

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Audit-Finance/Human Resources Committee Meeting

June 16, 2014

The Audit-Finance/Human Resources Committee of the State of Connecticut Higher Education Supplemental Loan Authority met at 10:45 a.m. on Tuesday, June 16, 2014.

The meeting was called to order at 10:50 a.m. by Paul Mutone, Chair. Those present and absent were as follows:

Present: Jeffrey A. Asher, Executive Director, CHEFA
Steven Kitowicz (Rep. for Secretary Benjamin B. Barnes)
Paul Mutone
Barbara Rubin

Absent: Julie B. Savino

Also Present: Paula L. Herman, General Counsel, CHEFA
Joshua Hurlock, Portfolio and Marketing Associate, CHESLA
Carlee Levin, Accountant
Kathleen Owens, Administrative Assistant, CHEFA
Debra M. Pinney, Manager of Administrative Services, CHEFA
Samuel Rush, Deputy Director, CHESLA
Jeanette Weldon, Executive Director, CHESLA

Guests:: Judith Blank, Esq., Day Pitney LLP

APPROVAL OF MINUTES

Mr. Mutone requested a motion to approve the minutes of the Audit-Finance/Human Resources Committee meeting of September 17, 2013. Ms. Rubin moved to approve the minutes; Mr. Asher seconded her motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Jeffrey Asher Steven Kitowicz Paul Mutone	None	Barbara Rubin ¹

FY 2015 PROPOSED OPERATING BUDGET

Ms. Weldon acknowledged Ms. Mackewicz and Ms. Levin for their hard work they did in pulling preparing the CHESLA budget.

Revenues

Ms. Weldon reported that for FY 2015, the excess revenue from operations is budgeted for \$144,430. The most noteworthy item is the decreased revenue trend. It has been lower for the past number of years, as more loans are being originated under the 1990 resolution, which provides for lower administrative fees. Ms. Weldon stated that it may be necessary to consider an increase in the administrative fees at the time of the next CHESLA bond issue in FY 2016.

Expenses

Ms. Weldon reported that on the expense side, in addition to the annual service charge that CHESLA pays to CHEFA, certain expenses were split between CHEFA and CHESLA so that all overhead costs are covered.

Compensation

Ms. Weldon stated that the compensation is budget reflects a pool of dollars funded at a maximum 5% merit increase. Actual increases will be based on the performance of each staff member.

Employee Benefits

Ms. Weldon stated that the various benefits that are being budgeted for CHESLA are the same as those being budgeted for CHEFA. For budgeted benefits for FY 2015, CHESLA is assuming a 20% increase in health insurance cost over FY 2014, effective on January 1. The changes in the numbers also reflect changes in participating staff. CHESLA has assumed an 8% increase in dental premiums and a 5% increase in disability and life insurance premiums.

¹ Ms. Rubin did not attend the September 17, 2013 meeting.

Lease & Storage Expense

Ms. Weldon reported that actual lease expense is based on square footage used (610 square feet).

Business Insurance

The budget reflects a 15% premium increase as recommended by the insurance consultant.

Marketing Costs

Ms. Weldon stated that the marketing costs budgeted for FY 2015 is \$34,000, approximately the same amount that was budgeted in FY 2014.

Bond Insurance Cost - Amortization

Ms. Weldon reported that the budget reflects the amortization of the bond insurance premium for bonds issued under the 2003 indenture. It does not reflect the equity contribution for issuance costs associated with a FY 2015 bond issue, as that would be determined by the board when the bonds are authorized.

CHEFA Support Services

Ms. Weldon reported that the breakout of CHEFA support service shows pre and post CHEFA consolidation. CHESLA is maintaining a favorable track record of being well below what was reflected in FY 2012, before the consolidation. The changes from budget FY 2014 to FY budget 2015 reflect changes in hourly allocations of CHEFA personnel to CHESLA activities and budgeted CHEFA salaries.

Ms. Rubin moved to approve the FY 2015 Operating Budget; Mr. Kitowicz seconded her motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Jeffrey Asher	None	None
Steven Kitowicz		
Barbara Rubin		
Sarah Sanders		

The meeting adjourned at 11:20 a.m.

Respectfully submitted,

Paul Mutone, Committee Chair