

MINUTES
CPS PROPERTIES, INC. (New Britain Properties)
November 17, 2011

Directors Present: Catherine Smith, Chairperson of CHFA Board and Commissioner of the Department of Economic and Community Development
Anne Foley representing Benjamin Barnes, Secretary, Office of Policy and Management
Michael Lyons, Chairperson of the CHFA Finance/Audit Committee
Barbara McGrath, Chairperson of CHFA Mortgage Committee

Other Board

Member Present: Donald Kirshbaum representing Denise Nappier, State Treasurer

Others Present: Susan Whetstone, Interim President of CHFA and President of CPS Properties, Inc.
Dara Kovel, Vice President of CPS Properties, Inc.
Nancy O'Brien, Vice President of CPS Properties, Inc.
William A. Dickerson, Secretary of CPS Properties, Inc.
Peter Simoncelli, CHFA Senior Mortgage Underwriter
George Rapp, CHFA Senior Asset Manager

Ms. Smith called the meeting of CPS Properties, Inc. (the "Corporation") to order at 8:42 a.m. in the Boardroom of CHFA's offices, 999 West Street, Rocky Hill, Connecticut.

Ms. Smith asked the directors to consider the minutes from the meeting held on October 27, 2011.

Upon a motion made by Ms. McGrath, seconded by Mr. Lyons, the Directors voted unanimously in favor of adopting the minutes of the October 27, 2011 meeting as presented.

Mr. Rapp discussed the proposed request for Investment Trust Account ("ITA") funding for CPS Properties, Inc., which is comprised of Corbin Heights, Pinnacle Heights Extension and Security Manor, New Britain. He mentioned that staff was planning on requesting an ITA loan in December 2011 to offset operating deficits. However, both Corbin Heights and Security Manor sustained damage from fallen trees during the recent snow storm which necessitated the accelerated request. Mr. Rapp stated that Corbin Heights sustained approximately \$60,000 in damages related to the storm, and Security Manor sustained both tree and roof damage in the amount of approximately \$12,000. He indicated that staff initiated a claim with the insurance company, but was notified that the claim does not meet the deductible of \$10,000 per property on insured losses. Mr. Rapp stated that staff is recommending an ITA loan in the amount of \$375,000 for CPS Properties, Inc. to cover operating deficits through April 2012 for Corbin Heights, Pinnacle Heights Extension and Security Manor. He indicated that approximately \$72,000 of the \$375,000 will be used to fund storm damage repairs to Corbin Heights and Security Manor. Mr. Rapp reviewed the terms and conditions of the loan. Ms. Kovel explained that many ITA loans preceded this loan to fund operating deficits and capital improvements. She indicated that the loans are made from CHFA to the subsidiary. Mr. Craford stated that since

there is little expectation that the loans will be repaid, the loans are completely reserved. He noted that this is not a grant, and there are liens on the property.

The Directors asked about the status of the initial closing. At the October meetings, the CHFA Board authorized the conditional extension of the initial closing deadline for Corbin Heights and Pinnacle Heights Extension to January 31, 2012. Ms. Kovel indicated that staff has received some of the information and will be meeting with the developer next week to get an update on their compliance with the conditions of the extension. In response to a question, Ms. Kovel explained that the resolution for CPS Properties requests a loan from CHFA.

Upon a motion made by Ms. Smith, seconded by Ms. McGrath, the Directors voted unanimously in favor of adopting the following resolution regarding additional funding for CPS Properties, Inc., New Britain:

**RESOLUTION REGARDING ADDITIONAL FUNDING FOR
CPS PROPERTIES, INC., NEW BRITAIN, CONNECTICUT**

WHEREAS, CPS Properties, Inc. (the "Corporation") is the owner of certain real property located in New Britain, Connecticut known as Corbin Heights, Pinnacle Heights Extension and Security Manor (collectively, the "Development"); and

WHEREAS, the Corporation requires approximately \$375,000 of additional funds for an anticipated operating deficit and emergency maintenance for the Development; and

WHEREAS, the Corporation desires to obtain a loan of approximately \$375,000 (the "Loan") from the Connecticut Housing Finance Authority (the "Authority") for the purposes herein described.

NOW, THEREFORE, be it resolved by the Board of Directors of the Corporation as follows:

Section 1. The Corporation is authorized and directed to request a loan from the Authority in the amount of approximately \$375,000 to fund expenditures as stated above secured by a mortgage and promissory note at 4% interest, not compounded but accrued to maturity, principal deferred to maturity and having a maturity date co-terminus with prior loans.

Section 2. Each of the officers of the Corporation, acting jointly or independently, is hereby authorized and directed on behalf of the Corporation to:

(i) Execute, make oath to, acknowledge and deliver any and all such orders, directions, certificates, documents, agreements and other instruments and papers required to obtain the Loan;

(ii) Pay or cause to be paid such fees or expenses associated therewith;

(iii) Secure the payment of the Loan by a pledge, mortgage or other security interest in the personal property interests and assets of the Corporation, as applicable; and

(iv) Take or cause to be taken any and all such further action(s) deemed necessary, desirable, appropriate or convenient to carry out the intent of this Resolution and the actions contemplated therein and upon such terms and conditions as determined by the officers of the Corporation to be in the best interest of the Corporation.

Mr. Simoncelli, CHFA Senior Mortgage Underwriter, noted that the Board approved resolutions at the October 27 Board meeting conditionally extending the initial closing deadline for Corbin Heights and Pinnacle Heights Extension to January 31, 2012. He explained that those resolutions require by November 30, 2011 the developer to have: 1) obtained sufficient project-based rent subsidies to meet both State legislation and CHFA debt service coverage requirements and 2) finalized construction costs and achieved balanced sources and uses of funds for each development. In the event those conditions are not met by November 30, 2011, the extension will terminate on December 30, 2011. Mr. Simoncelli stated that the developer is working to achieve those goals.

Mr. Simoncelli mentioned that at the end of October, the developer and the Hospital for Special Care signed a Letter of Intent ("LOI") establishing parameters for the transfer of approximately 3 acres of land that abuts the Hospital for Special Care. The transfer is subject to the satisfaction of requirements to comply with State legislation, the housing revitalization plan that was approved by Commissioner Smith of the Department of Economic and Community Development and CHFA's prerequisite that the use of the land is compatible with residential housing. Mr. Simoncelli stated that a meeting has been scheduled with representatives from CHFA, the Hospital for Special Care and the developer to discuss the process and move forward with the transfer. In response to a question, Mr. Simoncelli stated that staff is not fully aware of the Hospital for Special Care's plans for the 3-acre parcel of land. Ms. Kovel mentioned that CHFA will have the sole discretion to approve the use of the 3-acre parcel of land through a deed restriction. Mr. Simoncelli further explained that earlier this month CPS Properties, Inc. received written notice from the Hospital for Special Care that it plans to construct within the confines of its existing property a building to serve children with autism. The Board requested a copy of the letter from the Hospital for Special Care and also requested a copy of the terms of the conveyance in the LOI for the 3-acre parcel of property that abuts the Hospital for Special Care.

There being no further business to discuss, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 8:48 a.m.