

Proposed Draft Minutes  
Connecticut Housing Finance Authority  
Board of Directors' Meeting No. 562  
April 26, 2018

Directors Present: Evonne Klein, Chairperson of CHFA Board and Commissioner of the Department of Housing  
Michael Cicchetti  
Kathleen Dorgan  
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)  
Richard Orr  
Jorge Perez, State Banking Commissioner  
Lisa Tepper Bates (by phone)  
Carla Weil  
Alicia Woodsby (by phone)

Directors Absent: Heidi DeWyngaert, Vice Chairperson of CHFA  
Nuala Droney  
Anne Foley, Chairperson of the Mortgage Committee, representing Benjamin Barnes, Secretary, State Office of Policy and Management  
Jared Schmitt, Chairperson of the Finance/Audit Committee

Ms. Klein called the meeting of the Connecticut Housing Finance Authority (“CHFA”) to order at 9:32 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut. Ms. Klein asked for public comments, and there were none.

Mr. Kilduff, Executive Director, provided the Executive Director’s report. In addition to the information provided in the package about ribbon cuttings and events that occurred in March, Mr. Kilduff gave an update on staff outreach and corrective actions taken in responses to public comments and complaints made by the residents of Parkside Gable, Stamford. He noted that staff will continue to monitor progress. In response to a question, Mr. Kilduff and Ms. Weil discussed the background of the mutual housing program model which the Parkside Gable property was financed under. CHFA staff and DOH staff were acknowledged and thanked for their efforts.

Ms. Klein asked the Board to consider adding to the agenda an executive session at the end of the meeting to discuss pending litigation relating to Security Manor, New Britain.

Upon a motion made by Ms. Dorgan, seconded by Ms. Weil, the Board members voted unanimously in favor of amending the agenda to add an executive session to discuss pending litigation relating to Security Manor, New Britain.

Mr. Nossek from BlumShapiro, CHFA's External Auditor, discussed the results of the 2017 audit. He noted that CHFA's financial statements are subject to three sets of regulatory compliance: 1) Generally Accepted Auditing Standards ("GAAS"), 2) Generally Accepted Government Auditing Standards ("GAGAS") and 3) Uniform Guidance (formerly Federal Single Audit Act) and the State Single Audit Act. He summarized that the CHFA's financial statements fairly represent the operations of CHFA for 2017. Under the GAGAS and the Uniform Guidance, there are no material weaknesses or significant deficiencies. Under the State Single Audit Act, one significant deficiency was found relative to the Emergency Mortgage Assistance Program. Mr. Nossek stated that management has taken corrective action to resolve and prevent future issues.

Ms. Landau, Director of Multifamily, reviewed the recommendation to amend the Memorandum of Agreement ("MOA") for the State-Sponsored Housing Portfolio. She noted that this is the seventh year of the Governor's commitment to revitalize the State-Sponsored Housing Portfolio. CHFA entered into a MOA with the Department of Housing to administer funding for the portfolio, and the MOA expires June 30, 2018. Staff recommends the extension of the MOA to June 30, 2019. Ms. Landau summarized the number of units that received funding to date, the number of units currently undergoing renovations/rehabilitation and the number of units in the pipeline for renovations/rehabilitation. She described the types of renovations/rehabilitation done with the funding, noting that some are related to health and safety concerns.

Upon a motion made by Mr. Orr, seconded by Mr. Kooris, the Board members voted unanimously in favor of adopting the following resolution regarding the amendment to the Memorandum of Agreement for the State-Sponsored Housing Portfolio:

RESOLUTION REGARDING AMENDMENT TO THE  
MEMORANDUM OF AGREEMENT  
FOR THE STATE-SPONSORED HOUSING PORTFOLIO

WHEREAS, the State of Connecticut has authorized \$300 million for rehabilitation of State-Sponsored Housing portfolio developments; and

WHEREAS, the Connecticut Housing Finance Authority (the "Authority") and the State of Connecticut Department of Housing ("DOH") are parties to a Memorandum of Agreement regarding the administration of capital funds (the "MOA"), originally executed by the parties in 2013 and amended and extended several times subsequently thereto; and

WHEREAS, the Authority desires to extend the MOA with DOH for one year, as described in the attached memorandum dated April 26, 2018 from Jennifer Landau, Director, Multifamily.

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

Section 1. The Executive Director is authorized to extend the MOA with DOH for one year through June 30, 2019, and any further amendments or annual renewals subsequent thereto will be brought to the Board of Directors for consideration.

Section 2. The Executive Director is hereby authorized to modify or supplement the terms and conditions hereof and to take all other actions consistent with this Resolution as may be necessary to effectuate this Resolution.

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Ms. Nash, Manager II, discussed the recommendation to authorize a public comment period for proposed amendments to CHFA's Procedures for Low-Income Housing Tax Credits ("LIHTCs") and CHFA's Multifamily Rental Housing Program. She reviewed the proposed changes and noted that the public comment period is 30 days after publication in the Connecticut Law Journal.

Upon a motion made by Mr. Orr, seconded by Mr. Perez, the Board members voted unanimously in favor of adopting the following resolution authorizing for public comment purposes proposed amendments to CHFA's Procedures for Low-Income Housing Tax Credits and the Multifamily Rental Housing Program:

RESOLUTION AUTHORIZING FOR PUBLIC COMMENT PURPOSES  
PROPOSED 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, the Authority desires to advertise proposed amendments to its LIHTC Procedures and its Multifamily Rental Housing Program Procedures for purposes of public comment in accordance with the Quasi-Public Agencies Act.

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 prepare proposed amendments to the Authority's LIHTC Procedures and the Authority's Multifamily Rental Housing Program Procedures, to publish notice of the Authority's intent to adopt such proposed amendments, and to make available such proposed amendments to the public for comment.

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Ms. Nash presented the recommendation to authorize a public hearing for proposed amendments to the Low-Income Housing Tax Credits ("LIHTC") Qualified Allocation Plan ("QAP"). She noted that the Board QAP Task Force has met during the past several months and made proposed changes that continue to support a commitment to families and provide opportunities for geographic diversity and improved quality of life. Ms. Nash stated that scoring incentives align points with State and CHFA policy priorities. She summarized the proposed changes and the

rationale for making the changes. In response to a question about transit-oriented developments, Ms. Nash stated that the QAP Task Force believes that the points awarded for transit-oriented developments are sufficient. There was a discussion about incentives for development in certain areas, and Ms. Nash explained that the point allocation provides incentives for development in areas of opportunity. Some concern was expressed with the reduction of points for sustainable design. Ms. Nash noted that the QAP Task Force believes that there is good balance with the changes to the points.

Upon a motion made by Ms. Weil, seconded by Mr. Orr, the Board members voted unanimously in favor of adopting the following resolution authorizing for public hearing proposed amendments to the low-Income Housing Tax Credit Qualified Allocation Plan of the Connecticut Housing Finance Authority:

RESOLUTION AUTHORIZING FOR PUBLIC HEARING  
PROPOSED AMENDMENTS TO THE LOW-INCOME HOUSING TAX CREDIT  
QUALIFIED ALLOCATION PLAN  
OF THE CONNECTICUT HOUSING FINANCE AUTHORITY

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

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, the Authority desires to advertise proposed amendments to its LIHTC Qualified Allocation Plan for purposes of public comment in accordance with the requirements of the Quasi-Public Agencies Act and the federal Internal Revenue Code.

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 prepare proposed amendments to the LIHTC Qualified Allocation Plan, to publish notice of the Authority’s intent to adopt such proposed amendments, to make such proposed amendments available to the public, and to hold a public hearing with regard to such proposed amendments as necessary or desirable.

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Mr. Deslauriers, Managing Director of Homeownership Programs, reported on the sunset of the Veteran’s Downpayment Assistance Pilot Program (“Pilot Program”). He explained that CHFA launched the Pilot Program in 2014 to provide downpayment assistance funding in the form of a second mortgage of up to \$10,000 at 0% interest for military personnel and veteran homebuyers. Mr. Deslauriers stated that since the Pilot Program was launched only 35 loans have been originated. He explained that the Veterans Affairs mortgage program offers 100 percent financing, and there is no longer a need for CHFA’s Pilot Program. The funding set aside for the Pilot Program will be redeployed back into the general Downpayment Assistance Program.

Ms. Martin, Federal Legislative Program Officer, presented the recommended updates to the Board Policy Statement on Program Eligibility Requirements for Delinquent or Non-Performing Applicants. She mentioned that the policy was adopted by the Board in May 2011 and revised in April 2015 and helps to ensure applicants for CHFA financing or other assistance are in good financial standing on financial and programmatic obligations. After reviewing the proposed changes, there was no objection to changing the agenda to adopt the proposed changes.

Upon a motion made by Mr. Orr, seconded by Mr. Cicchetti, the Board members voted unanimously in favor of changing the agenda for the item listed as “Board Policy Statement on Program Eligibility Requirements: Delinquent or Non-Performing Applicants” from a report to adoption.

Upon a motion made by Mr. Orr, seconded by Mr. Cicchetti, the Board members voted unanimously in favor of adopting the “Board Policy Statement on Program Eligibility Requirements: Delinquent or Non-Performing Applicants” as revised and presented to the Board on April 26, 2018.

Ms. Martin provided an update on federal legislation, noting that staff will continue to encourage the federal delegation to support further expansion of housing tax credits and to adopt legislation that includes the 50% increase in credit allocation authority that was originally proposed in the Cantwell/Hatch legislation. She spoke about proposed changes to the Community Reinvestment Act and stated that staff will assess the potential impacts of changes on affordable housing and advocate on behalf of affordable housing programs.

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

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

Reports Accepted:

- 2017 Audited Financials
- Financial and Delinquency Reports
- Finance Audit Monthly Tracking Report

Ms. Klein asked the Board members to consider the minutes from the March 29, 2018 regular meeting.

Upon a motion made by Mr. Kooris, seconded by Ms. Weil, the Board members voted in favor of adopting the minutes from the March 29, 2018 regular meeting as presented (Mr. Cicchetti and Mr. Perez abstained from the vote).

Ms. Klein asked the Board members to consider going into executive session to discuss pending litigation regarding Security Manor, New Britain.

Upon a motion made by Ms. Weil, seconded by Mr. Orr, the Board members voted unanimously in favor of going into executive session at 10:17 a.m. to discuss pending litigation regarding Security Manor, New Britain. Attorney Dickerson, Mr. Kilduff, Ms. Landau and Ms. O'Brien were invited to remain during the executive session.

The executive session ended at 10:29 a.m., and the regular meeting was immediately reconvened.

There being no further business to discuss, upon a motion made by Mr. Perez, seconded by Mr. Kooris, the Board members voted to adjourn the meeting at 10:30 a.m.