

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Audit-Finance Committee Meeting

Minutes

May 17, 2017

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 17, 2017 at 12:30 p.m.

The Meeting was called to order by Mr. John Biancamano, Committee Chair at 12:36 p.m. and, upon roll call, those present and absent were as follows:

PRESENT:                John Biancamano, Chair  
                              Dr. Peter Lisi, Board Chair  
                              Sarah K. Sanders<sup>1</sup> (Rep. for Denise Nappier)  
                              Mark Varholak

ABSENT:                Patrick Colangelo

BOARD MEMBERS  
PRESENT:                Robert Dakers  
                              Elizabeth Hammer  
                              Dr. Estela Lopez  
                              Barbara Rubin

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

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

Mr. Biancamano turned the floor over to Ms. Peoples who provided the Committee with an overview of the proposed FY 2018 Operating and Capital Budget.

## **PROPOSED FY 2018 OPERATING AND CAPITAL BUDGET**

### **Revenues**

Ms. Peoples reported there are eight estimated bond issues for FY 2018; two are already in progress and expected to close in June; four issues that are identified in the budget and an additional \$75 million for unidentified issues. Ms. Peoples stated the remaining revenues include investment income of \$76,000, \$40,000 for upfront fees from anticipated bond issues and support services of \$282,000 from CHESLA and CSLF. She added that the increase in support services is primarily due to accounting and legal services for CSLF anticipated in the upcoming year.

### **Compensation**

Ms. Peoples reported the compensation budget was reviewed last month in detail and this month management made the adjustments requested by the Human Resources and Audit-Finance committees. She stated temporary salaries were removed, as well as the Internal Review Committee incentive. In addition, there were some questions regarding compensation and State benefits compared to CHEFA's benefits. Ms. Peoples stated that she was able to get benefit information from the State Comptroller's office. A discussion ensued.

Ms. Peoples stated the overall increase in expenses is .36% over the FY 2017 budget.

### **Lease**

Ms. Peoples stated that the cost of the current lease per square foot is \$21.5. She added that next year, the cost per square foot will be \$22. The current lease expires at the end of 2018 and sometime during next year, the Authority will start negotiating a new lease. A discussion ensued.

### **Business Insurance**

Ms. Peoples stated most of the renewals for CHEFA's business insurance will renew on July 1<sup>st</sup> and the Authority is anticipating a 5% increase in business insurance.

### **Maintenance Service and Contracts**

Ms. Peoples reported that CHEFA's maintenance contracts increased less than \$1,000. The increase is primarily due to the increase in bandwidth for our colocation replication.

### **Marketing Costs**

Ms. Peoples stated marketing costs have decreased significantly primarily due to the exclusion of the Annual Client Conference this year. She added that next year management is looking to hold smaller more targeted offerings, and possibly looking toward a biennial format for the client conference.

### **Miscellaneous**

Ms. Peoples reported there was a \$1,400 decrease from implementing a new payroll platform.

### **Business Expense**

Ms. Peoples reported CHEFA's conference and education expense was increased by \$1,400 due to turnover in staff.

### **Membership Dues**

Ms. Peoples reported membership dues have decreased.

### **Outside Services**

Ms. Peoples reported the Authority decreased its accounting consultant by \$5,000. In addition, information systems was decreased \$5,000. These changes result in excess revenues of approximately \$4.17 million before program related expenses.

### **Program Related Expenses - Grants and Child Care**

Ms. Peoples stated Child Care has decreased, in conjunction with activity in the loan programs and the Authority has increased the budget for the FY 2018 grants program. The budget assumes \$750,000 of non-profit grant awards from FY 2017 will be made in FY 2018. Additionally, \$1.25 million is budgeted for the Nonprofit Grant Program for FY 2018. The Client Grant Program for FY 2018 is increased from \$875,000 to \$1.25 million and the Targeted Grant Program remains flat at \$250,000.

### **Capital Budget**

Ms. Peoples stated the purchase of two web servers, previously approved in the FY 2017 capital budget, is being included in the FY 2018 capital budget for \$20,000. CHEFA anticipates an upgrade for backup software for \$5,250 and new accounting software estimated to be approximately \$22,500.

Ms. Peoples stated and end of life network upgrade is required related to a Virtual Storage Appliance estimated to cost approximately \$24,000.

Ms. Peoples asked if there were any questions. There being none, Ms. Peoples requested approval of the proposed FY 2018 operating and capital budget.

Mr. Biancamano requested a motion to approve the proposed FY 2018 expense budget of \$3.663 million and the capital budget of \$71.7 thousand. Mr. Varholak moved to approve the expense and capital budget. Dr. Lisi seconded the motion. All were in favor.

Mr. Biancamano stated that the expense side of the FY 2018 budget will be presented to the full board and the Board will revisit the revenue and program related side of the proposed FY 2018 budget at the September Audit-Finance Committee meeting.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano Dr. Peter Lisi Mark Varholak	Sarah Sanders	None

#### **OTHER BUSINESS**

Ms. Peoples informed the Committee that staff from BerryDunn is coming out next week to conduct the review of the identified risk areas previously determined via a consultant agreement. The Authority anticipates that representatives from BerryDunn will come to the Audit-Finance Committee meeting in September present their findings and recommendations.

Ms. Peoples stated a request to reallocation unspent capital funds. The audio-visual equipment in the CHEFA Boardroom was updated and the cost was anticipated to be approximately \$18,000. After review and negotiation the cost was reduced to \$8,000. Ms. Peoples stated that there is a need for network security software that will help in monitoring and maintaining CHEFA’s security profile. Ms. Peoples stated that she would like to reallocate the excess \$10,000 for the software purchase. She added this requires the approval of the Board since the request exceeds \$5,000.

Mr. Biancamano requested a motion to approve the reallocation of \$10,000 to purchase the network security software. Ms. Sanders moved to approve \$10,000 to purchase the network security software. Mr. Varholak seconded the motion. All were in favor.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano Dr. Peter Lisi Sarah Sanders Mark Varholak	None	None

#### **ADJOURNMENT**

Mr. Biancamano requested a motion to adjourn. Dr. Lisi moved to adjourn the meeting, Mr. Varholak seconded his motion.

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

**AYES**

John Biancamano  
Dr. Peter Lisi  
Sarah Sanders  
Mark Varholak

**NAYS**

None

**ABSTENTIONS**

None

The meeting adjourned at 1:25 p.m.

Respectfully submitted,

John Biancamano, Chair