

Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 491
November 17, 2011

Directors Present: Catherine Smith, Chairperson of CHFA and Commissioner of the Department of Economic and Community Development
Orest T. Dubno, Vice Chairperson of the Board
Anne Foley representing Benjamin Barnes, Secretary, State Office of Policy and Management
Jeffrey Freiser
J. Scott Guilmartin
James Heckman representing Howard Pitkin, State Banking Commissioner
Donald Kirshbaum representing Denise Nappier, State Treasurer
Meghan Lowney
Michael Lyons, Chairperson of the CHFA Finance/Audit Committee
Barbara McGrath, Chairperson of the CHFA Mortgage Committee
Kimberly Neilson

Director Absent: Michael Meotti

Ms. Smith called the meeting of the Connecticut Housing Finance Authority ("CHFA") to order at 10:00 a.m. in the Boardroom of the CHFA's offices, 999 West Street, Rocky Hill, Connecticut.

Upon a motion duly made and seconded, the Board members voted unanimously in favor of going into executive session at 10:01 a.m. to receive the report of the Executive Director Search Committee.

The Executive Session ended at 10:48 a.m., and the regular meeting of the Board resumed at 10:50 a.m.

There were no public comments.

Ms. Smith asked the Board to consider the items on the consent agenda. Mr. Freiser requested that the report for CPS Properties, Inc. be removed from the consent agenda for discussion.

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

- Approval of Minutes:
 - October 27, 2011 Board Minutes

Adopted: December 15, 2011

- Reports accepted:
 - NIBP Bond Issue (Single Family)
 - State Supported Special Obligation Bond Issue (EMAP)
 - Monthly Tracking Report
 - Delinquency Report
 - Housing Tax Credit Contribution (HTCC) Program Schedule
 - Single-Family Special Programs
 - Federal Emergency Homeowners' Loan Program
 - Emergency Mortgage Assistance Program

Mr. Lyons provided the Finance/Audit Committee report. He stated that the Finance/Audit Committee reviewed all the reports presented and spent a great deal of time discussing the proposed Budget and Plan of Operations for 2012. Mr. Lyons asked Mr. Myskowski, CHFA Investment and Debt Management Officer, to discuss the proposed authorization to commence preparations for the 2011 Series G Bond Issue. Mr. Myskowski indicated that the sale would provide tax-exempt bond financing for two multifamily developments in New Haven: 1) River Run Apartments, an elderly 140 unit Section 8 apartment complex that was approved by the Board in October; and 2) West Village Apartment, a mixed-use property requesting construction financing for the purchase of the residential portion of the property and for substantial rehabilitation, resulting in 127 supportive housing apartments. He mentioned that the West Village Apartment proposal was presented to the Mortgage Committee this morning and will be presented to the Board later on the agenda. Mr. Myskowski stated that in order to achieve economies of scale, the bonds for these projects will be sold in conjunction with other CHFA bonds.

Upon a motion made by Mr. Dubno, seconded by Ms. McGrath, the Board members voted in favor of adopting the following resolution regarding the commencement of preparations for the 2011 Series G Bond Sale (Mr. Kirshbaum and Ms. Foley were not present for the vote):

RESOLUTION FOR THE COMMENCEMENT OF NECESSARY
PREPARATIONS FOR THE 2011 SERIES G BOND SALE
HOUSING MORTGAGE FINANCE PROGRAM

WHEREAS, in order to maintain continuity of the Authority's Housing Mortgage Finance Program, it is appropriate to obtain additional funds from a bond sale;

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

1. The President-Executive Director of the Authority (the "President-Executive Director") and staff are hereby authorized to continue the Authority's Housing Mortgage Finance Program by way of a bond sale.

2. The timing of such bond sale shall be determined in coordination with the State Treasurer's Office.

3. The bond sale shall be in an amount not to exceed \$20,000,000 for the Housing Mortgage Finance Program Bonds, 2011 Series G (the "Bonds"), which shall be issued in subseries as federally taxable bonds and/or as federally tax-exempt bonds under the Internal Revenue Code of 1986, as amended (the "Code"), or other applicable federal tax law.

4. The Bonds shall be sold on a negotiated basis.

5. The President-Executive Director is hereby authorized to set the date for receipt of the offer from the underwriter(s) or other purchaser(s) (the "Purchasers") to purchase the Bonds.

6. The President-Executive Director is hereby authorized to execute and cause to be delivered appropriate documentation, including without limitation a Preliminary Official Statement and Underwriting Commitment, to adopt the expectations, beliefs, assumptions and representations expressed and made on behalf of the Authority in the Official Statement of the Bonds (the "Official Statement") and to execute and deliver the Official Statement.

7. The President-Executive Director is hereby authorized both (a) to receive the offer presented by the Purchasers and (b) to make a formal award of the Bonds to the Purchasers and execute a Contract of Purchase, provided the President-Executive Director may make such award only if the net interest cost on the tax-exempt portion of the Bonds does not exceed the Bond Buyer Revenue Bond Index published most recently prior to the award by more than 50 basis points.

8. The President-Executive Director and staff of the Authority are hereby authorized to negotiate an interest rate swap agreement(s) with a counterpart(ies) that meets the requirements of the General Bond Resolution and is satisfactory to the President-Executive Director in conjunction with the 2011 Series G bond sale (the "Swap"). The President-Executive Director is hereby authorized to approve, execute and deliver all documents necessary to consummate the Swap, provided the Swap results in a net interest rate savings to the Authority of not less than 20 basis points of the Swap portion or in the best interest of the Authority, as determined by the President-Executive Director. The President-Executive Director is hereby authorized to make such changes, additions, deletions, modifications and amendments to the Swap and other related documents as may be necessary or desirable and in the best interests of the Authority, and not inconsistent with this authorization.

9. The Authority hereby adopts the Series Resolution Authorizing the Issuance of not more than \$20,000,000 Housing Mortgage Finance Program Bonds, 2011 Series G (the "Series Resolution") and hereby authorizes all necessary transfers from the Capital Reserve Fund in accordance with Section 513(8) of the General Bond Resolution

on December 1 to the Section 506 account for the purpose of redeeming bonds and the President-Executive Director is hereby authorized to take whatever other action is necessary to carry out such sale including, without limitation, determining the amount of fixed rate, variable or convertible option bonds and to make such changes, additions, deletions, modifications and amendments to the Series Resolution as may be necessary or desirable and in the best interest of the Authority and not inconsistent with the authorization contemplated at this meeting.

10. The President-Executive Director is hereby authorized to have the Bonds prepared and to execute and authorize the delivery of the Bonds to the Purchasers upon receipt of the purchase price thereof plus accrued interest, if any, and to pay to any underwriter the underwriters' fee and/or discount and expenses and to do and perform all acts and things and execute any and all documents in the name of the Authority, necessary, useful or convenient to the issuance and sale of the Bonds by the Authority. The Bonds shall bear such rates and maturities, and sinking fund installments shall be made as set forth in the Official Statement and the Series Resolution.

11. The Bonds shall be executed by the manual or facsimile signatures of the Chairperson, Vice Chairperson, Chairperson of the Finance/Audit Committee, or the President-Executive Director of the Authority, and the official seal of the Authority or a facsimile thereof shall be affixed, impressed or imprinted on the Bonds and attested by the manual or facsimile signature of the President-Executive Director or another duly Authorized Officer of the Authority.

12. The President-Executive Director is authorized to establish the interest rate on mortgage loans financed with the proceeds of the Bonds ("Proceeds"), provided that such interest rate shall not exceed that which is permitted or authorized under the Code.

13. The Proceeds are to be used to make new single and/or multi-family mortgages including River Run Apartments and West Village Apartments and/or refund current and future maturities of outstanding bonds and/or to refund prepayments.

14. U.S. Bank Trust National Association is hereby authorized to act as Paying Agent and U.S. Bank Trust National Association is hereby authorized to act, if required, as Tender Agent.

15. The Authority may make or finance, on an interim basis, certain mortgage loans, which costs are reasonably expected to be paid or reimbursed with the proceeds of debt to be incurred by the Authority in the maximum amount of \$20,000,000 and with respect to any such expenditures, this resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the Treasury Regulations.

16. The President-Executive Director is hereby authorized to issue a certification as to the Authority's reasonable expectations regarding the amount and use

of the Proceeds as described in Section 1.148-2(b)(2) of the Treasury regulations relating to Section 148 of the Code on the date such certificate is issued.

17. In the event the President-Executive Director is unable to act in accordance with this resolution or otherwise, then the Executive Vice President or Treasurer is hereby authorized to carry out all necessary functions to consummate the sale of the Bonds. In the event the Executive Vice President or Treasurer is unable to act in accordance with this resolution or otherwise, then a committee of not less than three (3) members of the Board of Directors, at least one of whom shall not be a state employee, is hereby authorized to carry out all necessary functions to consummate the sale of the Bonds (the "Sale Committee"). If neither the Chairperson nor the Vice Chairperson of the Authority is able to attend, then the Chairperson of the Finance/Audit Committee shall be the Chairperson of the Sale Committee, and if he is unable to attend, then the Chairperson of the Mortgage Committee shall be the Chairperson of the Sale Committee, and if neither of them is able to attend, the Chairperson or Vice Chairperson of the Authority shall designate a Chairperson of the Sale Committee.

18. The President-Executive Director is hereby authorized to change the series designation of the Bonds and/or any other of the Authority's bonds and to change the selected bond underwriting firms as necessary and in the best interest of the Authority.

19. The Bonds shall be delivered jointly under the General Bond Resolution with the issuance of bonds under the Authority's Housing Mortgage Finance Program, and the President-Executive Director is hereby authorized to determine which Housing Mortgage Finance Program bond financing(s) will include the delivery of the Bonds. The bond underwriting team(s) (and selling group) approved in connection with such Housing Mortgage Finance Program financing(s), subject to such changes as are permitted by the resolutions approving such Housing Mortgage Finance Program bond financing(s), is hereby approved as the bond underwriting team(s) (and selling group) for the issuance of the Bonds.

Mr. Lyons stated that the Finance/Audit Committee discussed the Proposed 2012 Budget and Plan of Operations and was asked to consider two resolutions. The first resolution authorizes staff to make decisions on small and emergency loans up to \$250,000 per loan from the Investment Trust Account not to exceed an aggregate of \$2,500,000 per year. Mr. Lyons noted that the Finance/Audit Committee discussed a recommendation to differentiate the loans between multifamily and individual homeowners but decided to recommend that staff be allowed the flexibility to make loans to both multifamily owners and individual homeowners as needed. Staff will report on the loans made, and the Board can decide to make changes as necessary. Mr. Lyons stated that the Finance/Audit Committee recommends the approval of the resolution regarding the small and emergency loan authorization. It was noted that in the event more than \$250,000 is needed for a loan, a special meeting of the Board would be required. Mr. Guilmartin expressed some concern with providing loans to individual homeowners. Mr. Craford explained that on rare occasion it is necessary to provide a CHFA single-family borrower with a small loan to protect CHFA's investment and/or help a CHFA borrower in an

emergency situation. A suggestion was made to clarify in the resolution that the small single-family loans are only for CHFA borrowers.

A discussion ensued on the intent of the use of the funds for the multifamily program. After a discussion on the issue, there was general consensus that the funds for multifamily can be used for any multifamily project and does not have to be limited to CHFA borrowers. The Board discussed how to amend the language in the resolution to clearly indicate the intention of the use of the funds. Mr. Guilmartin expressed concerns with delegating such authority without having clear guidelines. Mr. Dubno noted that the Board requested that a resolution be drafted to delegate authority to staff to make these types of small loans. The Board asked staff to provide a list of the loans for the last several years that would have fit the parameters identified.

Upon a motion made by Mr. Lyons, seconded by Ms. McGrath, the Board members voted in favor of adopting the following resolution regarding Small and Emergency Loan Authorization:

**RESOLUTION REGARDING
SMALL AND EMERGENCY LOAN AUTHORIZATION**

WHEREAS, in order to enhance efficiency and improve responsiveness to its borrowers, the Board of Directors of the Connecticut Housing Finance Authority (the "Authority") desires to authorize a loan review committee of executive staff of the Authority to approve small and emergency loans as provided herein.

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

Section 1. The executive staff loan review committee composed of the President-Executive Director, the Executive Vice-President and the Chief Housing Officer of the Authority (the "Committee"), is hereby authorized to approve small and emergency loans to **multifamily borrowers** and to **CHFA single-family borrowers** not to exceed \$250,000 per loan.

Section 2. Loans shall be made from available Investment Trust Account funds not to exceed in the aggregate \$2,500,000 per year.

Section 3. Approvals shall be limited to one loan per **multifamily development or CHFA single-family borrower** per year and shall be made upon such terms and conditions as determined by the Committee to be in the best interest of the Authority and necessary to secure the Authority's investment.

Section 4. All approvals shall be reported to the Board of Directors on a regular basis.

Mr. Lyons stated that the Finance/Audit Committee members reviewed the Proposed 2012 Budget and Plan of Operations. He mentioned that at the November 3, 2011 Special Finance/Audit Committee meeting, a number of questions were asked, and staff addressed those questions and made some changes to the budget presentation. Mr. Ward, CHFA Administrator of Planning and Research, summarized the changes made to the budget presentation. He explained that the chart listing CHFA's bond issuance was amended to include 2009, 2010 and 2011, and columns were added to show the volume cap, carryforward issued and the total bonds issued in each of the respective years. Mr. Ward mentioned that the carryforward anticipated for 2011 may change to approximately \$141,000,000 rather than \$129,076,662 and does not include any additional reallocation of state carryforward from the Office of Policy and Management. Mr. Ward stated that a new chart was provided showing the carryforward and home mortgage program funding for 2012 through 2014. He noted that the assumptions on the home mortgage program funding assume the current practice of allocating the annual tax-exempt bond volume cap for multifamily and the State's Long-Range Housing Plan of purchasing 2,750 single-family mortgages annually. Mr. Ward stated that based on those assumptions there will be sufficient resources in 2012 to meet the state single-family mortgage purchases. However, in 2013 and 2014, there will be a shortage of tax-exempt bond authority to meet the annual goal.

Mr. Ward stated that the charts showing the goal for multifamily rental homes has been amended to represent only those affordable rental homes that will be financed by CHFA. The supportive housing units and the state-funded housing portfolio moderate renovation initiative funded from non-CHFA financing resources have been removed from the goal. He mentioned that the Finance/Audit Committee asked staff to examine options for increasing externally funded capital and/or operating subsidies to allow an increase in rental homes to be financed above the 600 units specified in the 2012 annual budget. Mr. Ward stated that the proposed resolution adopting the budget was amended to indicate that in the event externally funded capital and/or operating subsidies become available the goal and amount allocated in the 2012 annual budget shall be increased commensurate with such availability.

Ms. Whetstone mentioned that although CHFA intends to hold the 9 percent low-income housing tax credit round in the fall of 2012, which is intended to generate approximately 550 to 600 units, the reservations will not be made until 2013 and will be included in the 2013 goals. She thanked Ms. Foley for pushing CHFA to increase its multifamily goal. Ms. Whetstone stated that staff will work with Ms. Foley to determine whether additional subsidies can be identified so that CHFA's goal can be increased to a more aspirational level. In response to a question about a target for the increase, Ms. Foley indicated the desire to utilize as much of the \$203,000,000 of volume cap allocation as possible for multifamily for 2012. Ms. Smith suggested using the average number of multifamily housing units financed by CHFA over the last several years as the goal for 2012 and then determining how to solve the problem of getting gap subsidies. A suggestion was made to further clarify the language in the resolution to indicate that the goal for multifamily rental home financing shall be increased.

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Mr. Ward stated that the plan of operations chart was amended to include program activities related to CHFA staff support and/or administration of supportive housing and the state-funded housing portfolio.

Ms. Smith left the meeting at this time.

Ms. Whetstone explained the question that arose at the November 3, 2011 Special Finance/Audit Committee meeting about temporary employees. She stated that when the 2011 budget was prepared, there was no consideration of hiring temporary employees for the Federal Emergency Homeowners' Loan Program ("FEHLP"). The estimated actual costs for temporary employees for the Emergency Mortgage Loan Program ("EMAP") and FEHLP for 2011 are \$1,714,500, and the total estimated actual costs for temporary employees for 2011 are \$1,862,200. A majority of the temporary expenses for FEHLP in 2011 was a direct charge to the federal grant. The costs for temporary employees for EMAP and FEHLP for 2012 are anticipated to be \$980,200 and will be carried in the CHFA operating budget. Ms. Whetstone indicated that there will be a need for temporary staff in 2012 to perform the recertifications and service the loans. Mr. Craford noted that CHFA was recognized by the federal government and received additional funding because it had the staffing and mechanisms in place to get the federal funding out within such a short time frame. It was noted that the total net revenues projected for 2012 are \$9,700,000. In response to a question, Diane Smith, CHFA's Program Development Officer, stated that the proposed allocation of Community Investment Account Funds is for the 2011 budget and not the 2012 budget.

Upon a motion made by Mr. Guilmartin, seconded by Mr. Kirshbaum, the Board members voted in favor of adopting the following amended resolution regarding the 2012 Budget and Plan of Operations (Ms. Smith was not present for the vote):

**RESOLUTION REGARDING THE ADOPTION OF
THE ANNUAL BUDGET AND PLAN OF OPERATIONS FOR 2012**

WHEREAS, Section 709 of the General Housing Mortgage Finance Program Bond Resolution (the "Resolution") requires the Authority to adopt an Annual Budget and Plan of Operations covering its fiscal operations for the succeeding calendar year not later than December 1 and file the same with the Trustee; and

WHEREAS, the Board may at its discretion amend said budgets from time to time;

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

Section 1. The attached 2012 Annual Budget and Plan of Operations is hereby adopted.

Section 2. The staff is directed to examine options for increasing externally funded capital and/or operating subsidies which can allow an increase in rental homes to be financed above the 600 units specified in the 2012 annual budget.

Section 3. In the event externally funded capital and/or operating subsidies become available the goal and amount allocated in the 2012 annual budget for **multifamily rental homes** to be **financed** shall be increased commensurate with such availability.

Ms. McGrath provided the Mortgage Committee report. She mentioned that the Mortgage Committee recommends that the Board consider the resolutions regarding the financing of West Village Apartments, New Haven, the allocation of Community Investment Account funds, and additional funding for CPS Properties. Ms. McGrath asked Ms. Gooden, CHFA Senior Mortgage Underwriter, to discuss the resolution regarding the financing of West Village Apartments. Ms. Gooden explained that West Village Limited Partnership is requesting authorization for CHFA to provide \$7,900,000 in tax-exempt bond construction only financing to preserve 127 units of supportive housing. She mentioned that West Village Apartments is a historically designated, mixed-use property that contains supportive housing apartments, the main offices, program space and athletic facilities of Central Connecticut Coast YMCA. The Central Connecticut Coast YMCA plans to separate the commercial and residential operations by creating commercial condominiums that would separately acquire and operate each component of the building. Ms. Gooden stated that West Village Limited Partnership would acquire the residential portion of the building and perform a substantial rehabilitation of the apartments and ancillary common space, including separating the mechanical systems, installing energy efficient building systems, creating larger apartments and modernizing finishes and fixtures. When completed, there will be a total of 127 supportive housing units, and 55 current small apartments will be converted to 34 larger more market competitive apartments. Ms. Gooden stated that no residents will be displaced as a result of the unit reduction, and the affordability would be extended by 38 years. She reviewed the terms and conditions of the loan. Mr. Kirshbaum noted that the original mortgage on the property which was acquired by CHFA from the Department of Economic and Community Development has been written down. He stated that the proceeds from the new loan will not be used to pay down the original loan but allows CHFA to save the property and the affordable housing units. Mr. Craford added that the current proposal enhances the value of the property.

Upon a motion made by Mr. Dubno, seconded by Ms. Lowney, the Board members voted in favor of adopting the following resolution regarding the financing of West Village Apartments, New Haven (Ms. Smith was not present for the vote):

RESOLUTION REGARDING FINANCING OF
WEST VILLAGE APARTMENTS, NEW HAVEN, CONNECTICUT
CHFA DEVELOPMENT NO. 10-007M

WHEREAS, West Village Limited Partnership (the “Proposed Mortgagor”) has applied to the Connecticut Housing Finance Authority (the “Authority”) for construction financing for acquisition and rehabilitation of West Village Apartments, 148 units of supportive housing located in New Haven, Connecticut (the “Development”) which is subject to an existing mortgage acquired by the Authority from the Department of Economic and Community Development (the “Existing Mortgage”); and

WHEREAS, the Proposed Mortgagor is proceeding in a manner satisfactory to the Authority.

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

Section 1. The Authority is authorized to provide construction mortgage financing as follows:

a. A first mortgage construction loan in the approximate amount of \$7,900,000 for the construction period only at a rate of 5.75% for a minimum of one (1) year provided that the average outstanding balance throughout the one-year term is 75% of the full loan amount; if the average balance is not maintained throughout the term of the loan, the interest rate will be 6.25%. The Authority will fund this loan from the proceeds of Tax-Exempt Bonds or from such other sources and with terms and conditions as determined by the President – Executive Director to be in the best interest of the Authority. With respect to any such expenditures, this Resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the United States Treasury regulations.

Section 2. The term of the Existing Mortgage be extended to June 30, 2061.

Section 3. The Authority’s commitment to provide construction mortgage financing shall be conditioned upon the following:

1. The Authority’s acceptance and approval of the proposed condominium structure including all documentation;
2. The Authority’s acceptance and approval of the capacity of the Proposed Mortgagor’s Tax Credit Equity Investor;
3. All governmental approvals for the Development be in place;
4. The Authority’s confirmation of the Proposed Mortgagor’s receipt of annual 4% Low-Income Housing Tax Credits (“LIHTC”) that will provide

net syndication proceeds in the approximate amount of \$4,835,000 or that the Proposed Mortgagor produce comparable funds from other sources with terms and conditions satisfactory to the Authority;

5. The Authority's confirmation of the Proposed Mortgagor's receipt of Federal Historic Tax Credits ("HTC") that will provide net syndication proceeds in the approximate amount of \$2,400,000 or that the Proposed Mortgagor produce comparable funds from other sources with terms and conditions satisfactory to the Authority;
6. The Authority's confirmation that the Proposed Mortgagor has received a firm commitment for construction and permanent financing for the Development from the State Department of Economic and Community Development ("DECD") in the approximate amount of \$4,100,000 to complete the Development or that the Proposed Mortgagor produce comparable funds from other sources and with terms and conditions acceptable to the Authority;
7. The Authority's confirmation that the Proposed Mortgagor has closed on construction and permanent leasehold financing for the Development satisfactory to the Authority, from The Community Builders, Inc. in the approximate amounts of \$3,000,000 and \$2,100,000 respectively, or that the Proposed Mortgagor produce comparable funds from other sources with terms and conditions satisfactory to the Authority;
8. Documentation satisfactory to Authority evidencing the restructuring by Howe Street Limited Partnership of the Authority's Existing first mortgage in the original principal amount of approximately \$4,130,189, having an existing balance of approximately \$8,000,000 upon terms and conditions acceptable to the Authority;
9. The Authority's confirmation that the Proposed Mortgagor has closed on construction leasehold financing for the Development satisfactory to the Authority from Guilford Savings Bank in the amount of \$400,000, and also received a direct grant in the amount of \$400,000 from Federal Home Loan Bank of Boston, or that the Proposed Mortgagor produce comparable funds from other sources with terms and conditions satisfactory to the Authority;
10. The Authority's acceptance and approval of the terms and conditions of seller financing in the approximate amount of \$710,000 or that the Proposed Mortgagor produce comparable funds from other sources with terms and conditions satisfactory to the Authority;
11. The Authority's receipt of assignments of the Proposed Mortgagor's financing commitments in a form and content acceptable to the Authority;
12. The Authority's confirmation of the Proposed Mortgagor's receipt of commitments satisfactory to the Authority such that the total of the Sources and Uses of funds for the Development are in balance;

13. The Authority's acceptance and approval of the Development's final construction costs, plans and specifications;
14. The Authority's acceptance and approval of documentation regarding hazardous waste testing at the Development and, if applicable, removal and disposal;
15. The Authority's acceptance and approval of the Development's proposed operating income and expenses;
16. The Authority's acceptance and approval of the Development's proposed property management organization and related documents;
17. The Authority's acceptance and approval of independent "as-is" and "as developed" appraisals and a market acceptance analysis for the Development;
18. The Authority's acceptance and approval of all proposed ground leases or other lease arrangements of the property on which the Development is to be constructed; and
19. The Authority's acceptance and approval of a written agreement between the Proposed Mortgagor and the City of New Haven for an annual payment in lieu of taxes for the Development with terms that are consistent with the Authority's underwriting information.

Section 4. The terms and conditions herein may be modified or supplemented as determined by the President-Executive Director to be in the best interest of the Authority and necessary for the development of quality affordable housing.

Section 5. Failure to provide any of the above referenced requirements in a form acceptable to the Authority by March 1, 2012 shall render this Resolution void and of no further effect, provided, upon good cause shown, the President-Executive Director may extend the time for compliance.

Diane Smith discussed the background of the Community Investment Account ("CIA") which was established through the legislature in 2005. She mentioned that the proceeds from the CIA are distributed amongst four different agencies, including CHFA, for community investment activities. Since CIA was established, CHFA has invested more than \$20,000,000 of CIA funds in housing activities. Ms. Smith reviewed some of the housing activities that have been funded with the CIA funds. Ms. Smith stated that CHFA's 2011 Budget and Plan of Operations projected the availability of \$2,300,000 of CIA funds for multifamily housing activity. She noted that the funds are distributed quarterly, and the actual amount collected is not determined until the end of the calendar year. Ms. Smith stated that the proposed resolution authorizes the President – Executive Director to allocate funds received from CIA in 2011 for a variety of housing activities. She explained that in support of the governor's First Five Employee Housing Initiative,

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staff recommends that a large portion of the CIA funds be allocated to establish an incentive program for new employees of identified companies to live in or near the community where they work. Ms. Smith stated that CHFA is working with DECD to develop components of the program. She mentioned that there have also been discussions with the Department of Agriculture about offering fresh fruit and vegetables at developments. Ms. Smith talked about the Connecticut Main Street Program that establishes pilot projects using the proven Main Street model of Place Based Economic and Community Development and encourages mixed-use and mixed-income housing opportunities. Ms. Smith described the rural/suburban technical assistance that is provided to smaller towns that are interested in learning about or developing affordable housing. She discussed the Housing Authority Small Improvement Program to provide funds to developments that improve the quality of life for residents. A suggestion was made to delete the language in the resolution authorizing the President to select the programs which, in the aggregate, commit the majority of funds available in the event sufficient funding is not available as described.

Mr. Freiser stated that the Mortgage Committee members were very excited with the new initiatives and offered some guidance to staff with respect to the farmers market and CT Main Street. He noted, however, that CHFA's funds should be used strictly for affordable housing purposes consistent with its mission and the state housing policies. Mr. Freiser noted that there was also a discussion and a suggestion made at the Mortgage Committee meeting to look into utilizing some of the CIA funds to help alleviate the need for the Authority's Projects and Tenants Support Program for the state housing portfolio.

Upon a motion made by Mr. Freiser, seconded by Ms. Lowney, the Board members voted in favor of adopting the following amended resolution regarding the allocation of Community Investment Account Funds (Ms. Smith was not present for the vote):

**RESOLUTION REGARDING ALLOCATION OF
COMMUNITY INVESTMENT ACCOUNT FUNDS**

WHEREAS, pursuant to Connecticut General Statutes section 4-66aa, (the "Statute") the Connecticut Housing Finance Authority (the "Authority") receives a distribution of funds from the Community Investment Account of the General Fund; and

WHEREAS, the Authority uses the funds to supplement new or existing affordable housing programs in accordance with the Statute; and

WHEREAS, the Authority desires to allocate the funds received in 2011 for the purposes as described herein;

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

Section 1. The President-Executive Director is hereby authorized to allocate funds received from the Community Investment Account in 2011 to supplement new or existing affordable housing programs as described in the memorandum from Diane L. Smith, Program Development Officer, attached hereto.

Section 2. The President-Executive Director is authorized to allocate the available CIA funds, to provide funding to the housing initiatives described in the attached memorandum and/or to the programs that provide training and/or other capacity-building tools to non-profit developers, communities or owners of mixed-used and multifamily properties, in their efforts to create affordable housing or programs which support and enhance the quality of life for the residents of affordable housing to the extent that the funds allow.

Section 3. In accordance with Section 2 hereof, the President-Executive Director is hereby authorized to allocate funds to any or all of the following:

First Five Employee Housing Initiative
CT Main Street
Department of Agriculture/PHA Farmer's Market
Housing Authority Small Improvement Program ("HATS OFF")
Rural & Suburban Technical Assistance Program

Section 4. The President-Executive Director is hereby authorized to allocate funding as described herein to the extent of available funds. In the event insufficient funds are available to allocate as described herein, then the President-Executive Director is hereby authorized to make such determinations for the purposes described herein as necessary or desirable to commit the available funds.

Section 5. The President-Executive Director is hereby authorized to take all actions consistent with this resolution and the applicable state statute to allocate funds as described herein and to select programs and use of Community Investment Account funds that are in the best interest of the Authority.

Mr. Rapp, CHFA Senior Asset Manager, discussed the recommendation for an Investment Trust Account ("ITA") loan to CPS Properties, Inc. He explained that staff anticipated 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, necessitating the acceleration of the 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. It was noted that the subsidiary and the Mortgage Committee recommend the approval of the loan.

Upon a motion made by Ms. Lowney, seconded by Ms. Foley, the Board members voted in favor of adopting the following resolution regarding additional funding for CPS Properties, Inc. (Ms. Smith was not present for the vote):

RESOLUTION REGARDING ADDITIONAL FUNDING FOR
CPS PROPERTIES, INC.
CHFA DEVELOPMENT NO. 04004D

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 Authority desires to provide funds to the Corporation for the reasons stated.

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

Section 1. The Authority is authorized to provide financing in the approximate amount of \$375,000 from the Authority's Investment Trust Account ("ITA") at a deferred interest rate of 4% per annum until maturity co-terminus with prior ITA loans, 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.

Section 2. Failure to complete this transaction by March 1, 2012 shall render this Resolution void and of no further effect, provided, upon good cause shown, the President-Executive Director may extend the time for compliance.

Mr. Freiser mentioned that he requested that the report on CPS Properties be taken off the consent agenda. He noted that at the Mortgage Committee meeting there was a discussion about the transfer of the approximate 3 acre parcel of land adjacent to the Hospital for Special Care and the potential costs for demolition of structures being part of the negotiations. Mr. Freiser indicated that there seems to be some inconsistencies with the interpretation of the statutory and governing documents regarding the terms of the transfer. Mr. Freiser suggested that CHFA maximize benefits for housing purposes in negotiations regarding the transfer of the 3-acre portion of Corbin Heights.

Ms. Whetstone provided the President's Report. She recognized and thanked staff that participated in the Banking Commissioner's Foreclosure Assistance Event held on Tuesday, November 16. She noted that the event provided an opportunity for CHFA to advertise EMAP. Ms. Whetstone recognized Ms. Foley and Mr. Kirshbaum who were instrumental in securing expedited authorization for the state to provide debt service to allow CHFA to issue bonds quickly to support an additional \$20,000,000 in EMAP loans. She thanked the Board for supporting the 2012 Budget and Plan of Operations. Ms. Whetstone noted the work done by staff putting the proposed budget together. She stated that she feels confident that staff will be able to deliver the promises made in the budget. Ms. Whetstone thanked Ms. Foley and Ms. Smith for encouraging staff to think creatively. She stated that staff will be asking the Board for assistance with seeking federal support for programs, tax reform, etc. Ms. Whetstone noted the increased efforts by Mr. Craford and Mr. Ward to become more engaged with and take a leadership role with the National Council of State Housing Agencies on these issues.

There being no further business to discuss, upon a motion made by Ms. Foley, seconded by Ms. Lowney, the Board voted in favor of adjourning the meeting at 11:40 a.m.

Connecticut Housing Finance Authority

John K. Craford, Executive Vice President