

Proposed Draft Minutes  
Connecticut Housing Finance Authority  
Board of Directors' Meeting No. 564  
June 28, 2018

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

Directors Absent: Richard Orr  
Lisa Tepper Bates

Ms. Klein called the meeting of the Connecticut Housing Finance Authority (“CHFA”) to order at 9:38 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut. She mentioned that a resolution acknowledging Nuala Droney’s service will be sent to her. Ms. Klein asked for public comments, and there were none.

Mr. Kilduff, Executive Director, provided the Executive Director’s report. He mentioned that CHFA was represented at several ribbon cuttings in May that varied in scale and scope. Mr. Kilduff pointed out the ribbon cutting for Liberty Place, which is the first large-scale multifamily affordable housing development in Clinton. He noted the efforts made by entities such as LISC to provide technical and other assistance to bring this development to fruition in a rural community. Mr. Kilduff spoke about CHFA University that was recently held with the real estate community and pointed out that this helps to continue the dialog with CHFA’s stakeholders. He distributed a book entitled “*Passive House Buildings New England Forges Ahead*” to each of the Board members. The book was provided by Alicia Dolce representing Celebration Green Design & Build and Connecticut Passive House during the Low-Income Housing Tax Credit proposed 2018 Qualified Allocation Plan Public Hearing held on May 23, 2018. Mr. Kilduff provided a survey to the Board which seeks input on meaningful subjects and topics of interest that can be included in future Board meetings when time permits. He noted that CHFA staff has been working with the Department of Housing staff to enrich programs, and Memorandums of Agreement will be provided in July for consideration by the Board to memorialize the relationship. Mr. Kilduff mentioned that CHFA will have a participatory role in the “crumbling foundations” statute. Meetings will be held with the participants to outline the timing and program, and CHFA is coordinating with the office of the Lieutenant Governor.

Mr. Taib, Chief Financial Officer, reviewed the recommendation to authorize the commencement of preparations for the issuance of up to \$200,000,000 of 2018 Series G Bonds for the single-family program. He mentioned that this is the third issuance in 2018 for the program. Through May 31, 2018 CHFA has purchased 1,138 single-family loans totaling \$197,000,000, and through June 18, 2018 CHFA reserved and committed about \$178,900,000 of loans with a weighted average mortgage rate of 3.94 percent. Mr. Taib stated that this issue will allow CHFA to purchase approximately 692 single-family loans and refund previously issued bonds. The resolution names J.P. Morgan Securities as the book running senior manager, and Wells Fargo Securities is relegated down to act as a selling group member rather than a co-managing underwriter. Mr. Schmitt mentioned that the Finance/Audit Committee members recommended, with one opposition, the resolution authorizing the sale; but he noted that there was discussion about Wells Fargo being a part of the selling group as a result of Community Reinvestment Act (“CRA”) violations. Mr. Perez stated that he voted against the motion because of Wells Fargo’s violation of the CRA requirements and spirit of the law, and he noted that removing Wells Fargo would have no adverse impact on the transaction. Mr. Taib explained the role of the book running senior managers, the co-senior bond underwriters, the co-managing underwriters and the selling group. As a selling group member, Mr. Taib explained that Wells Fargo would not enter into any contracts to sell bonds and would not be part of the syndicate or on CHFA’s disclosure documents. He stated that Wells Fargo has a large footprint in the State of Connecticut and helps to attract more Connecticut retail investors. Although removing Wells Fargo from the transaction would not hurt the transaction, several Board members expressed the importance of sending the right message and being consistent. Since CHFA does not have a policy in place on how to handle these types of issues, it was noted that the Finance/Audit Committee members requested that Mr. Taib provide for the July meeting information on how other state and quasi-public agencies are handling the issue and whether or not other agencies have policies in place. Making a decision based solely on the CRA rating could have multiple year implications. Ms. LaMarr expressed concerns with Wells Fargo on behalf of the treasurer’s office. She stated that she would vote against the proposal if Wells Fargo was a member of the senior underwriting team or co-managing underwriting team.

Upon a motion made by Mr. Cicchetti, seconded by Mr. Schmitt, the Board members voted in favor of adopting the following resolution for the commencement of necessary preparations for the 2018 Series G bond sale (Mr. Perez was opposed):

**RESOLUTION FOR THE COMMENCEMENT OF NECESSARY  
PREPARATIONS FOR THE 2018 SERIES G BOND SALE  
HOUSING MORTGAGE FINANCE PROGRAM**

WHEREAS, in order to maintain continuity of the Authority's Housing Mortgage Finance Program, it is appropriate to obtain additional funds from one or more bond sales;

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

1. The Executive Director 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 aggregate amount not to exceed \$200,000,000 for the Housing Mortgage Finance Program Bonds, of the series designated (subject to paragraph 18 below) 2018 Series G (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 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 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 Executive Director and/or 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 Executive Director and/or Chief Financial Officer may make such award only if the net interest cost on the tax-exempt portion or related portion of the Bonds does not exceed the Bond Buyer Revenue Bond Index published most recently prior to the award by more than 50 basis points.

8. The 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 Executive Director and/or Chief Financial Officer in conjunction with the 2018 Series G bond sale (collectively, the "Swap"). The Executive Director and/or Chief Financial Officer is hereby authorized to approve, execute and deliver all documents necessary to consummate the Swap, in the best interest of the Authority, as determined by the Executive Director and/or Chief Financial Officer. The 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 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 \$200,000,000 Housing Mortgage Finance Program Bonds, 2018 Series G (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 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 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 Executive Director of the Authority and/or Chief Financial Officer, 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 Executive Director or another duly Authorized Officer of the Authority.

12. The 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 or finance new single and/or multi-family mortgage loans (including mortgage-backed securities consisting of such loans), or reimburse the Authority for having made such mortgage loans, and/or refund current and future maturities of outstanding bonds and/or to refund prepayments.

14. U.S. Bank National Association is hereby authorized to act as Paying Agent and U.S. Bank 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 \$200,000,000 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 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 Executive Director and/or Chief Financial Officer are unable to act in accordance with this resolution or otherwise, 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 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 the following bond underwriting firm is hereby selected to act as the book running senior manager for the Bonds:

J.P. Morgan Securities

20. The following bond underwriting firms are hereby selected to act as co-senior bond underwriters for the Bonds:

Bank of America Merrill Lynch  
Morgan Stanley & Co.  
RBC Capital Markets

21. The following bond underwriting firms are hereby selected to act as co-managing underwriters for the Bonds:

Barclays Capital  
Citigroup Global Markets  
Drexel Hamilton  
Fidelity Capital Markets  
Janney Montgomery Scott  
Ramirez & Co.  
Raymond James  
Rice Financial  
Roosevelt & Cross

22. The following firms are hereby selected to act as the selling group members for the Bonds:

Academy Securities  
Blaylock Robert Van  
HJ Sims & Co., Inc.  
Intercoastal Capital Markets, Inc.  
Jefferies & Company

Loop Capital Markets  
Prager, Sealy & Co.  
Robert W. Baird & Co.  
Rockfleet Financial Svcs.  
Ross, Sinclair & Associates  
Siebert, Brandford, Shank  
Stern Brothers & Co.  
Wells Fargo Securities  
The Williams Capital Group

23. 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 2018 Series G Bond issue to provide an update to the Statutory provisions, affidavits and certifications, charitable contributions in the State of Connecticut, investigations, administrative or other legal proceedings and/or settlements by or with governmental entities regulating the conduct of their business, submitted as part of their agreements with the Authority, to the Chief Financial Officer.

24. Failure to provide the above required information in such form and content as determined by the 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.

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Ms. Nash, Manager II, Multifamily, mentioned that at the April 26, 2018 meeting the Board authorized for public comments proposed amendments to the Low-Income Housing Tax Credit ("LIHTC") and the Multifamily Rental Housing Program Procedures. She explained the proposed changes that were presented to the Board in April and the subject of public comments. Ms. Nash summarized the comments received and noted that staff does not recommend further changes. A question arose as to whether or not CHFA has considered how the amendment to the developer allowance fee would impact the nonprofit community and/or smaller entities. Ms. Nash explained that the amendment would not negatively impact non-profit or smaller entities and that the amendment would most impact developers with preservation deals in a more favorable way. Prior to the proposed amendment, calculation of developer allowance fees did not include acquisition price of the development, and the amendment permits a certain percentage to be included.

Upon a motion made by Mr. Perez, seconded by Ms. Weil, the Board members voted unanimously in favor of adopting the following resolution adopting amendments to CHFA's Procedures for the Low-Income Housing Tax Credit and the Multifamily Rental Housing Program:

**RESOLUTION ADOPTING AMENDMENTS TO THE  
CONNECTICUT HOUSING FINANCE AUTHORITY PROCEDURES FOR THE  
LOW-INCOME HOUSING TAX CREDIT AND  
THE MULTIFAMILY RENTAL HOUSING PROGRAM**

WHEREAS, the Connecticut Housing Finance Authority (the "Authority") is the designated housing credit agency for the administration and allocation of Low-Income Housing

Tax Credits (“LIHTC”) in the State of Connecticut and operates its statutory Multifamily Rental Housing Program; and

WHEREAS, the Authority is subject to the provisions of Chapter 12 of Title 1 of the Connecticut General Statutes (the “Quasi-Public Agencies Act”); and

WHEREAS, by Resolution approved April 26, 2018, the Authority authorized for public comment proposed amendments to its Low-Income Housing Tax credit Procedures and its Multifamily Rental Housing Procedures; and

WHEREAS, the public comment period has ended and comments have been reviewed; and

WHEREAS, the Authority desires to adopt amendments to the LIHTC Procedures and its Multifamily Rental Housing Program Procedures as provided herein.

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

The Board of Directors hereby adopts the attached amendments to the Low-Income Housing Tax Credit Procedures and the Multifamily Rental Housing Program Procedures.

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Ms. Nash presented the resolution adopting CHFA’s 2018 LIHTC Qualified Allocation Plan (“QAP”). She noted that at the April 26, 2018 meeting the Board authorized a public hearing for the proposed amendments. The public hearing was held on May 23, 2018, and public comments were received on that date as well as during the public comment period which took place May 8, 2018 to June 7, 2018. Ms. Nash mentioned that CHFA received 44 comments, a majority of which were in favor of CHFA retaining a commitment to energy efficiency and sustainability. Ms. Nash summarized the comments received. In addition to the red-lined version of the proposed amendments to the QAP, Ms. Nash mentioned that the minutes of the public hearing, a summary of the comments received, copies of the comments received and a clean version of the QAP were provided to the Board for informational purposes. Ms. Nash stated that staff recommends adopting the QAP as amended. She mentioned that CHFA’s General Counsel has confirmed that the noted revisions do not require further public comment. The Board thanked staff for the process and information provided. In the future, staff was asked to notify the Board of the public hearing date so members can attend if desired.

Upon a motion made by Ms. Weil, seconded by Ms. Foley, the Board members voted unanimously in favor of adopting the following resolution adopting the 2018 Low-Income Housing Tax Credit Qualified Allocation Plan of CHFA:

**RESOLUTION ADOPTING THE 2018 LOW-INCOME HOUSING TAX CREDIT  
QUALIFIED ALLOCATION PLAN OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY**

WHEREAS, the Connecticut Housing Finance Authority (the “Authority”) is designated as the allocating housing tax credit agency responsible for the administration and allocation of low-income housing tax credits for the State of Connecticut; and

WHEREAS, by resolution approved April 26, 2018, the Authority authorized for public hearing its 2018 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP); and

WHEREAS, a public hearing was held on May 23, 2018; and

WHEREAS, the public hearing has ended and comments have been reviewed; and

WHEREAS, the Authority desires to adopt the 2018 QAP as provided herein.

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 Qualified Allocation Plan for 2018 is hereby adopted.

Section 2. The Executive Director of the Authority is hereby authorized to take all other actions consistent with this Resolution, the QAP, the Internal Revenue Code and the Regulations thereunder as amended as may be necessary to effectuate this resolution.

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Diane Smith, Director of Planning, Research and Evaluation, provided an update on the modifications made to the Downpayment Assistance Program (“DAP”). Changes to the program included the reduction of eligible costs to down payment only and not closing costs, and limited the combined loan-to-value on CHFA financing to 100 percent. Ms. Smith mentioned that after modifications were made to the program, DAP loan amounts reserved have decreased by approximately half. She stated that recapitalization of DAP funding has been included in the Bond Act for the 2018-2019 State Fiscal Year, and the Department of Housing, on behalf of CHFA, has asked for inclusion of the authorization on the July State Bond Commission agenda. In response to a question, Ms. Smith stated that there is a higher delinquency/foreclosure rate with DAP borrowers because of the higher risks associated with more lending. Staff will provide more information on the delinquency and foreclosure rates with DAP borrowers at the July meeting. Staff was also asked to provide information on the impacts of the DAP program for minority borrowers purchasing in areas of opportunity.

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

Upon a motion made by Mr. Schmitt, seconded by Mr. Cicchetti, 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

Ms. Klein asked the Board members to consider the minutes from the May 31, 2018 regular meeting.



Upon a motion made by Ms. Foley, seconded by Mr. Cicchetti, the Board members voted in favor of adopting the minutes from the May 31, 2018 regular meeting as presented (Ms. Woodsby abstained from the vote).

Ms. Klein asked the Board members to consider going into executive session to discuss pending litigation regarding Temple Street, Hartford; Security Manor, New Britain, and Parkside Gables, Stamford.

Upon a motion made by Ms. Weil, seconded by Ms. Foley, the Board members voted unanimously in favor of going into executive session at 10:20 a.m. to discuss pending litigation regarding Temple Street, Hartford; Security Manor, New Britain; Parkside Gables, Stamford; and personnel matters. Mr. Bates, Attorney Dickerson, Mr. Kilduff, Ms. Landau, Ms. Moores, Ms. O'Brien and Mr. Taib were invited to remain during the executive session. Ms. Dorgan and Ms. DeWyngaert left the meeting during the executive session

The executive session ended at 11:30 a.m., and the regular meeting was immediately reconvened.

Ms. Klein asked the Board members to consider revising the agenda.

Upon a motion made by Ms. Foley, seconded by Mr. Kooris, the Board members voted in favor of adding to the agenda action regarding Temple Street, Hartford (Ms. Dorgan and Ms. DeWyngaert were not present for the vote).

Upon a motion made by Ms. Foley, seconded by Mr. Kooris, the Board members voted in favor of authorizing the executive director to extend the moratorium on Temple Street, Hartford for a period of up to six months upon terms to be determined by the Executive Director in the best interests of CHFA. (Ms. Dorgan and Ms. DeWyngaert were not present for the vote).

There being no further business to discuss, upon a motion made by Ms. Foley, seconded by Mr. Kooris, the Board members voted to adjourn the meeting at 11:35 a.m.