National Association of Health & Educational Facilities Finance Authorities

MINUTES OF BOARD OF DIRECTORS MEETING

Tuesday, March 21, 2017

10:30 a.m. CDST

President Donna Murr called the conference call meeting to order on Tuesday, March 21, 2017 shortly after 10:30 CDST.

Board Members present: Mike Stanard, Corinne Johnson, Dennis Reilly, Don Templeton, Paula Drummond, Donna Murr, Jerry Spector, Rebecca Floyd, and Harry Huntley. NAHEFFA member Martin Walke of LPFA and NAHEFFA staff member Nichole Doxey were on the call as well. Members discussed the following items:

1. **Approval of Minutes of the Board of Director Meeting**

Donna asked for a motion to approve the meeting minutes from the December 20, 2016 Board meeting. Corinne moved adoption, Mike seconded, and without further discussion, the December minutes were unanimously approved.

2. **Treasurer's Report**

Don asked members to turn to page 1, noting just over $517,000 in total equity and only about $20,000 in liabilities as of February 28 with a net profit of $86K.

Don noted that funds were invested in accordance with NAHEFFA's Investment Policy, and that annual dues had been collected in the amount of $119,500, reporting all members had paid, and that Arizona was no longer a member. $62,300 of special assessments were collected.

Members discussed that the newly constituted AZ authority had joined CDFA, and several members who also belong to CDFA discussed the various strengths and differences as between CDFA and NAHEFFA noting that the entities are complementary to each other, and that membership in one does not necessarily replace the need to belong to the other, and that NAHEFFA provides far more significant resources for entities that serve 501(c) (3) entities.

Don pointed out on page five he added some placeholder payment estimates for Nichole and Mintz Levin Strategies (hereafter, "MLS) and was projecting a net loss of $9750 for fiscal year 2017 after these payments.

Don directed members to pages six through nine explaining he worked with Nichole and Donna to explore options for a business credit card for NAHEFFA and that a card offered through First Dakota and Pinnacle bank is the recommended option. The card offers a 2% travel credit on the monthly statement. He said that NAHEFFA will plan on paying all monthly invoices in full and will receive a 2% credit back on qualified travel (hotels, flights, etc). Don believes it would be beneficial to get the card. He then explained that Nichole had researched various corporate credit card policies as templates to develop the proposed policy circulated to members recently. Paula wanted confirmation that no individual would have to provide a personal guarantee; Don confirmed that to be the case. He said that First Dakota serves as NAHEFFA operations bank and has a relationship with Pinnacle.

Dennis asked whether physical cards would be issued, and whether cardholder names would be used. Don responded the proposal is for two cards issued in NAHEFFA's name, and the names of the two authorized users: himself as Treasurer and Nichole. Pursuant to the policy circulated, the Board is responsible for assigning use and establishing credit limits. The policy additionally specifies that authorized users must seek approval before purchases are made, and subsequently, remit all receipts for documentation purposes.

Donna asked for a motion to authorize application for the cards and to adopt the associated policies and procedures Paula moved approval, Jerry seconded, and members unanimously approved the motion.

Nichole reported that 79 people have registered for the spring conference, and she believes we will have at least six additional registrants to meet the spring registration projection of 85. She said 23 sponsors signed up for spring and fall, and that $25,000 in sponsorship fees have been collected for the spring conference so far. Shannon plans to send out another email reminder to sponsors to remit their sponsorship fees as soon as possible.

Harry noted his email was listed incorrectly on the list of registrants; Nichole said she will correct. Donna said she noticed she was listed twice. Corinne said all seven of her board members are attending, but one member, Bev Sloan, is not on the list. Nichole identified the members who were on the list and Corinne said she will re-confirm attendance plans with the missing board member.

Donna asked for motion to accept the Treasurer's Report. Harry moved, Dennis seconded, and the Report was accepted unanimously.

3. **<u>Advocacy</u>**

Martin said the report he submitted to Donna that she shared with the group does not reflect all the work that MLS and Chuck have done. From a personal perspective, he has been incredibly impressed with MLS, and all the staff dedicated particularly Alex Hecht and Neil Martin. He said they are very impressive and quick to respond to questions, facilitate and confirm appointments, etc. He believes NAHEFFA made a good decision to engage MLS.

Having said that: when NAHEFFA made the extraordinary call to ask members to contribute 24 authorities answered the call and the vast majority contributed the requested extra $2400; some others have contributed more. Altogether, the special assessment produced $62,300. He noted that MLS' monthly retainer is $8,000—or $96,000 a year. As we look at the pace of tax reform, the House is presently focused on health care reform and the Senate is focused on the Gorsuch nomination. Expectations are that the Senate will not even take up tax-reform legislation until July or August at the earliest, although the situation is fluid. It is unlikely that tax reform will materialize in the first 100 days. He has no idea when the House may introduce legislation, and noted that the House may be the starting point for tax legislation, but that the Senate will draft its own bill. Tax reform could clearly could stretch into 2018 before legislation is finally passed.

He advised that NAHEFFA is looking at a deficit of $33,700 minimum per the MLS contract rates. The contract is structured as a monthly retainer, plus possible additional expenses. He would like to know how the Board would like to address the impending contract payment deficit.

He identified three possible approaches:

(1) The Association could agree to pay the MLS fees out of reserves as necessary.

(2) Explore the option of talking to MLS about possibly taking a hiatus for a few months until action picks up again on the tax legislation front.

(3) Given this is likely to roll in 2018 consider reaching out to the 24 authorities who agreed to supplemental dues and ask if they would consider contributing a like amount or even an increased amount in 2017.

Don asked how many MLS staffers are working for NAHEFFA? Martin responded that two are working most actively, but the entire firm and resources are at NAHEFFA's disposal as necessary. As an example, the President of MLS served as a staff member for Senator Clinton and has reached out to discuss the importance of muni tax-exemption with colleagues on the Senate Finance Committee.

He explained the contract is for a 12 month engagement with a 30 day termination notice, and a six month review; renewal is subject to negotiation. Paula said we could probably negotiate a hiatus for several months dependent on activity/inactivity at the congressional level.

Don asked if we really need three staffers plus Chuck if the tax conversation is not very active questioning whether we really need MLS' services at the moment.

Martin replied that the viability of our industry is at stake—we either stay in business or if TEBs are eliminated the business is gone, and that tax reform is very much in the mix of conversation. Corinne shared her belief that people are being way too sanguine about the possibility of the exemption elimination and that the risk is significant. Mike agreed we should pay what we need to keep them going, and his inquiry about a possible hiatus was only predicated on a situation where we had insufficient funds—and needed to stretch the money collected. Harry said he absolutely agrees with Corinne that viability of industry at stake, and we need to do what we can even if means using our reserves.

Jerry said tax reform is definitely unpredictable so we need to keep going. Martin reaffirmed that if we try to pinch pennies and come up short we would be kicking ourselves. Jerry and Corinne said we should ask the authorities who didn't pay once again to pay up, and that the authorities who did pay should be asked to pay an additional supplemental.

Martin says it is likely that tax legislation will be passed before the August 2018 recess that members won't want to face voters in 2018 if they haven't done anything on tax legislation. He pointed out If we only collected $62,300 next year as well we would have a payment gap equaling only 12.9% of NAHEFFA reserves.

Paula suggested we could ask authorities who are unable to contribute the entire amount, to contribute what they can. Don says he has trouble paying a bill when he has no idea what MLS is doing and requested more detail in future billings. Paula responded it is unlikely they would be willing to provide itemized billings on a flat rate engagement, but that a general description is probably possible. Martin pointed out that in the latest MLS newsletter they do provide significant detail about who they meet with, and what actions they are taking/accomplishing.

Jerry said maybe we should consider a special assessment when the tax bill discussion heats up—everyone's attention will be better focused. Board members agreed that is a very good suggestion.

Donna reported we have about 4 months funding available, we could think about the issues and defer a vote to May meeting. Dennis asked whether the Board or Corporation voted on MLS engagement. Donna and Rebecca confirmed it was a Corporation vote. The Board agreed that the discussion should move to the Corporation meeting in April.

Mike asked if an abridged version of Martin's report could be available for board review and then further distribution to the Corporation members and Martin agreed to provide.

Donna asked if anyone had any additional business for the Board. Hearing none, Mike motioned to adjourn the meeting, Rebecca seconded and members unanimously voted to adjourn the meeting.