

Minutes
Connecticut Housing Finance Authority
Board of Directors Meeting No. 614
July 27, 2023

Directors Present: (Virtually) Seila Mosquera-Bruno, Chairperson of CHFA and Commissioner of the Department of Housing
Jerrold Abrahams
Wendy Clarke
Alexandra Daum, Commissioner of the Department of Economic and Community Development
Philip DeFronzo
Heidi DeWyngaert, Vice Chairperson of CHFA and Chairperson of the Mortgage Committee
Claudio Gualtieri, Undersecretary of Health and Human Services, representing Jeffrey R. Beckham, Secretary, Office of Policy and Management
Timothy Hodges
Jorge Perez, State Banking Commissioner
Franklin Perry II
Chelsea M. Ross
Sarah Sanders, Chairperson of Finance/Audit Committee and Deputy Treasurer representing Erick Russell, State Treasurer
Lisa Tepper Bates
Gregory Ugalde

Directors Absent: Cindy Butts
Catherine MacKinnon

Ms. Mosquera-Bruno called the meeting of the Connecticut Housing Finance Authority to order at 10:00 a.m. A roll call of Board members was conducted and a quorum was present.

Ms. Mosquera-Bruno asked for public comments by virtue of the public call-in line and there were none.

Nandini Natarajan, CEO-Executive Director, reported on the results of the Board Retreat survey and noted that the retreat was a success, getting high marks in the quality of the information presented and in the tour of the building. Ms. Natarajan also discussed highlights of the 2023 Strategic Plan goals and mid-year Key Performance Indicators.

Pasquale Guliano, Managing Director, Multifamily, provided a summary of the Mortgage Committee's recommended resolution regarding financing for 80 South Road, located in Farmington, Connecticut. Discussion ensued regarding the loan valuation and underwriting of the transaction.

Upon a motion made by Mr. Ugalde, seconded by Ms. DeWyngaert, the Board members voted by roll call and were unanimously in favor of adopting the following resolution regarding 80 South Road, located in Farmington, Connecticut:

**RESOLUTION REGARDING FINANCING FOR 80 SOUTH ROAD,
FARMINGTON, CONNECTICUT; CHFA DEVELOPMENT NO. 23-902**

WHEREAS, by resolution adopted on April 27, 2023 (the “Prior Resolution”), the Connecticut Housing Finance Authority (the “Authority”) authorized a reservation of \$1,550,664 of low-income housing tax credits (the “Credits”) for 80 South Road, a proposed 65-unit development to be located in Farmington, Connecticut (the “Development”) in accordance with low-income housing tax credit program requirements set forth in the Authority’s Qualified Allocation Plan (the “QAP”), Section 42 of the Internal Revenue Code of 1986 (the “Code”), and the regulations promulgated thereunder (the “Regulations”);

WHEREAS, Sager Development LLC has applied to the Authority for mortgage financing for the construction of the Development; and

WHEREAS, the Authority desires to provide certain mortgage financing for the Development to 80 South Road LLC and/or a related entity otherwise acceptable to the Authority (the “Proposed Mortgagor”), all as described in the attached Memorandum and Development Summary Materials from Steven Norris, Development Officer IV, dated July 25, 2023 (the “Memorandum”).

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

Section 1. The Authority is authorized to provide a construction loan in a principal amount which shall not exceed \$10,135,000 and a permanent loan in a principal amount which shall not exceed \$5,550,000. The construction loan and the permanent loan shall be secured by a first-priority mortgage lien on the Development. The construction loan shall accrue interest on amounts advanced at a rate not to exceed 5.75% per annum and shall be paid monthly, in arrears, over a term of 24 months, after which all construction loan principal and interest shall be due in full. The permanent loan shall accrue interest on amounts advanced at a rate not to exceed 6.50% per annum and shall be repaid monthly in arrears, as follows: (a) interest-only payment for a period of 24 months, immediately followed by (b) principal and interest repayment based upon an amortization schedule of 35 years over a term of 35 years, after which all outstanding permanent loan principal and interest shall be due, *provided, however*, the permanent loan may be prepaid in full: (i) on or after 15 years of the permanent loan term by virtue of refinance with a mortgage loan from the Authority and subject to the satisfaction of all applicable Authority requirements, including the payment of a housing program maintenance fee equal to 1% of the outstanding principal balance, or (ii) on or after 20 years of the permanent loan term and subject to the satisfaction of all applicable Authority requirements, including the payment of a housing program maintenance fee equal to 1% of the outstanding principal balance. The Authority will fund this loan with taxable proceeds, including the issuance of bonds as described in Attachment A, attached hereto, or from such other sources of funding, and upon such terms and conditions, as are deemed to be in the best interests of

the Authority. The Authority may adjust the interest rate limitation set forth herein solely to permit the payment of Authority costs and fees related to the mortgage financing. To the extent other sources of funding are deemed to be in the best interest of the Authority, the Authority finds that mortgage loan financing is not readily available from another source and that it is appropriate and in the public interest for the Authority to provide such financing from the proceeds of taxable bonds. With respect to any such expenditure, this Resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the United States Treasury Regulations.

Section 2. The Authority is authorized to provide an additional mortgage loan (the “Additional Loan”) in a principal amount not to exceed \$1,000,000. The Additional Loan shall: (a) be secured by a first or second priority mortgage lien on the Development; (b) accrue interest on all amounts advanced at a rate not to exceed 1% per annum; (c) commencing with the 25th month of the Additional Loan term, be repaid periodically (but not less frequently than annually) in an amount of not less than 25% of the Development’s adjusted cash flow prior to the calculation of surplus cash, as determined by the Authority, *provided, however*, full payment of the deferred developer fee amount approved by the Authority shall have priority over any repayment of the Additional Loan; and (d) have a term of up to 35 years, after which all outstanding loan principal and interest shall be due, *provided, however*, prepayment of the Additional Loan will be permitted. The Authority will fund the Additional Loan with affordable housing fund proceeds which may include capital magnet fund grant proceeds, investment trust account proceeds, opportunity fund proceeds, or such other sources of funding, and upon such terms and conditions, as are deemed to be in the best interests of the Authority.

Section 3. The Authority’s commitment to provide mortgage financing for the Development shall be conditioned upon the Authority’s acceptance and approval in its sole discretion of the following:

- (a) Affordability restrictions on the Development for a period of 50 years, such that (i) at least 13 units shall be set aside for households at or below 50% of area median income and greater than 30% of area median income, and (ii) at least 52 units shall be set aside for households at or below 80% of area median income and shall be in full compliance with the Code, the Regulations and the QAP;
- (b) An independent appraisal and a market acceptance analysis for the Development;
- (c) All required governmental approvals, tax abatement agreements, hazardous waste testing at the Development, and hazardous waste removal and disposal (if applicable);
- (d) Final construction costs and plans and specifications;
- (e) Commitments for all sources of funds, as further described in the Memorandum, or in such other amounts and/or from such other comparable sources as are acceptable to the Authority, such that the total of the sources and uses of funds for completion of the Development are in balance;

(f) Proposed operating income and expenses, operating subsidies from State rental assistance payments to provide supportive services to intellectually disabled persons, all required reserve and escrow funding, tenant relocation plan, and property management organization and plan; and

(g) Compliance by the Proposed Mortgagor with all applicable law, the Authority's Procedures, the provisions of the Prior Resolution, the provisions of the Memorandum, and all applicable Authority policies, *provided, however*, if there is any inconsistency between the provisions of this Resolution and the Authority's policies, the terms of this Resolution shall control.

Section 4. The Chief Executive Officer - Executive Director is hereby authorized to modify or supplement the terms and conditions hereof and to take all other actions consistent with this Resolution, the Procedures, the QAP, the Code and the Regulations, as may be in the best interest of the Authority and necessary for the development of quality affordable housing.

Section 5. Failure to provide any of the above-referenced requirements in a form acceptable to the Authority and to close the mortgage financing authorized herein on or before April 30, 2024 shall render this Resolution void and of no further effect, *provided, however*, upon good cause shown and upon payment by the Proposed Mortgagor of any extension or other fees as may be required by the Authority, the Chief Executive Officer - Executive Director may extend the time for compliance hereunder.

(80 South Road, Farmington, Connecticut)

ATTACHMENT A

1. The Chief Executive Officer - Executive Director and/or Chief Financial Officer of the Authority and staff are hereby authorized to continue the Authority's Housing Mortgage Finance Program by way of one or more bond sales.

2. The timing of such bond sales shall be determined in coordination with the State Treasurer's Office.

3. The bond sales shall be in an amount not to exceed \$17,500,000 for the Housing Mortgage Finance Program Bonds, of the series designated (subject to paragraph 18 below) 2023 Series M (the "Bonds"), which shall be issued in one or more series and subseries as federally taxable bonds and/or as federally tax-exempt bonds under the Internal Revenue Code of 1986, as amended (the "Code"), or other applicable federal tax law.

4. The Bonds shall be sold on a negotiated basis.

5. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to set the date or dates for receipt of the respective offers from the underwriter(s) or other purchaser(s) (the "Respective Purchasers") to purchase the Bonds.

6. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to execute and cause to be delivered appropriate documentation, including, without limitation, one or more Preliminary Official Statements and Underwriting Commitments, to adopt the expectations, beliefs, assumptions and representations expressed and made on behalf of the Authority in the Official Statement(s) of the Bonds (the “Official Statement(s)”) and to execute and deliver the Official Statement(s).

7. The Chief Executive Officer – Executive Director and/or the Chief Financial Officer is hereby authorized both (a) to receive the related offer presented by the Respective Purchasers and (b) to make a formal award of the related portion of the Bonds to the Respective Purchasers and execute one or more Contracts of Purchase, provided the Chief Executive Officer – Executive Director and/or the Chief Financial Officer may make such award only if the highest interest rate of any maturity of tax-exempt or taxable fixed-rate Bonds does not exceed by more than 50 basis points the highest interest rate of any maturity of tax-exempt or taxable fixed-rate bonds, respectively, sold in a comparable housing bond pricing included in pricing information provided by the book-running senior manager in connection with the award. Variable-rate Bonds shall bear interest at rates determined in accordance with the below-defined Series Resolution.

8. The Chief Executive Officer - Executive Director and/or Chief Financial Officer and staff of the Authority are hereby authorized to negotiate one or more interest rate swap agreements with counterparties that meets the requirements of the General Bond Resolution and is satisfactory to the Chief Executive Officer - Executive Director and/or Chief Financial Officer in conjunction with the 2023 Series M bond sale (collectively, the “Swap”). The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to approve, execute and deliver all documents necessary to consummate the Swap, provided the Swap results in a net interest rate savings to the Authority of not less than 20 basis points of the Swap portion or in the best interest of the Authority, as determined by the Chief Executive Officer - Executive Director and/or Chief Financial Officer. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to make such changes, additions, deletions, modifications and amendments to the Swap and other related documents as may be necessary or desirable and in the best interests of the Authority, and not inconsistent with this authorization. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to approve changes, additions, deletions, modifications, novations and amendments to interest rate swap agreements previously executed by the Authority and intended to be allocated to the Bonds, in each case as may be necessary or desirable and in the best interests of the Authority, and not inconsistent with this authorization.

9. The Authority hereby adopts the Series Resolution Authorizing the issuance of not more than \$17,500,000 Housing Mortgage Finance Program Bonds, 2023 Series M (the “Series Resolution”) and hereby authorizes all necessary transfers from the Capital Reserve Fund in accordance with Section 513(8) of the General Bond Resolution on December 1 to the Section 506 account for the purpose of redeeming bonds and the Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to take whatever other action is necessary to carry out such sale including, without limitation, determining the amount of fixed rate, variable or convertible option bonds and to make such changes, additions, deletions, modifications and

amendments to the Series Resolution as may be necessary or desirable and in the best interest of the Authority and not inconsistent with the authorization contemplated at this meeting.

10. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to have the Bonds prepared and to execute and authorize the delivery of the Bonds to the Respective Purchasers upon receipt of the purchase price thereof plus accrued interest, if any, and to pay to any underwriter the underwriters' fee and/or discount and expenses and to do and perform all acts and things and execute any and all documents in the name of the Authority, necessary, useful or convenient to the issuance and sale of the Bonds by the Authority. The Bonds shall bear such rates and maturities, and sinking fund installments shall be made as set forth in the Official Statement(s) and the Series Resolution.

11. The Bonds shall be executed by the manual or facsimile signatures of the Chairperson, Vice Chairperson, Chairperson of the Finance/Audit Committee, or the Chief Executive Officer - Executive Director of the Authority and/or her designee, and the official seal of the Authority or a facsimile thereof shall be affixed, impressed or imprinted on the Bonds and attested by the manual or facsimile signature of the Chief Executive Officer - Executive Director or another duly Authorized Officer of the Authority.

12. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is authorized to establish the interest rate on mortgage loans financed with the proceeds of the Bonds ("Proceeds"), provided that such interest rate shall not exceed that which is permitted or authorized under the Code.

13. The Proceeds are to be used to make new single and/or multi-family mortgages and/or refund current and future maturities of outstanding bonds and/or to refund prepayments. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to determine which multifamily projects are to be funded from proceeds of the Bonds.

14. U.S. Bank Trust Company, National Association is hereby authorized to act as Paying Agent and U.S. Bank Trust Company, National Association is hereby authorized to act, if required, as Tender Agent.

15. The Authority may make or finance, on an interim basis, certain mortgage loans, which costs are reasonably expected to be paid or reimbursed with the proceeds of debt to be incurred by the Authority in the maximum amount of \$17,500,000 and with respect to any such expenditures, this resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the Treasury Regulations.

16. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to issue a certification as to the Authority's reasonable expectations regarding the amount and use of the Proceeds as described in Section 1.148-2(b)(2) of the Treasury regulations relating to Section 148 of the Code on the date such certificate is issued.

17. In the event the Chief Executive Officer - Executive Director is unable to act in accordance with this resolution or otherwise, then the Chief Financial Officer is hereby authorized

to carry out all necessary functions to consummate the sale of the Bonds. In the event his designee is unable to act in accordance with this resolution or otherwise, then a committee of not less than three (3) members of the Board of Directors, at least one of whom shall not be a state employee, is hereby authorized to carry out all necessary functions to consummate the sale of the Bonds (the "Sale Committee"). If neither the Chairperson nor the Vice Chairperson of the Authority is able to attend, then the Chairperson of the Finance/Audit Committee shall be the Chairperson of the Sale Committee, and if he/she is unable to attend, then the Chairperson of the Mortgage Committee shall be the Chairperson of the Sale Committee, and if neither of them is able to attend, the Chairperson or Vice Chairperson of the Authority shall designate a Chairperson of the Sale Committee.

18. The Chief Executive Officer - Executive Director and/or Chief Financial Officer is hereby authorized to change the series designation of the Bonds and/or any other of the Authority's bonds and to change the selected bond underwriting firms as necessary and in the best interest of the Authority.

19. The Bonds may be sold as one or more series and bond underwriting firms to act as the book running senior or co-senior managers, co-managers and/or selling group members for the Bonds may be determined by the Chief Executive Officer - Executive Director and/or Chief Financial Officer for each series of Bonds from among the appointed Housing Mortgage Finance Program Bond Underwriters.

20. The senior manager, the co-senior bond underwriters and the co-managing underwriters designated by the Authority for participation in the Authority's bond issues are hereby required prior to participation in the 2023 Series M Bond issue to provide an update to the statutory provisions, affidavits and certifications submitted as part of their agreements with the Authority.

21. Failure to provide the above required information in such form and content as determined by the Chief Executive Officer - Executive Director and/or Chief Financial Officer necessary to satisfy the requirements of this resolution shall render the senior manager, co-senior bond underwriters or co-managing underwriters ineligible to participate in the designated bond issue.

Terry Nash Giovannucci, Community Engagement Manager, presented the resolution to adopt the 2024 and 2025 Low-Income Housing Tax Credit Qualified Allocation Plan, summarizing the review process, including staff's outreach to stakeholders and the public for their input, the public comment period and comments expressed at the public hearing. Discussion ensued regarding high opportunity area scoring and public hearing comments regarding indigenous peoples and tribal nations.

Upon a motion made by Mr. Abrahams, seconded by Mr. Hodges, the Board members voted by roll call and were unanimously in favor of approving the following resolution adopting the 2024 and 2025 Low-Income Housing Tax Credit Qualified Allocation Plan:

RESOLUTION REGARDING ADOPTION OF THE
LOW-INCOME HOUSING TAX CREDIT
2024 and 2025 QUALIFIED ALLOCATION PLAN

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) is the designated housing credit agency for the allocation and administration of federal Low-Income Housing Tax Credits in the State of Connecticut (the “State”); and

WHEREAS, the Authority is subject to the requirements of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, by Resolution approved May 25, 2023, the Authority authorized a public hearing regarding the proposed adoption of the Low-Income Housing Tax Credit 2024 and 2025 Qualified Allocation Plan in accordance with the requirements of the Code;

WHEREAS, a public hearing was held on June 14, 2023, the public comment period has ended, and all comments have been reviewed by the Authority; and

WHEREAS, the Authority desires to adopt the Low-Income Housing Tax Credit 2024 and 2025 Qualified Allocation Plan, as further described in the attached Memorandum dated July 27, 2023 from Terry Nash Giovannucci, Community Engagement Manager.

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

Section 1. The attached Low-Income Housing Tax Credit 2024 and 2025 Qualified Allocation Plan is hereby adopted.

Section 2. The Chief Executive Officer - Executive Director of the Authority is hereby authorized to take all other actions consistent with this Resolution, the Code, the regulations thereunder, and State law, all as amended, as may be necessary to effectuate this Resolution.

Ms. Mosquera-Bruno asked Board members for a motion to approve the items on the Consent Agenda.

Upon a motion made by Mr. Ugalde, seconded by Mr. Hodges, the following items on the Consent Agenda were approved. Mr. Gualtieri and Ms. Ross abstained from voting.

- 2023 Series B Bond Issue (Single Family)
- Financial Reports
- Production and Delinquency Reports
- Investment and Swap Reports
- Internal Audit Report
- Monthly Tracking Report

- Homeownership Report
- Multifamily Activities
- Minutes from June 29, 2023 Special Meeting
- Minutes from June 29, 2023 Special Meeting – Board Retreat

In preparation for the Board’s review of the 2024 budget, Mr. Hazim Taib provided an overview of CHFA’s budget process. Discussion ensued regarding salary, benefit and other expense line items, the budget process timeline and potential opportunities to leverage CHFA’s strong asset base and brand to build more affordable housing more quickly in the state.

There being no further business to discuss, upon a motion made by Mr. Perez, seconded by Mr. Gualtieri, the meeting adjourned by unanimous consent at 11:18 a.m.