

Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 567
October 25, 2018

Directors Present: Evonne Klein, Chairperson of CHFA Board and Commissioner of the Department of Housing
Heidi DeWyngaert, Vice Chairperson of CHFA (by phone)
Kathleen Dorgan (by phone)
Anne Foley, Chairperson of the Mortgage Committee, representing Benjamin Barnes, Secretary, State Office of Policy and Management
Timothy Hodges (by phone)
David Kooris representing Catherine Smith, Commissioner of the Department of Economic and Community Development (“DECD”)
Catherine LaMarr, representing Denise Nappier, State Treasurer (by phone)
Richard Orr
Jorge Perez, State Banking Commissioner
Franklin Edgar Perry II
Jared Schmitt, Chairperson of the Finance/Audit Committee
Carla Weil (by phone)

Directors Absent: Michael Cicchetti
Lisa Tepper Bates
Alicia Woodsby

Ms. Klein called the meeting of the Connecticut Housing Finance Authority (“CHFA”) to order at 9:30 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut. She introduced and welcomed new Board member Mr. Perry. Ms. Klein asked for public comments and there were none.

Mara Holley, Executive Vice President of Wells Fargo, and Nicholas Fluehr, Managing Director of Wells Fargo were invited to talk about Wells Fargo’s commitment to affordable housing in Connecticut. Mr. Fluehr acknowledged concerns expressed by the Board about Wells Fargo in recent months and reiterated his dedication to CHFA.

Ms. Holley spoke about the values of Wells Fargo and noted that Wells Fargo’s values align with the values of CHFA. She discussed some of Wells Fargo’s accomplishments, including being a lead affordable housing lender in Connecticut. Ms. Holley acknowledged and discussed some of the issues Wells Fargo has had over the last several years and the efforts being made to transform the culture and address the problems. She provided examples of Wells Fargo’s efforts in the State of Connecticut with respect to affordable housing. Despite some of its failures, Ms. Holley stated that Wells Fargo has stayed true to its mission and commitment to providing affordable housing opportunities for a diverse population. Mr. Perez disclosed that he, as the Banking Commissioner, met with Ms. Holley and Mr. Fluehr yesterday and asked questions. He clarified that any concerns he expressed previously at meetings about Wells Fargo are not about its values but about its Community Reinvestment Act (“CRA”) performance and he stated that any company that fails to meet CRA requirements should have consequences.

Ms. Holley spoke about the Wells Fargo CRA examination for the period 2009-2012 which was released in early 2017. With respect to this examination, Ms. Holley stated that the Office of the Comptroller of the Currency (“OCC”) acknowledged that Wells Fargo’s technical performance was outstanding. However because of the issues with its sales practices the OCC determined that appropriate punitive action was required and necessary. Ms. Holley stated that the next examination period will cover 2013 to 2017 and/or 2018 and she noted that Wells Fargo is making changes to build a better organization. In response to a question, Ms. Holley stated that there is an ongoing collaborative investigation by some attorneys general but she did not know if Connecticut was a part of that investigation. Ms. LaMarr disclosed that the treasurer’s office continues to have concerns about any institution that fails its CRA exam or has other significant problems.

Mr. Kilduff, Executive Director, provided the Executive Director report. In addition to the ribbon cuttings and groundbreaking noted in the report, he mentioned the ribbon cutting held at Soundview Village, the former Washington Village in Norwalk. The development is the first hybrid financing utilizing both 4 percent and 9 percent Low-Income Housing Tax Credits. Mr. Kilduff mentioned that the Housing Connections Program of Connecticut, a program developed through a partnership between CHFA and the Local Initiatives Support Corporation (“LISC”) to help spur affordable housing development in the state’s rural and suburban communities, won the National Council of State Housing Agency award for program excellence. He thanked Diane Smith, Director of Planning, Research and Evaluation, for her efforts with developing and program. Mr. Kilduff mentioned the Executive Directors’ meeting recently held in New Hampshire with other New England housing finance agencies. He noted that a suggestion was made to have a joint meeting in New Hampshire with the various board members from New England housing finance agencies. Some interest was expressed in the CHFA Board attending a joint board of directors’ meeting.

Mr. Kilduff provided an overview of the 2019 draft proposed budget and plan of operations. He reviewed the vision and values of CHFA, noting that in 2019 CHFA will celebrate 50 years of existence and changing lives in Connecticut. Mr. Kilduff explained how some of CHFA’s lending practices have changed over the years and mentioned that CHFA’s ability to adapt to change has been a contributor to its success. He discussed the importance of private activity bond volume cap to CHFA’s programs. Mr. Kilduff spoke about CHFA’s allocation of volume cap and explained some of CHFA’s strategies to best utilize the limited resources. He stated that CHFA is also working on the federal level to seek ways to obtain additional volume cap that is not used by other states.

Mr. Kilduff reviewed the proposed lending plan and funding sources for 2019. He discussed the projected operating revenues and expenses, including the capital budget for building repairs and maintenance and information systems. Mr. Kilduff summarized that the operating revenue is anticipated to grow due to greater return on investments, the full-time equivalent positions will be reduced from 148 to 145, and fringe benefits continue to be a major cost driver. He spoke about some of the initiatives anticipated for 2019. In response to a question, Mr. Taib explained the difference between professional services and bond related expenses. He also explained how the two-year Information Technology initiative will be funded in part from the carried over capital funds and new proposed funding.

A question arose as to whether or not CHFA has considered strategies to deal with long-term impacts of having to utilize more taxable bonds. At the Board's request, staff will provide an explanation of the different scenarios that may be considered in the future to deal with the impacts of utilizing more taxable bonds.

Mr. Kilduff discussed the next steps in the budget process, mentioning the timeframe in which the 2019 Budget has to be adopted by the Board. There was general consensus that a special meeting in November is not necessary. Questions on the budget or plan should be directed to Mr. Taib, and it is anticipated that the 2019 Budget and Plan of Operations could be considered for adoption at the November 29 regularly scheduled meeting. For the November 29 meeting, staff will summarize the questions and answers received and provide information in tabular form on the location of individual CHFA loans for both single and multifamily loans.

Mr. Cabral, Manager of Planning, Research and Evaluation, presented the resolution seeking approval to extend the loan agreement to LISC. He explained the background of CHFA's involvement with LISC to support lending for affordable housing and related community development throughout Connecticut. Mr. Cabral explained how CHFA's investment since 1999 has helped LISC to leverage additional funding for housing development in Connecticut. The renewal of CHFA's commitment to LISC in 2013 will expire November 30, 2018, and staff is seeking approval to extend the loan commitment to LISC for an additional five years. Mr. Cabral explained the terms and conditions of the investment. Staff was asked to provide more information on the entities with which LISC works and the communities that have benefited from the funding.

Upon a motion made by Mr. Perez, seconded by Ms. Foley, the Board members voted unanimously in favor of adopting the following resolution regarding the extension of the investment partnership with the Local Initiatives Support Corporation for the Connecticut Neighborhood Investment Fund Program:

**RESOLUTION REGARDING EXTENSION OF THE INVESTMENT PARTNERSHIP WITH
THE LOCAL INITIATIVES SUPPORT CORPORATION FOR THE CONNECTICUT
NEIGHBORHOOD INVESTMENT FUND PROGRAM**

WHEREAS, by Resolution adopted February 24, 1999, the Connecticut Housing Finance Authority (the "Authority") authorized participation in the Connecticut Neighborhood Investment Fund, (the "Fund") a program of Local Initiatives Support Corporation ("LISC") and provided a \$5 million loan to LISC for a period of seven years; and

WHEREAS, by Resolution adopted September 28, 2006, the Authority extended its participation in the Fund for an additional seven years, and by Resolution adopted June 27, 2013, the Authority extended its participation in the Fund for an additional five years; and

WHEREAS, the Authority desires to further extend its participation in the Fund, as described in the attached memorandum from Jonathan Cabral dated October 25, 2018.

NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority, as follows:

The Executive Director is hereby authorized to extend the loan to the Fund from the Authority's Investment Trust Fund in the amount of \$5 million at the rate of 3% per annum for a term of 5 years, to be a full recourse obligation of LISC.

Ms. Martin, Legislative Program Officer, provided an update on federal legislation. She stated that staff will continue to monitor activity on the federal budget and legislative activity to strengthen the Low-Income Housing Tax Credit Program.

Ms. Klein asked the Board members to consider the items on the Consent Agenda.

Upon a motion made by Mr. Perez, seconded by Ms. Foley, the Board members voted unanimously in favor of accepting the following consent agenda items:

Reports Accepted:

- Financial and Delinquency Reports
- Finance Audit Monthly Tracking Report
- Internal Audit Report
- Multifamily Activities

Ms. Klein asked the Board members to consider the minutes from the September 27, 2018 regular meeting. Mr. Orr asked that the minutes be corrected to show that he was not present for the votes after the executive session.

Upon a motion made by Mr. Orr, seconded by Mr. Kooris, the Board members voted unanimously in favor of adopting the minutes from the September 27, 2018 regular meeting as corrected.

Ms. Klein asked the Board to consider going into executive session to discuss pending litigation regarding Temple Street, Hartford.

Upon a motion made by Ms. Foley, seconded by Mr. Schmitt, the Board members voted unanimously in favor of going into executive session at 10:41 a.m. to discuss pending litigation regarding Temple Street, Hartford (Attorney Dickerson, Mr. Kilduff, Mr. Taib, Ms. O'Brien, Mr. Voccio, Ms. Moores, and Ms. Landau were invited to remain during the executive session).

The executive session ended at 10:48 a.m., and the regular meeting was immediately reconvened.

Upon a motion made by Mr. Orr, seconded by Mr. Schmitt, the Board members voted unanimously in favor of authorizing the Executive Director to consummate the transaction for Temple Street, Hartford, consistent with the reserve provisions established by the Board and subject to other terms and conditions that are reasonable and prudent for the benefit of CHFA.

There being no further business to discuss, upon a motion made by Mr. Schmitt, seconded by Ms. Foley, the Board members voted to adjourn the meeting at 10:51 a.m.