

Minutes  
 Connecticut Housing Finance Authority  
 Board of Directors' Meeting No. 476  
 May 27, 2010

Directors Present: Rolan J. Young, Chairperson of the Board  
 Orest T. Dubno, Vice Chairperson of the Board  
 Jeffrey Freiser  
 Meghan Lowney  
 Joan McDonald, Commissioner of the Department of Economic and  
 Community Development  
 Kimberly Neilson  
 Howard Pitkin, State Banking Commissioner  
 Diane Randall, Chairperson of the Mortgage Committee

Directors Absent: J. Scott Guilmartin  
 Michael Lyons  
 Michael Meotti  
 Denise Nappier, State Treasurer  
 Brenda Sisco, Secretary, State Office of Policy and Management

Rolan J. Young, Chairperson of the Board of Directors (the "Board"), called the meeting to order at 10:10 a.m. in the Boardroom of the Authority's offices, 999 West Street, Rocky Hill, Connecticut.

Ms. Young asked for public comments.

Magda Capo-Chanbunna stated that she is the daughter and legal custodian of a resident at Security Manor in New Britain. She indicated that her mother was diagnosed with a psychological condition. As the legal custodian for her mother, Ms. Capo-Chanbunna indicated that one of her priorities is to ensure that her mother remains in a safe, structured environment. She stated that Security Manor has been a safe environment for her mother. Ms. Capo-Chanbunna expressed concern with potentially losing the affordability of the units at Security Manor. She stated that the alternative for her mother is to be put into a nursing home, which is much more costly in the long-term for the state. Ms. Capo-Chanbunna urged the Board to consider the existing tenants when making a decision about the future of Security Manor. She noted the need to keep people in the community when possible and to ensure that the environment remains safe and affordable.

Delores Hardnett, a resident at Security Manor, mentioned that approximately 48 of the residents at Security Manor are elderly and/or disabled. She expressed concern about displacing these residents and questioned how the disposition of the development will be handled. Ms. Hardnett encouraged the Board to consider the existing tenants when making a decision on what to do with Security Manor. She mentioned some of the amenities at the development for the residents and noted that the development is located on a bus line for those able to use public

transportation. Ms. Randall stated that it is helpful for the Board members to hear directly from residents about the benefits of affordable housing. Ms. Hardnett indicated that the residents pay 30 percent of their income for the housing, and the development is almost fully occupied. Ms. Young stated that it is not CHFA's intention to displace residents, and she urged Ms. Hardnett to contact staff to discuss CHFA's specific plans regarding Security Manor.

Ms. Young asked the Board members to consider the consent agenda items.

Upon a motion made by Mr. Dubno, seconded by Ms. Neilson, the Board members voted unanimously in favor of adopting the following consent agenda items:

- Approval of Minutes: April 29, 2010 meeting
- Reports accepted:
  - 2010 Series C, \$35,000,000 Taxable Bond Issue
  - First Quarter 2010 Financials
  - Monthly Budget Tracking Report
  - Delinquency Report
  - CHFA-Small Properties, Inc.—Windham House, Willimantic, Status
  - CPS Properties, Inc., Corbin Heights, Pinnacle Heights Extension, and Security Manor, New Britain
  - Multifamily Tax-Exempt Bond Financing and 4 Percent Low-Income Housing Tax Credits
  - Multifamily 9 Percent Low-Income Housing Tax Credits
  - 9 Percent Low-Income Housing Tax Credit Status
  - CT FAMILIES, EMAP and HERO Programs

Ms. Young asked for the Finance/Audit Committee report. Mr. Myskowski, CHFA Investment & Debt Management Officer, reviewed the Request for Proposals ("RFP") process for outside auditors. He mentioned that CHFA is required at least once every three years to issue RFPs for certain outside parties with whom CHFA contracts, and it has been approximately three years since an RFP was issued for outside auditors. Under current law, an outside auditor can only serve in that capacity for no more than six consecutive years, and BlumShapiro, CHFA's outside auditor, has conducted financial audits for six consecutive years. Therefore, CHFA must hire a new outside auditor. Mr. Myskowski reviewed the proposed time frame for selecting an outside auditor. The RFP will be distributed in June, the Finance/Audit Committee will review the proposals in July, interviews will be held in August, and a recommendation will be made to the Finance/Audit Committee and Board in August. Mr. Pitkin questioned why the RFP will only appear in two newspapers. Mr. Myskowski indicated that in addition to the Hartford Courant and New Haven Register, the RFP will be published in accounting publications and papers that serve minorities to encourage minority and women-owned participation.

Mr. Bannon, CHFA President – Executive Director, presented the revised resolution regarding authorization to sign documents for third party activities. He stated that the earlier resolution was a long-standing resolution that authorized certain staff to sign on behalf of CHFA for the

purpose of presenting resolutions to parties with whom CHFA contracts to assure that the signer of the document has the authority to sign the documents. Mr. Bannon stated that staff amended the resolution to address concerns raised by the Board with the previous resolution. The Board was concerned with the total number of authorized signatories, and the areas in which the individuals are authorized to sign are too broad. Mr. Bannon explained that the chart attached to the resolution specifies the areas of responsibility for each authorized signatory, and no one area has more than four authorized signatories. Mr. Bannon mentioned that the President – Executive Director and the General Counsel are authorized signatories for all areas of third party activities. Ms. Young thanked staff for their efforts to amend the resolution to address the Board’s concerns.

Upon a motion made by Ms. McDonald, seconded by Ms. Neilson, the Board voted unanimously in favor of adopting the following resolution regarding authorization to sign documents:

**RESOLUTION REGARDING  
AUTHORIZATION TO SIGN DOCUMENTS**

WHEREAS, on October 29, 2003 the Authority adopted a resolution authorizing certain officers of the Authority to sign on behalf of the Authority any and all documents necessary to carry out the purpose and powers of the Authority, including, but not limited to, assignments, deeds, releases, easements, satisfactions and contracts, and financial and budgetary reports; and

WHEREAS, due to a change in the organizational structure of the Authority, it is necessary to amend and restate those officers authorized to sign documents affecting the Authority within designated areas of function.

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

Section 1. The officers of the Authority as designated on the attached signatory authorization chart are hereby authorized to sign on behalf of the Authority any and all documents necessary to carry out the purpose and powers of the Authority, pursuant to designated areas of function described therein including, but not limited to, assignments, deeds, releases, easements, satisfactions and contracts, and financial budgetary reports, provided, authority to sign checks on the Authority’s accounts or to issue bonds of the Authority shall be authorized by separate resolutions.

Section 2. This resolution shall take effect immediately and supersedes the resolution adopted by the Authority on October 29, 2003.

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*See attached Signatory Authorization Chart*

Mr. Myskowski, CHFA Investment & Debt Management Officer, provided an update on the Request for Proposals (“RFP”) process for financial advisor. He mentioned that five firms responded to the RFP. Mr. Myskowski indicated that after discussion with the Finance/Audit Committee and State Treasurer’s office, it was determined that all five firms will be interviewed. He mentioned that the State Treasurer’s office will participate in the interview process. The interviews are tentatively scheduled for Thursday, June 3. A question arose as to whether the Chair of the Finance/Audit Committee will participate with the interviews. Ms. Young stated that any Board members are welcomed to participate in the process. She asked staff to provide the Board with the selection criteria that will be used. Mr. Myskowski referred to the summary of responses and fee comparison for each of the proposals. Ms. Young asked staff for information on how each of the areas would be weighted relative to each other. Ms. Young will discuss this matter further with Mr. Bannon and Mr. Craford. In response to a question about who will participate in the interview process, it was noted that Mr. Bannon, Mr. Craford, Mr. Myskowski and Ms. Sanders from the Treasurer’s Office will participate in the interview process.

Ms. Moores, CHFA Senior Asset Manager, discussed the proposed Investment Trust Account (“ITA”) loan for Trumbull Centre. She mentioned that Trumbull Centre is a mixed-use market rate development in downtown Hartford. Ms. Moores stated that since December 2009, occupancy at the development has improved, and the property is currently about 95 percent leased. Ms. Moores indicated that Salute, the new restaurant tenant, opened for business in February and is reportedly doing well. She mentioned that CHFA staff continues to closely monitor the operating budgets and is meeting with the management agent and parking garage manager to investigate additional budget savings. Ms. Moores explained that in December 2009 staff requested approval for a \$1,027,000 ITA loan to cover the projected 2010 operating budget deficit, and the Board approved a loan of \$513,500 to cover the deficit for six months. She noted that the approved funds have been released on a monthly basis, and the actual operating income and expenses to date are in line with what was projected with only slight variances. Therefore, staff recommends an additional loan of \$513,500 to cover the projected deficit for the rest of 2010. Ms. Randall mentioned that the subsidiary discussed this issue at length and requested further information about this project over the summer, and a recommendation will be made to the Board. Ms. Young noted that CHFA has invested a lot in the project and is in a situation that it does not want to be in. She stated that the market is not very good at this time, and staff was asked to aggressively figure out the best way to move forward both long term and short term. Ms. Young indicated that this issue is being closely monitored by staff. Ms. Moores mentioned that staff is looking at monthly reports for both the apartments and the parking garage and is in close contact with the management agent and parking garage manager to investigate expenses and projections. Mr. Pitkin questioned whether concessions were given to the new restaurant. Ms. Moores indicated that the restaurant was given several free months rent at the beginning of its lease, and now the lease terms are similar to the prior restaurant tenant.

Upon a motion made by Ms. Randall, seconded by Mr. Freiser, the Board voted in favor of adopting the following resolution regarding additional funding for Trumbull Centre, Hartford (Ms. McDonald abstained from the vote):

RESOLUTION REGARDING ADDITIONAL FUNDING  
FOR TRUMBULL CENTRE, HARTFORD, CONNECTICUT

WHEREAS, by resolution adopted November 14, 2001, the Connecticut Housing Finance Authority (the "Authority") authorized financing for Trumbull Centre, a multifamily rental housing development including a parking garage and commercial/retail space in Hartford, Connecticut (the "Development"); and

WHEREAS, by resolution adopted February 26, 2003, the Authority authorized conversion of its mortgage to an equity position to be held by Trumbull Centre-CHFA, Inc., a subsidiary of the Authority (the "Corporation"), and authorized additional financing (the "Loan"); and

WHEREAS, by resolution adopted January 29, 2009, the Authority extended the Loan to December 31, 2011; and

WHEREAS, by resolution adopted December 17, 2009, the Authority extended the Loan to fund operating deficits for the first six months of 2010; and

WHEREAS, the Corporation has requested a loan to fund operating deficits expected for the remaining six months of 2010; and

WHEREAS, the Authority desires to increase the Loan by an amount up to \$513,500 for the projected operating deficit for the remaining six months of 2010 to the Development for the reasons stated;

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

That the Loan be increased by the amount of \$513,500 and provided from the Authority's Investment Trust Account (ITA), or from such other sources and upon such terms and conditions as determined by the President-Executive Director to be in the best interest of the Authority and necessary to secure the Authority's investment.

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Ms. Young stated that a new resolution was provided for Quebec Square. She indicated that the difference between the new resolution and the resolution in the package is that the new resolution authorizes the funding from the Investment Trust Account funds or tax-exempt bond funds. Mr. Wilcock, CHFA Asset Manager I, reviewed the proposed loan for Quebec Square, a Section 8, HUD-insured 57-unit family development in Brooklyn. He mentioned that the property which is managed by the Putnam Housing Authority was substantially rehabilitated in 1981 but is in need of updates and capital improvements. Mr. Wilcock stated that the HUD contract rents are at the maximum for the area. Quebec Square has maintained a positive net operating income for the past five years, but the cash flow is not sufficient to fund capital repairs or improvements. CHFA staff has determined that the property can support a loan in the amount of \$1,350,000, which amount should be adequate to fund the capital needs at the site through

2019. In order to maintain tenant welfare, property preservation and extend the affordability, CHFA recommends a restructure of the loan. Mr. Wilcock discussed the proposed modifications to the loan, which include a new ITA loan. Over the term of the loan, a minimum of \$800,000 will be deposited in the Replacement Reserve. Mr. Wilcock noted that CHFA will work closely with the owner during the rehabilitation bidding process to insure the capital needs are adequate to protect the residents and the property. He indicated that CHFA will not fund the loan if an acceptable improvement plan cannot be implemented.

Upon a motion made by Ms. Randall, seconded by Ms. McDonald, the Board voted unanimously in favor of adopting the following resolution regarding the loan restructure and additional financing for Quebec Square, Brooklyn:

RESOLUTION REGARDING LOAN RESTRUCTURE  
AND ADDITIONAL FINANCING FOR  
QUEBEC SQUARE, BROOKLYN, CONNECTICUT  
CHFA DEVELOPMENT NO. 75-35

WHEREAS, by resolution adopted March 30, 1978, the Connecticut Housing Finance Authority (the "Authority") authorized financing for Quebec Square, a Section 8, HUD-insured 57-unit rehabilitated family housing development located in Brooklyn, Connecticut (the "Development"); and

WHEREAS, the Development desires to obtain additional financing of up to \$1,350,000 from the Authority (the "Loan") to fund capital improvements at the Development as set forth herein and as described in the attached memo; and

WHEREAS, the Authority desires to provide additional financing to the Development for the reasons stated and to restructure the existing mortgage;

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

Section 1. The existing loan shall be restructured for 38 years at a blended rate of 5.830%, equivalent to the existing 7.5% rate, until the original maturity date of June 2019 and then at the rate of 4.0% thereafter.

Section 2. A new loan in the amount of up to \$1,350,000 to fund capital improvements at the Development shall be provided from Investment Trust Account funds or paid or reimbursed from tax-exempt bonds at the interest rate of 4.0% for a term of 38 years or from such other sources and upon such terms and conditions as may be determined by the President-Executive Director to be in the best interest of the Authority and necessary for the development of quality affordable housing; provided, the President-Executive Director may make such determinations including not funding the loan as necessary in the event the funding of capital improvements is not assured. This resolution is intended to meet the requirements as a declaration of official intent for Treasury Regulation 1.150-2.

Section 3. The Authority reserves the right not to restructure the existing loan under Section 1 and not to fund the new loan under Section 2 if the Authority determines that an improvement plan acceptable to the Authority cannot be implemented.

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Ms. Nash, CHFA Senior Mortgage Underwriter, reviewed the proposal regarding the restructured financing for Cityscape Apartments, a scattered-site 74 unit development located in Hartford. She discussed the current terms and conditions of the loan that was approved by the Board in September 2002. Ms. Nash stated that the mortgagor has been current on its mortgage payments since amortization began in 2007, but it was unable to make the April payment. As of May 1, 2010, the mortgagor is 30 days delinquent. Ms. Nash stated that the development has not yet realized anticipated income levels, and the market will not accept higher rents. The operating expenses have increased due to the high vacancy rate, resulting in some delinquent payables and deferred maintenance. Ms. Nash indicated that the mortgagor has requested a long-term, permanent mortgage modification. However, staff recommends temporary relief for a period of five years. Ms. Nash noted that the status of the development and CHFA's mortgage loan would be closely monitored during such time and reassessed at the conclusion of that time period. Ms. Nash discussed the terms and conditions of the proposed loan modification.

Ms. Young asked staff to provide a list of the principals when making presentations so that it is easier for the Board members to determine potential conflicts of interest.

Upon a motion made by Ms. Randall, seconded by Ms. McDonald, the Board voted unanimously in favor of adopting the following resolution regarding the restructured financing of Cityscape Apartments, Hartford:

AMENDED RESOLUTION REGARDING  
RESTRUCTURED FINANCING OF  
CITYSCAPE APARTMENTS, HARTFORD, CONNECTICUT  
CHFA DEVELOPMENT NO. 01012M

WHEREAS, by Resolution adopted September 25, 2002, the Connecticut Housing Finance Authority (the "Authority") authorized construction and permanent financing to Urban Preservation Associates Limited Partnership (the "Mortgagor") for Cityscape Apartments consisting of 74 two- and three-bedroom apartments located in Hartford, Connecticut (the "Development"); and

WHEREAS, the Development's initial closing occurred on April 28, 2004; the Development is complete and fully operational; the final closing has not yet occurred, and the final contribution from the Mortgagor's investor in the amount of \$517,173 to fund an operating escrow to be held by the Authority is conditioned upon the occurrence of the Development's final closing; and

WHEREAS, the Development has not yet realized its anticipated income levels and the market will not accept higher rents; the operating expenses have increased, and

WHEREAS, the Mortgagor, while making its monthly mortgage payments of principal and interest since 2007, was unable to make its April payment and, as of May 1, 2010, was thirty days delinquent; and

WHEREAS, the Mortgagor has requested relief, and the Authority desires to provide temporary financial relief to the Development for the reasons stated and to restructure the existing mortgage;

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

Section 1. The existing loan shall be restructured, and as conditions of the final closing, the Authority requires the following:

1. The final closing of the Authority's mortgage loan shall occur within 60-90 days of the Board's adoption of this Amended Resolution;
2. Within 30 days of the Board's adoption of this Amended Resolution, the Mortgagor's investor shall make a \$45,000 capital contribution to be used by the Mortgagor to fund the Development's operating expenses including the Development's debt service payments;
3. The Mortgagor's investor shall make its final capital contribution in the amount of \$517,173 to fund an operating escrow to be maintained by the Authority for the benefit of the Development at the Development's final closing in accordance with the terms of the Mortgagor's partnership agreement;
4. Retroactive to January 1, 2010, the Mortgagor shall pay 1.0% interest only for a period of five (5) years;
5. During the period from January 1, 2010 through December 31, 2014, all Surplus Cash (as that term is defined in the loan documents), except for up to \$10,000 annually to cover the Mortgagor's organizational expenses (i.e., audit and accounting services) shall be deposited with the Authority and applied to accrued interest. Accrued unpaid interest shall be deferred but not compound and then be added to the outstanding principal balance on January 1, 2015;
6. During the period from January 1, 2010 through December 31, 2014, the Mortgagor's investor shall forego any fees or payments that it may otherwise be due pursuant to the Mortgagor's partnership agreement;
7. Effective January 1, 2015, interest payable by the Mortgagor returns to 5.0% and the then outstanding principal balance of the mortgage loan (inclusive of the deferred but not compounded interest) shall again commence amortizing in accordance with a new 40-year amortization schedule;

8. Effective January 1, 2015, 25% of Surplus Cash, shall be paid to the Authority as additional interest due in accordance with the original terms of the mortgage loan;
9. The unamortized principal balance of the Authority's mortgage loan shall be due at maturity;
10. The Mortgagor shall make good-faith efforts to include permanent supportive housing units in the Development;
11. The Mortgagor shall apply to the Hartford Housing Authority for rental subsidies in the form of permanent project-based Section 8 vouchers;
12. The Mortgagor shall additionally inform the State Department of Social Services ("DSS") that the Development's units are available for families on the DSS waiting list for housing and rental subsidies;
13. Commencing upon final closing, the Mortgagor shall submit quarterly operating statements to the Authority, in addition to the audited Annual Financial Statements, as well as a quarterly report on its efforts to secure programmatic subsidies to include, but not be limited to, permanent supportive housing and project-based Section 8 rental subsidies.

Section 2. The President-Executive Director is authorized to impose any other terms and conditions deemed to be in the best interest of the Authority which is necessary for the development of quality affordable housing and to secure the Authority's investment.

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Mr. Ward, CHFA Administrator of Budget, Planning and Research, discussed the proposed forward allocation of 2011 Low-Income Housing Tax Credits ("Tax Credits"). He noted that the Board had previously indicated the desire to discuss this issue separate from considering individual Tax Credit proposals, and staff is currently processing applications for 9 percent Tax Credits for the 2010 and potentially 2011 round for consideration by the Board in July. Mr. Ward mentioned that in 2009, the Board adopted a resolution authorizing the forward allocation of up to 60 percent of 2010 Tax Credits due to the current economic climate and the extraordinary opportunity to leverage Tax Credits with federal resources. As a result, nine developments were awarded approximately \$10,000,000 in Tax Credits. The forward allocation of 2010 Tax Credits in 2009 leaves approximately \$3,300,000 for allocation in the 2010 round. Mr. Ward noted that staff is in the process of doing a major revision to the Tax Credit Qualified Allocation Plan ("QAP") for 2011 which would include moving the 2011 Tax Credit round to earlier in the year. As a result of the large forward allocation of 2010 Tax Credits in 2009 and the uncertainties with the availability of State and Federal funding, staff recommends: 1) the allocation of the remaining \$3,300,000 in 2010 Tax Credits; and 2) the forward allocation of 2011 Tax Credits to one application which is the next highest ranked 2010 application, provided the forward allocation of 2011 Tax Credits is no more than 50 percent of Tax Credits required pursuant to the application and no more than 10 percent of the 2011 estimated ceiling. Mr. Ward explained some of the advantages of staff's recommendation to leave most of the 2011 credit ceiling available for allocation in 2011 when: 1) improvements in the Tax Credit investment markets may yield higher equity funding levels; 2) the availability of State and Federal funding

is more certain; 3) the QAP will have been rewritten with a simplified scoring system to reflect CHFA's policy priorities; and 4) 2011 will begin with close to a full year's allocation for applications inclusive of potential exceptional priority applications.

Ms. Randall stated that the Mortgage Committee had a lengthy discussion about this issue and generally did not like the resolution. She indicated that the Mortgage Committee felt that the resolution should be presented to the Board for further discussion. She summarized some of the concerns discussed at the Mortgage Committee meeting. Ms. Randall stated that forward committing only 10 percent of the 2011 Low-Income Housing Tax Credits versus the 60 percent that was forward committed in 2009 is too drastic of a change. She stated that CHFA has been able to demonstrate the ability to create jobs and housing with the funds and the Board should consider that when deciding to utilize more federal funding now versus later. Mr. Freiser stated that there has not been unanimous consensus among the Board about forward committing Tax Credits. He stated that some members feel that forward committing is a desirable practice and allows CHFA to utilize federal resources more effectively. Mr. Freiser indicated that forward committing also allows projects to move through the pipeline and meet milestones quicker. He mentioned that the Board authorized a large amount of forward commitment last year because of the need to impact the economy, and the State is still not out of the recession. He opined that going from a \$10,000,000 Tax Credit round down to a \$3,300,000 round undermines the predictability and stability of the program. Mr. Freiser suggested that if the Board decides to reduce the amount to be forward committed, it should be done gradually rather than making a drastic reduction so that there is not such a shock to the system.

Ms. Young stated that last year when a decision was made to aggressively forward commit Tax Credits, there were extraordinary circumstances. She indicated that CHFA took extraordinary measures to deal with extraordinary circumstances, and the circumstances have changed from last year. Ms. Young stated that she did not believe that this practice would continue year after year. The Board asked staff for further input on this issue. Ms. Kovel, CHFA Chief Housing Officer, noted that whatever decision is made, CHFA should clearly communicate to the public its intentions well before the application round. Mr. Ward mentioned that last year was extraordinary because there were additional federal resources available to be leveraged. There was consensus that the Board should make a determination today; and if a reduction is made, it should be gradual. Mr. Dubno questioned whether the Board should consider the specific projects and needs before determining an amount to forward allocate. Ms. Young, referring to the lobbying that occurred last year from applicants, noted the difficulties with the Board making a decision after it has seen the specific projects. Ms. Randall noted that it is likely that all of the projects are being developed based on true need. Ms. McDonald noted the uniqueness of last year with the additional federal funding. She indicated that CHFA and DECD have to make decisions about where to allocate funding and noted that assumptions occur all of the time. Ms. McDonald stated that she would not be in favor of forward allocating to the next project but would be in favor of having the flexibility to reallocate Tax Credits if there is some fall out. She indicated that she would be in favor of allocating somewhere between \$3,300,000 and \$10,000,000. The Board members discussed the possibility of authorizing the forward commitment of 30 percent of the 2011 Tax Credit allocation.

Upon a motion made by Ms. Randall, seconded by Ms. McDonald, the Board voted unanimously in favor of adopting the following amended resolution regarding the forward allocation of 2011 Low-Income Housing Tax Credits:

**RESOLUTION REGARDING FORWARD ALLOCATION OF  
2011 LOW-INCOME HOUSING TAX CREDITS**

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

WHEREAS, the Authority has adopted Procedures (the “Procedures”) for the allocation of low-income housing tax credits (“Tax Credits”) in the State; and

WHEREAS, pursuant to section A-7(d)(5) of the Procedures, with the approval of the Board of Directors, the Authority may commit for reservation a portion of the subsequent year’s estimated population component of the total housing credit ceiling; and

WHEREAS, there is a continued substantial need for affordable rental housing in Connecticut and the development of such housing provides significant additional economic stimulus; and

WHEREAS, the Authority desires to commit for reservation and forward allocation a portion of the 2011 Tax Credits for this purpose as provided herein and in accordance with the attached memorandum;

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

Section 1. That the remaining \$3.3 million in 2010 Tax Credits be allocated.

Section 2. The Board of Directors may commit for reservation and may forward allocate 2011 Tax Credits up to 30% of the 2011 estimated ceiling.

Section 3. The President-Executive Director is hereby authorized to take all actions necessary or desirable to implement the provisions of this resolution consistent with the intent of this resolution and in the best interests of the Authority.

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Ms. Young stated that staff recommends tabling the resolution regarding the loan restructure for Oak Park and Lawnhill Terrace.

Upon a motion made by Mr. Dubno, seconded by Mr. Freiser, the Board voted unanimously in favor of tabling the resolution regarding the loan restructure for Oak Park and Lawnhill Terrace, Stamford.

Ms. Smith, CHFA Community and Program Development Officer, stated that Recap Real Estate Advisors was hired by CHFA to assist with redesigning and rewriting the 2011 Qualified Allocation Plan (“QAP”). She summarized the fundamental principles of the process which were to: provide clear expectations, a commitment to quality and a predictable streamlined process. The draft 2011 QAP is scheduled to be presented to the Mortgage Committee and Board in June. She specifically asked the Board for further input on housing priorities to which points will be awarded. Ms. Smith reviewed the basic framework of the document which includes threshold requirements for all applicants. The framework includes income targets, population targets, economic viability, credit viability, costs, scheduling and sponsor/developer strength. Ms. Smith explained that the proposed changes that would affect the applications include the threshold requirements and the points. She noted that staff proposes increasing the threshold requirements and reducing and clarifying the overall points. The recommended changes that would affect the allocation are the forward allocation policy, exceptional priorities and set asides. Ms. Smith indicated that recommendations are being made to establish a consistent policy regarding forward allocation and to utilize the forward allocation policy on a limited basis. With respect to exceptional priorities, recommendation will be made to clarify and communicate the credit limit and to connect the relationship to the forward allocation policy. Ms. Smith stated that recommendation is also being made to have a set aside for public housing authorities, who would not compete in the general pool. There would also be a separate setaside for the general pool for both non-profit and for-profit developers. Ms. Smith explained that funding for Exceptional Priority projects would be in addition to the amount authorized by the Board for forward allocation of any tax credits. Ms. Smith discussed the enhancements and integration that is proposed. She indicated that staff will be reviewing CHFA’s Procedures regarding underwriting, updating the Standards of Design and Construction, require “normalized” features and update compliance in accordance with federal law, regulation or code.

Based on feedback received during focus group meetings and from the Board over time, Ms. Smith explained the priorities for which points could be awarded, which include: responsible growth, preservation, services, deep income targeting, mixed-income development, firm commitments for financing and/or investment, “green” features and geographic targeting. She indicated that staff would like feedback from the Board on how to prioritize or weigh the proposed priorities. Ms. Smith stated that the feedback will be taken back to the consultant to continue with drafting the 2011 QAP to be presented at the June meetings. Ms. Young noted the absence of some Board members and asked staff to contact the Board members to obtain further input.

Ms. Randall asked staff to define “high density” included under responsible growth. In response to the request, Ms. Smith explained that high density refers to how transit oriented the proposal is to the specific location. Ms. McDonald indicated that the QAP should define transit-oriented to ensure that transit includes other modes of transportation than rail (i.e. bus, etc). Several Board members indicated the desire to give priority to urban centers and for mixed income developments. Ms. Randall asked staff to clarify in the framework that the QAP targets the income band of 50 to 60 percent of area median income or below. Ms. Smith described the definition of mixed-income targeting. She explained that mixed-income includes residents with incomes between 0 and 180 percent of the Area Median Income to include affordable units with market rate units. A suggestion was made to give priority to applications that bring services into

an affordable housing model. Mr. Freiser questioned whether points would be given to applicants that have shorter-term but not long-term commitments for subsidies. Ms. Smith indicated that applicants can qualify for deep-income targeting even if they do not have commitments for 30-year subsidies. Ethan Handelman from Recap Real Estate Advisors indicated the uncertainties with federal commitments and contracts but noted that it has worked with developer commitments to renew contracts or subsidies if they are available for the full extended use of the development. Mr. Freiser raised a discussion about the two categories proposed for set-asides. He questioned whether the set-asides are defined by applicants or by use, and suggested that the language be clarified. Ms. Young thanked staff for their efforts with rewriting the 2011 QAP. Ms. Smith indicated that she will contact the Board members that are absent to get further input.

Mr. Bannon provided the President's report. He emphasized the importance of the legislative process to everything done by CHFA. He acknowledged the diligence, intelligence and integrity of the work performed by Peg Fitzgerald with the legislature. Ms. Fitzgerald, CHFA Legislative Program Officer, provided an overview of 2010 legislation affecting CHFA. She discussed Public Act 10-3, "An Act Concerning Deficit Mitigation for Fiscal Year Ending June 30, 2010" which took \$5,000,000 from the Community Investment Act into the General Fund in fiscal year 2010. CHFA will lose approximately \$1,000,000 as a result. Under Public Act 10-44 "An Act Authorizing and Adjusting Bonds of the State for Capital Improvements and Other Purposes" \$15,000,000 will be made available for Corbin Heights and Pinnacle Heights Extension in New Britain. Ms. Fitzgerald noted that the bill cancels \$10,000,000 of bond authorization under the Office of Policy and Management for the Responsible Growth Incentive Fund. She mentioned that House Bill 5391 "An Act Concerning Quasi-Public Agency Compliance Audits" permits the Auditors of Public Accounts to perform quasi-public agency compliance audits biennially rather than annually. House Bill 5392 "An Act Concerning Non-appropriated Funds and Personnel Status Reports by Quasi-Public Agencies" specifies the financial information that is currently provided by quasi-public agencies to the Office of Fiscal Analysis and requires quasi-public agencies to submit personnel status reports quarterly. Ms. Fitzgerald stated that House Bill 5270 "An Act Concerning Foreclosure Mediation" extends the Foreclosure Mediation Program until July 1, 2010. Public Act 10-75 "An Act Concerning the Recommendation of the Majority Leaders' Job Growth Roundtable" provides \$1,300,000 to the Department of Labor for the mortgage crisis job training program. Under the EMAP program, CHFA is required to make referrals to the program. Ms. Fitzgerald stated that Public Act 10-56, "An Act Concerning Visitable Housing" DECD, in consultation with CHFA, authorizes the establishment of a program that encourages Connecticut developers to build residential homes that are easy for people with disabilities to visit. Senate Bill 302 "An Act Concerning State Funding of Affordable Housing Located in a Five-Hundred Year Flood Plain" allows for the reconstruction, rehabilitation or renovation of state funded housing above the 100 year flood plain based on certain conditions. Ms. Fitzgerald mentioned that Senate Bill 320 "An Act Concerning the Selection of Tenant Commissioners" was vetoed by the governor. She stated that Senate Bill 199 "An Act Concerning the State Plan of Conservation and Development" postpones the deadline for revising the five-year State Plan of Conservation and Development from March 1, 2011 to March 1, 2012. Ms. Fitzgerald stated that efforts will be made to pass legislation in the special session that did not get done during the regular session.

Ms. Whetstone, Chief Operating Officer, provided an update on the draft policy on very low-income construction employment. She mentioned that staff revised the policy and strengthened the language based on recommendations made by the Board. However, outside counsel is looking into whether CHFA has the legal authority to enforce such a policy. Ms. Whetstone mentioned that staff met with the Multifamily Advisory Committee and others to discuss and get feedback on the proposal, and a presentation will be made to the Board in the near future.

Ms. Whetstone provided an update on the strategic planning process. She thanked Ms. Lowney, Mr. Meotti and Mr. Rifkin for their assistance. Ms. Whetstone mentioned that the steering committee is making final revisions to the draft Strategic Plan and will send a copy to the Board for review and discussion by the Board in July. There will be a 30-day public comment period, and it is hopeful that the final Plan can be adopted by the Board in September.

There being no further business to discuss, upon a motion made by Mr. Pitkin, seconded by Ms. McDonald, the Board voted unanimously in favor of adjourning the meeting at 11:50 a.m.

Attachment: *Signatory Authorization Chart*

Connecticut Housing Finance Authority

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John K. Craford, Executive Vice President

**Connecticut Housing Finance Authority  
Signatory Authorization Chart**

**Purpose:** This chart describes management's authorization by function to sign documents affecting the Authority.

Function	President – Executive Director	Executive Vice President	Chief Housing Officer	Treasurer	Chief Administrative Officer	General Counsel
All functions	X					X
<b>Housing Programs:</b>						
Homeownership Programs Origination	X	X	X			X
Multifamily Underwriting Programs Origination	X	X	X			X
Multifamily Asset Management	X	X	X			X
<b>Finance:</b>						
Homeownership & Multifamily Programs Servicing (including Homeownership REOs)	X	X		X		X
Bond, Debt & Investment Management	X	X		X		X
Accounting, Financial Systems, Reporting & Compliance	X	X		X		X
<b>Administration:</b>						
Human Resource Personnel Actions	X					X
Human Resource Management	X	X			X	X
Facility & Administrative Services	X	X			X	X
Information Systems & Services	X	X			X	X