Mr. Taib reviewed the recommendation to authorize the commencement of preparations for the 2018 Series G bond issue. He mentioned that this is the third issue in 2018 for the single-family program. Mr. Taib stated that approximately $120,000,000 of lendable proceeds will be used to finance and purchase approximately 692 single family loans. Proceeds from the sale will also be used to refund previously issued bonds. The resolution names J.P. Morgan Securities as the book running senior manager for the issue. Based on previous discussions, Mr. Taib noted that staff recommends relegating Wells Fargo Securities to a selling group member rather than a co-managing underwriter. Mr. Perez raised concerns with utilizing Wells Fargo because of its failure to comply with the Community Reinvestment Act (“CRA”) requirements. He stated that the intent of the law is not to do business with any entities that fail to meet CRA requirements. It was noted that CHFA will not be paying Wells Fargo. Mr. Taib explained the role of the senior manager, co-managers and selling group and noted that the selling group does not enter into a contract with CHFA and is not listed on CHFA’s disclosure documents. He stated that the objective of selecting the investment banking team is to ensure CHFA gets the best penetration
into the capital markets and Connecticut retail. Mr. Hodges noted that Wells Fargo made mistakes and paid large penalties. He questioned the timing of the next exam, and it was noted that a new CRA exam could take years. Ms. LaMarr reiterated the sentiment and concerns on behalf of the Treasurer’s office and stated that the Treasurer’s office is recommending not engaging in business with Wells Fargo. She mentioned that Wells Fargo cannot be stopped from purchasing bonds in the market and then selling them but that Wells Fargo should not serve as senior or co-manager on Connecticut transactions. She stated that the Treasurer’s office has a seat on every quasi-public agency board and noted that the Treasurer’s concerns should have been brought forth to every quasi-public agency. In response to a question, Ms. LaMarr stated that she does not know the outcome of whether or not other quasi-public agencies are allowing Wells Fargo to participate in bond transactions. Mr. Taib stated that eliminating Wells Fargo from the transaction should not have any impacts to CHFA. However, he noted that Wells Fargo has a large footprint in the State of Connecticut and helps to attract more Connecticut retail investors. Mr. Lamb mentioned that the issue has been raised with several other agencies; and while the agencies may not want Wells Fargo to act as the senior manager, some are still allowing Wells Fargo to act as co-manager. Mr. Hodges and Mr. Cicchetti concurred that CHFA should be consistent with what other agencies in the state are doing with respect to Wells Fargo. Mr. Schmitt noted that CHFA does not have a specific policy for handling these types of issues. Absent a specific policy and not knowing how other Connecticut agencies are handling the issue, Mr. Taib was asked to provide for the July meeting more information on what other state and quasi-public agencies are doing about Wells Fargo and find out whether agencies have policies in place. Mr. Schmitt stated that the vote today is only for this bond transaction.

Upon a motion made by Mr. Cicchetti, seconded by Mr. Hodges, the Committee members voted in favor or recommending to the Board for consideration the resolution authorizing the commencement of necessary preparations for the 2018 Series G bond issue for the single-family program (Mr. Perez was opposed to the motion).

Mr. Taib discussed the financial reports for May 2018. He reported that revenues and expenses are generally coming in as projected with the exception of interest on loans. Mr. Taib mentioned that since the beginning of the calendar year, mortgage loan receivables and investments have increased but are growing at a slower rate than last year. He noted that the delinquency rate, month over month, and the carrying balance for loans in foreclosure, year over year, went down. Under the multifamily program, Mr. Taib stated that permanent loan delinquencies decreased, and construction loan delinquencies remained unchanged. He mentioned that there are two projects in moratorium or forbearance.

Ms. Lambert reviewed the monthly tracking report. She mentioned that there is no activity this month for affordable rental housing. For the month of May, Ms. Lambert stated that CHFA purchased 225 first-time homebuyer loans, which is higher than May 2017. Reservations for May were 480, which indicate the continuance of a strong home buying season in Connecticut. Ms. Lambert mentioned that through May 2018 CHFA has purchased 1,138 loans which is exactly the same as recorded January through May 2017.

Mr. Schmitt asked the Committee members to consider the minutes from the May 31, 2018 meeting.
Upon a motion made by Mr. Cicchetti, seconded by Mr. Kooris, the Committee members voted in favor of adopting the minutes from the May 31, 2018 meeting as presented (Mr. Perez abstained from the vote).

There being no further business to discuss, upon a motion made by Mr. Cicchetti, seconded by Mr. Kooris, and unanimously approved, the meeting was adjourned at 9:35 a.m.