electronic Health Records Program – The Authority saw a need for electronic health records and Staff worked with OPM and the Treasurer’s office and is seeking to develop a mechanism by which CHEFA could finance electronic health records.
- Staff worked with the NAHEFFA and other organizations and went to Congress last week to advocate for the continuation of other financing mechanisms that help small borrowers, such as Bank Qualified Debt, and the Federal Home Loan Bank Program and to support the expansion of the Build America Bonds Program.
- Staff worked to create a new ‘Buy CHEFA Bonds.com’ website, patterned after the Treasurer’s website, to provide information on upcoming CHEFA transactions.

Mr. Asher stated that there are aspects throughout the Strategic Business Plan where the Authority is incorporating vision. Further discussion ensued.

Mr. Mengacci stated that he believes there should be further discussion of the Strategic Business Plan. He added that it is difficult to discuss the Incentive Program without talking about the Strategic Business Plan. He is comfortable with saying this plan is fine for FY 2010 but believes the Committee has to initiate a larger discussion about it at some point in the future. Ms. Rubin agreed and stated that she believes that this should be done in conjunction with CHEFA’s next Strategic Business Plan review and that all of the programs and projects should be incorporated and directed toward core goals. Further discussion ensued.

Mr. Asher agreed that Management, between now and June 30’ needs to put more substance into the Authority’s accomplishments as related to the Strategic Business Plan and connect it to the core goals and sub goals. The review process that Management will use will provide the Committee with some of the detailed documentation that supports these accomplishments.

Ms. Rubin questioned whether it makes sense to have this many criteria given that it is so far into the fiscal year. Ms. Rubin added that just because Superior Client Service and

Programs and Services were two different goals, there is no reason why for incentive compensation purposes they cannot be combined into a single category. Further discussion ensued.

Mr. Asher indicated that the Authority is trying to measure performance and tie it back to the Strategic Business Plan. Staff will measure each goal separately because there are distinct things that have been identified within the sub goals.

Dr. Cibes suggested looking at those things that would distinguish an ordinary organization going forward, from one that has performed in a superior manner and placing emphasis on some of the things that respond to the State's needs and the client needs. He added, given the meltdown of the financial market and the impact on the clients, it seems that leadership and the creation of public policy was an important factor this year in terms of trying to find ways to meet the needs of clients that were adversely affected by market conditions and trying to work out a solution.

Mr. Mengacci stated that Mr. Asher's incentive compensation memo covers everything in the Strategic Business Plan for the FY 2010.

Ms. Rubin suggested that Management add "clean audit" and "expense management" to Core Goal 4, Sustainable and Ethical Organization. Ms. Rubin also recommended that the sub goals under Core Goal 4 be weighted to make (A) Staff and Management Development and (B) Board Development worth 15% each and make (C) Increased Awareness of the Authority's Accomplishments and Challenges and (D) Effective Management worth 10% each and that would leave 25% and 25% for Clean Audit and Expense Management. In the aggregate, Core Goal 4 should represent 30% of the whole.

Dr. Cibes stated that his only question is does the Committee want to conclude these changes today or should it ask Staff to return one more time with more specifics. Mr. Mengacci stated that he believes the Committee should bring this segment of the process to a close and then embark on the next phase of this process and address remaining issues during the next iteration of the Strategic Plan. Further discussion ensued.

Mr. Asher agreed to present the revised Strategic Business Plan to the Committee at the June meeting. The incentive compensation review and assessment for FY 2010 will be done in September.

Dr. Cibes reiterated that Core Goal 1 would be 30%; Core Goal 2 would be 30%; Core Goal 3 would be 10%; Core Goal 4 would be 30%; and the sub goals for Core Goal 4 would be Staff and Management Development 15%, Board Development 15%; Increased Awareness 10%; Effective Management 10%; Clean Audit 25% and Expense Management 25%.

Dr. Cibes requested a motion to accept this methodology with proposed changes. Ms. Rubin moved to accept the methodology as proposed; Mr. Mengacci seconded her motion.

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

| <u>AYES</u> | <u>NAYS</u> | <u>ABSTENTIONS</u> |
|----------------------------------------------------|--------------------|---------------------------|
| William J. Cibes John Mengacci Barbara Rubin | None | None |

The meeting adjourned at 1:57 p.m.

Respectfully submitted,

William J. Cibes, Jr., Ph.D.
Human Resources Committee Chair