

MINUTES OF CORPORATION MEETING

April 5, 2017

The Alexandrian Hotel

Alexandria, Virginia

President Donna Murr called the meeting to order on Thursday, April 5, 2016 at 9:12 a.m. and requested that NAHEFFA Secretary Rebecca Floyd call roll.

1. Roll Call of Members

Rebecca called roll with the following voting members in attendance:

CA Health Facilities Finance: X	New Hampshire Health & Ed Facilities: X
CO Health Facilities Authority: X Colorado Educational FA: X	New Jersey Educational Facilities Finance: X Pennsylvania Higher Ed Facilities (phone): X
Escambia Co, FL Health Facilities Authority: X	South Carolina Jobs-Economic Development Authority: X
ID Health Facilities Authority: X	South Dakota Health & Educational Facilities: X
IL Finance Authority (phone): X	Vermont Ed & Health Buildings Financing Agency: X
IA Higher Ed Loan Authority: X	Washington Higher Ed Facilities Authority: X
KS Dev Finance Authority: X	WA Health Care Facilities Authority: X
LA Public Facilities Authority: X Maine Health & Higher Ed (phone): X Minnesota Higher Ed Facilities: X	WI Health & Educational Facilities Authority: X
MO Health & Ed Facilities: X	

Rebecca confirmed the quorum (21 of 40 members), and Donna asked if there were any changes or additions to the minutes of the September 30, 2016 Corporation meeting held in Chicago. Hearing no requests for revisions, Martin Walke moved approval of the minutes, Shelley Shannon seconded and the minutes were approved without further discussion.

Committee Reports:

1. **Audit Report**

Dennis Reilly advised that Steve Corbin would be presenting the audit later in the meeting.

2. **Communications & Membership**

Mike Stanard said the Committee had no report.

3. **Education & Programming Committee Report**

Corinne Johnson reiterated that the fall conference will be in Boise, Idaho in early September and reminded people to fill out conference evaluation forms. Corinne thanked Nichole Doxey and her Committee for making her job easy.

4. **Sponsorship Committee**

Shannon Govia reported 27 sponsors for a total of \$20,700 supported the Alexandria spring conference, and advised that he and his committee would start working on fall conference sponsorship immediately following conclusion of the spring conference.

5. Finance Committee

Steve Corbin directed members to the NAHEFFA balance sheet as of February 28, 2017, reflecting total liabilities and equity of \$532,986.41 He then discussed investments, noting that NAHEFFA has \$521,248.91 in a mix of checking, money markets and CDs, advising all funds are invested in accordance with NAHEFFA's Investment Policy.

Turning to the Budget, Steve noted that for 2017, dues were collected in the amount of \$119,500, reporting all members had paid and that additionally, \$62,300 of voluntary special assessments were collected. Steve said the Committee is projecting \$5,058 of net income as of June 30, 2017. He noted a pre-payment of \$8,000 for the Idaho conference hotel. Looking at the budget for fiscal year 2018, Finance is projecting a loss of \$40,995 attributable to the ML Strategies ("MLS") engagement expenses.

Donna asked for a motion to accept the financial report and to approve the proposed fiscal year 2018 budget. Martin Walke moved approval and Paula Drummond seconded the motion; with no further discussion, the motion was approved.

Turning to the Audit, Steve directed members to the statements of financial position as of June 30, 2016 and 2015 of \$473,604 and \$453,188 respectively. He pointed out the deferred revenue line of \$34,031 consisting of unearned membership dues and sponsorship fees. Steve then discussed the finding of significant deficiency relating to NAHEFFA's accounting internal controls relating to segregation of duties, stating that it is an ongoing finding, and essentially unavoidable given the small number of individuals willing to assume finance and cash management responsibilities. Paula Drummond noted pages one and two of the auditor's management letter nevertheless reflected a clean audit opinion.

Donna asked for a motion to accept the audit, and Diane Stanton moved the motion, with Martin Walke seconding.

With no further discussion, the motion passed.

6. Governance Committee

Maribeth Wright noted that all members should have received Nichole's electronic distribution of the Bylaws and proposed amendments thereto. She explained that the

Governance Committee is proposing clarifying language further defining the governance of the Corporation, and reflecting current governance practices to include the following revisions as excerpted from the Committee's explanatory memo:

1. Article III - Membership - Section 3 further defines entities that are eligible for affiliate membership.

Section 4 discusses vacancies to the Board. Additional language clarifies that input from the membership will be considered when filling vacancies.

2. Article IV - Board of Directors & Article VI Officers of the Corporation

3. Article VII - Committees - In Section 3 language was changed so that Committee Chairs

will appoint members of their committee not the Board of Directors. Two-year terms for committee members was deleted as that is not general practice. In Section 5 language was changed so the Governance Committee can now accept electronic affirmation of consent to serve.

Rebecca motioned approval of the proposed revisions to the Bylaws and Corinne seconded. Donna asked for additional discussion or questions, and hearing no requests, called the vote. The Bylaws revisions were approved unanimously.

7. Advocacy Committee

Martin Walke informed members that 24 of 40 NAHEFFA Corporation members remitted the voluntary special assessment of \$2,400 per member to defray the \$96,000 cost of the MLS engagement, generating \$62,300. He said the 16 members who did not submit the assessment are not generally active, and the likelihood of a successful appeal to that group for assistance is probably not high. Martin said Jerry Spector suggested making an additional appeal to that group following release of the tax bill, and after we have a better understanding of the implications for tax-exempt bonds.

Martin said he hopes that following yesterday's presentation by Alex Hecht with MLS that members have a better sense of how much value he believes MLS is providing NAHEFFA, and how much they maximize NAHEFFA's abilities to communicate its priorities. He mentioned that it could be very helpful if NAHEFFA member The New York Dormitory Authority, in Senator Schumer's district, would become more engaged in tax-exempt bond advocacy efforts.

Martin said he believes it is of critical importance to keep MLS engaged and working on NAHEFFA's behalf as tax legislation develops, and made an appeal to members to consider making another voluntary assessment in fiscal year 2018.

Mark Heller noted that NAHEFFA has reserves in excess of \$500,000, and inquired whether NAHEFFA should, rather than ask members for another special assessment, instead use reserves to pay MLS. President Donna Murr responded that the Board and Advocacy Committee have discussed the situation and availability of reserves and said the plan is to draw from the reserve fund as necessary to pay MLS and other bills. Mark asked if it would just make more sense to draw down reserves in lieu of another special assessment. Harry Huntley responded that based on delays in the roll out of tax legislation, we are now probably looking at an engagement with MLS of at least 19 months; a longer term than initially anticipated. He stated that if we don't work diligently now to make arguments to preserve tax-exempt financing, most finance authorities will become functionally obsolete, and that while yes, we should draw on reserves as necessary, he prefers the dual approach of seeking another special assessment, and drawing on reserves to bridge the remaining deficit, leaving in place a healthy operating reserve. Dennis Reilly pointed out that NAHEFFA has already been drawing on reserves as necessary in order to balance the budget from time to time. Harry stated he understands that some may not be willing or able to pay the special assessment, but believes NAHEFFA should make the request of members regardless given the significance of the issue.

Martin advised that we do not have to renew the contract with MLS, but conventional wisdom is that there will be new tax legislation in place before the August 2018 congressional recess, because members will not want to head into elections without a new tax bill in place. Jerry Spector noted there is no perfect solution to this situation, but believes it is important that NAHEFFA land on the right foot on these issues, and also maintain a reasonable level of reserves going forward to operate as a healthy organization.

Martin thanked members and members of the Advocacy Committee, and said the Committee would love to have more members. He said he cannot thank Chuck Samuels enough for his work on behalf of NAHEFFA.

Chris Meister suggested a motion to accept the Advocacy Committee report and recommendations to the membership. Barry Fick motioned and Chris Meister seconded acceptance of the Advocacy Report and associated recommendations. With no additional questions or discussion, members unanimously approved the motion.

Chuck Samuels thanked Martin and Donna for the tremendous time and resources they are spending on advocacy. He reminded members that NAHEFFA advocacy efforts include not working only on preservation of the tax-exemption, but also on such issues as the proposed amendments to 15c2-12 and CUSIPS registrations. He reminded members to bring developing issues of importance to him so that NAHEFFA has an

opportunity to make its voice heard. Corinne commented that MLS successfully arranged meetings for her with all of Colorado's representatives, which was unprecedented.

Donna asked if anyone had additional business for the Corporation; hearing no requests, Martin Walke moved to adjourn the meeting and Jerry Spector seconded. Without further discussion, the membership voted unanimously to adjourn the meeting.