

MINUTES OF BOARD OF DIRECTORS MEETING

February 27, 2014

By Phone

10:30 AM CST

President Pam Lenane, called the meeting to order on Thursday, February 27, 2014 at 10:30 AM Central Time.

Board Members present: Pam Lenane, Don Templeton, Elaine Yungerberg, Maribeth Wright, Paula Drummond, Harry Huntley, Corinne Johnson, and Dennis Reilly.

Board Members absent: Paul Williams, Jr.

Also in attendance: Nichole Doxey (Left the meeting at 10:45 AM)

The following items were discussed:

1. Approval of Minutes of the meeting of February 20, 2014

President Pam Lenane called the meeting to order and asked for a motion to approve the minutes of the meeting of February 20, 2014. Maribeth Wright moved to accept the minutes, Harry Huntley seconded, and the motion was unanimously approved.

2. Discussion Item – Sponsorship funds

The President reported that certain sponsors have indicated that they need assurance that the sponsorship funds that they give to NAHEFFA will not be used for lobbying efforts. Nichole explained that the sponsorship funds are currently comingled with conference registration fees in the conference checking account. A suggestion was made to open a separate account just for the sponsorship funds to keep them segregated. Nichole suggested that the sponsorship funds could be put into the conference account that she currently oversees and the registration fees can go into the general operational account that is maintained by Don Templeton.

Harry Huntley proposed that all sponsorship income should go into the conference checking account and be used to pay conference expenses only. If the conference expenses are more than the sponsorship income, the remaining expenses will be paid from the general operating account, which would include the conference registration fees. Don Templeton made a motion to accept this proposal, Harry Huntley seconded and the motion was unanimously approved.

Paula Drummond offered to use the intent of the motion and create a resolution so that this procedure can be easily referenced. There was agreement that a resolution would be appropriate and that the President was authorized to sign the resolutions and the secretary would attest.

RESOLUTION 2014-1

A RESOLUTION OF THE NATIONAL ASSOCIATION OF HEALTH & EDUCATIONAL FACILITIES FINANCE AUTHORITIES (NAHEFFA) ESTABLISHING POLICIES FOR THE FUNDING OF EDUCATIONAL CONFERENCE ACTIVITIES; AND PROVIDING AN EFFECTIVE DATE.

(Copy of this Resolution will be on file in the NAHEFFA book of Resolutions)

3. Discussion Item – 2015 Budget

Maribeth pointed to the budget scenarios that she had adjusted from the handout that was distributed at the February 20th meeting. The first scenario shows that if neither the expense nor the revenue side changes, there will be an annual budget deficit of \$34,000, and if the revenues and expenses remain constant for the next few years, it would take the organization a little over four years to reduce the operating reserve to about \$220,000, or one-year's expenses. The second scenario shows that if the membership dues were increased by using the tiered membership approach, the annual deficit would be reduced to \$4,500 which would make us sustainable for a number of years, if we were keeping a target of \$220,000 as an operating reserve balance. Maribeth pointed out that a minimum reserve amount should be established by the board so there would be a number to target.

There was support for the idea that the Membership should see the big picture of the budget, and it was suggested that a full report on the budget situation that has existed during the past few years be explained at the Corporation Meeting scheduled to be held during the Spring Conference in New Orleans. If it is decided that expenses should be reduced, such as reducing the advocacy budget to \$100,000 to give us close to a break-even budget, the Membership should be aware of why we have to do this. On the flip side, the Members may want to increase their dues, using the proposed tiered membership approach to maintain the current expense budget. It was agreed that disseminating more information to give the Members the big picture is the right thing to do.

Paula Drummond suggested that one possibility of increasing revenue is to increase investment income. Paula will bring, to the next meeting, examples of A rated investments that offer a higher return than what is currently being received. Don responded that there are investment parameters and that he would check into those to see if NAHEFFA could take advantage of investments bearing higher interest rates. A question was raised on whether or not NAHEFFA has an Investment Policy. Don was going to check with Jim Parks to see if he had knowledge of such a policy. Paula offered to assist in writing up a policy if there was not one in place.

Harry Huntley reported that he had checked with CDFFA (Council of Development Finance Agencies) to see what they budget for Washington lobbyist services. He said that CDFFA has a contract with Winston & Strawn for \$5,000 per month or \$60,000 per year and are very satisfied with the services that they receive. There was discussion on how CDFFA is much larger, but has goals in common with NAHEFFA, and the primary one is lobbying to keep tax exempt bonds as a financing option.

Pam offered to talk to Bob Donovan and Chuck Samuels and relay the budget stress NAHEFFA is experiencing and explain why an adjustment may be necessary. The contract with Chuck Samuels was not officially renewed when it ended July 1, 2013, so the relationship is currently

on a month to month basis. An RFP for lobbying services could be a wise choice at this time since an RFP has not been done for at least 9 years. Pam said she has just completed a RFP for legal services and could make adjustments to that so that it could be used to complete an RFP for lobbyist services for NAHEFFA. The RFP process could take up to 45 days and would need the approval of the Members.

All the discussion circled back to the fact that the current budget situation is not sustainable. The Members should be made aware of the big picture so that decisions are made with all having sufficient information. Maribeth suggested that the agenda for the Corporation Meeting have some detail associated with the agenda item so that Members would have some advanced information and will be prepared to consider the options available.

4. Adjournment

There being no other business, the meeting was adjourned by unanimous vote at 11:25 AM, CST.

Secretary
Elaine Yungerberg