

CHEFA
COMMUNITY DEVELOPMENT CORPORATION

Minutes of Board Meeting

June 19, 2019

The CHEFA Community Development Corporation met at 2:30 p.m. on Wednesday, June 19, 2019.

The meeting was called to order at 2:53 p.m. by Mr. Peter Lisi, Chairman of the Board of Directors of Connecticut Health and Education Facilities Authority. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chairman
Michael Angelini, Vice Chairman
Anne Foley (*Designee for Melissa McCaw, OPM Secretary*)
Elizabeth C. Hammer
Barbara B. Lindsay, Esq.
Dr. Estela Lopez
Barbara Rubin

ABSENT: Linda Savitsky (*Designee for Shawn T. Wooden, State Treasurer*)
Mark Varholak

ALSO PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Kevin Barry, Accountant
Debrah Galli, Manager of Administrative Services
Daniel Kurowski, Financial Analyst
Eileen MacDonald, Sr. Transaction Specialist
Joanne Mackewicz, Chief Financial Officer
Michael F. Morris, Managing Director
Cynthia Peoples, Managing Director
Kelli Petrone, Administrative Assistant

MINUTES

Mr. Lisi requested a motion to approve the minutes of the March 27, 2019 meeting of the Board of Directors. Ms. Rubin moved to approve of the minutes, which was seconded by Ms. Hammer.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

NAYS

ABSTENTIONS

Michael Angelini
Anne Foley
Elizabeth Hammer
Peter Lisi
Barbara Lindsay
Estela Lopez
Barbara Rubin

None

None

APPROVAL OF RESOLUTION #2019-08, REGARDING APPROVAL OF THE NEW MARKETS TAXCREDIT PROGRAM FEE STRUCTURE

Mr. Kurowski presented two proposed fee structures for the New Markets Tax Credit (NMTC) program. He explained that the first fee structure would be for the Leveraged NMTC transactions. The fee structure would be based on a \$20,000 reservation fee similar to the CHEFA upfront fee and would be used to pay legal fees. He stated there would be an upfront sub-allocation fee at closing of 1.75%, a back end sub-allocation fee of 0.5%, a community reinvestment fee of 1% and an asset management fee of 0.5%. In addition, borrowers would be subject to paying all out-of-pocket expenses of the sub-CDE such as tax return preparation, filing fees, and financial audit (if needed). A discussion ensued.

Mr. Kurowski explained the second fee structure for the NMTC Loan Fund Fee. This fee will have a \$5,000 reservation deposit due upon commitment and an upfront sub-allocation fee of 2.25%. He stated the loan origination fee would be determined per transaction by the Community Funder and borrowers would be subject to annual reimbursement of CDE Expenses equal to the greater of .5% or \$2,000 of the loan amount. He stated the reason that these fees are lower is to try to lower transaction costs for loan fund borrowers.

Mr. Lisi requested a motion to approve Resolution #2019-08, Acceptance of the New Markets Tax Credit Program Fee Structure. Ms. Lopez moved to approve Resolution #2019-08, which was seconded by Ms. Hammer.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Estela Lopez Barbara Rubin	None	None

APPROVAL OF RESOLUTION #2019-09, REGARDING AUTHORIZATION TO CREATE THE CHEFA CDC COMMUNITY REINVESTMENT FUND

Mr. Lisi requested a motion to approve Resolution #2019-09, Authorization to Create the CHEFA CDC Reinvestment Fund. Ms. Rubin moved to approve Resolution #2019-09, which was seconded by Ms. Foley.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Estela Lopez
Barbara Rubin

NAYS

None

ABSTENTIONS

None

REVIEW AND APPROVAL OF THE FISCAL YEAR 2020 PROPOSED OPERATING BUDGET

Mr. Kurowski explained that Staff is proposing an operating budget with the assumption that any New Markets Tax Credit allocation would not be awarded until late 2020. He stated that CHEFA CDC would be unable to close a transaction in FY 2020 and the first transactions would be closed in early FY 2021. Therefore, Staff is not projecting any revenues for FY 2020. Certain fees that were originally projected for FY 2019, including CDC Consultant and legal fees, have been pushed back into FY 2020.

Mr. Lisi stated that he thought the projections for CHEFA support fees seemed low. Mr. Kurowski explained that the estimates were based on the tasks to be completed for the next year. Ms. Mackewicz stated that there is a 10% contingency built into the estimated FY 2020 budget. A discussion ensued.

Mr. Lisi asked for a motion to approve the FY 2020 proposed operating budget. Ms. Lopez moved to approve the budget, which was seconded by Mr. Angelini.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Estela Lopez
Barbara Rubin

NAYS

None

ABSTENTIONS

None

APPROVAL OF RESOLUTION #2019-10, AMENDEMENT OF THE MEMORANDUM OF AGREEMENT BETWEEN CHEFA AND CHEFA

Mr. Kurowski stated that staff recommends amending the Memorandum of Agreement with CHEFA to reflect the additional funds authorized by the CHEFA Board for costs associated with the operation of the Corporation. He explained that the additional language was to update the MOA for the additional funds.

Mr. Lisi requested a motion to approve Resolution #2019-10, Amendment of Memorandum of Agreement with CHEFA. Ms. Hammer moved to approve Resolution #2019-10, which was seconded by Ms. Rubin.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Estela Lopez
Barbara Rubin

NAYS

None

ABSTENTIONS

None

NEW MARKETS TAX CREDIT PROGRAM UPDATE

Mr. Kurowski reported that staff will be presenting to the Chairperson of CHEFA CDC the potential appointment of a new Advisory Board Member, Jay Williams, President of the Hartford Foundation for Public Giving.

Mr. Kurowski reported on the NMTC Program Award Book. On May 23, 2019 the CDFI Fund announced the awards for the CY 2018 New Markets Tax Credit. They awarded \$3.5 billion in NMTC to a total of 73 Community Development Entities (CDE) in 35 different states. He stated that out of the 73 CDE’s only one was located in New England and it was the only one that serves Connecticut and they were awarded \$35 million. Mr. Kurowski reported that of the 73 that were awarded, 16 have state-wide focus areas. A substantial number of them are nonprofits similar to CHEFA CDC.

ADJOURNMENT

There being no further business, at 3:10 p.m., Mr. Lisi requested a motion to adjourn the meeting. Ms. Rubin moved to approve and Mr. Angelini seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Estela Lopez
Barbara Rubin

NAYS

None

ABSTENTIONS

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director