

Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 490
October 27, 2011

Directors Present: 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
Meghan Lowney (by phone)
Michael Lyons
Barbara McGrath, Chairperson of the Mortgage Committee
Kimberly Neilson
Howard Pitkin, State Banking Commissioner

Directors Absent: Donald Kirshbaum representing Denise Nappier, State Treasurer
Michael Meotti
Catherine Smith, Chairperson of CHFA and Commissioner of the
Department of Economic and Community Development

Mr. Dubno called the meeting of the Connecticut Housing Finance Authority ("CHFA") to order at 10:38 a.m. in the Boardroom of the CHFA's offices, 999 West Street, Rocky Hill, Connecticut.

There were no public comments.

Mr. Dubno asked the Board to consider the items on the consent agenda.

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

- Approval of Minutes:
 - September 16, 2011 Board Minutes
 - October 5, 2011 Board Minutes
- Reports accepted:
 - Third Quarter 2011 Goals and Objectives
 - Monthly Tracking Report
 - Delinquency Report
 - Internal Audit Report
 - CPS Properties, Inc
 - Corbin Heights and Pinnacle Heights Extension, New Britain
 - Security Manor, New Britain
 - Corbin Heights, Pinnacle Heights Extension and Security

Adopted: November 17, 2011

Manor, New Britain

- 2011-2012 Operating Budgets
- CHFA Small Properties, Inc.
 - Eno Farms, Simsbury
 - Windham Small Properties, Willimantic
- Preservation
- State Supportive Housing Initiatives
- Low-Income Housing Tax Credit Program Schedule
- Multifamily 9 Percent Low-Income Housing Tax Credits
- Single-Family Special Programs
 - Federal Emergency Homeowners' Loan Program
 - Emergency Mortgage Assistance Program
 - CT FAMLIES

Mr. Dubno provided the Finance/Audit Committee report. He indicated that the Finance/Audit Committee recommends approval of the resolution regarding the Indenture and State-Supported Obligation Bond Sale. He asked Mr. Myskowski, CHFA Investment and Debt Management Officer, to discuss the proposed amendments to the Indenture. Mr. Myskowski stated that the State of Connecticut authorized CHFA to issue up to \$50,000,000 for the Emergency Mortgage Assistance Program ("EMAP") which provides temporary monthly mortgage payment assistance for up to sixty months for qualified homeowners who are facing financial hardships. He noted that CHFA issued \$30,000,000 in October 2010, and the proposed resolution authorizes CHFA to issue the remaining \$20,000,000. Mr. Myskowski mentioned that the resolution names M.R. Beal as the book running senior manager, one of the three firms selected as senior manager by the Board in April 2010. Mr. Craford, CHFA Executive Vice President, noted that CHFA received approximately \$50,000,000 in federal funding for the Federal Emergency Homeowners' Loan Program ("FEHLP") and was able to successfully meet all of the deadlines associated with the program. He indicated that there were more applicants than funding available; and CHFA worked with the Office of Policy and Management and the Treasurer's office to get expedited authorization for the state to provide debt service to allow CHFA to issue bonds quickly to support additional EMAP loans. Mr. Craford stated that if authorized by the Board, the bonds will be sold and funding will be available next week.

Upon a motion made by Ms. McGrath, seconded by Mr. Lyons, the Board members voted unanimously in favor of adopting the following resolution regarding the Indenture and State-Supported Special Obligation Bond Sale:

**AMENDMENT TO RESOLUTION REGARDING THE INDENTURE
AND STATE-SUPPORTED SPECIAL OBLIGATION BOND SALE**

WHEREAS, by Resolution adopted March 25, 2010 as amended on April 29, 2010, June 15, 2010, July 29, 2010 and September 30, 2010 (the "Resolution"), the Connecticut Housing Finance Authority (the "Authority") authorized the sale and

issuance of bonds under and pursuant to the Special Needs Housing Mortgage Finance Indenture of Trust (the “Indenture”); and

WHEREAS, the Authority previously issued \$30,000,000 of bonds for the Emergency Mortgage Assistance Program (“EMAP”); and

WHEREAS, the Authority desires to amend the Resolution to increase the amount of EMAP bonds authorized;

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

Section 1. Section 2(b) of the Resolution is hereby amended to authorize the final aggregate principal amount of such bonds issued to finance or refinance EMAP loans, including the making of mortgage loans and paying costs of issuance, not to exceed \$50,000,000.

Section 2. The President-Executive Director is hereby authorized to change the series designation of the bonds including reference to the year of issuance 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.

Section 3. Section 6 of the Resolution is hereby amended as follows:

- (a) M.R. Beal & Company is selected as book running senior manager.
- (b) Ramierz & Co. and Siebert Brandford, Shank are selected as Co-Senior bond underwriters.
- (c) Cabrera Capital Markets, Fidelity Capital Markets, Jackson Securities, and RBC Capital Markets are selected as co-managing underwriters.

Section 4. Except as modified herein, the Resolution remains in full force and effect.

Mr. Ward, CHFA Administrator of Planning and Research, summarized the program and budget highlights for the third quarter of 2011. He mentioned that CHFA projects to purchase approximately 1,600 single-family mortgages for 2011 compared with the goal of 2,750. Mr. Ward stated that multifamily activity was higher than anticipated for the third quarter. Ten multifamily projects were approved for 9 percent low-income housing tax credits and 2 were approved for tax-exempt bond financing with 4 percent low-income housing tax credits. The increased multifamily activity is attributed to the forward commitment of all of the 9 percent low-income housing tax credits for 2012.

Mr. Ward indicated that CHFA continues to utilize the New Issue Bond Program to take advantage of lower interest rates on CHFA's bonds.

Ms. Lambert, CHFA Manager of Research and Analysis, discussed the monthly tracking report. She stated that under rental housing, staff will recommend a loan in the amount of \$40,000 from the Investment Trust Account for Trumbull Centre—CHFA Inc., and tax-exempt bond funding in the amount of \$8,800,000 for River Run in New Haven. Under the single-family program, Ms. Lambert mentioned that CHFA purchased 173 mortgage loans in September, which is slightly higher than August. Additionally, Ms. Lambert stated that 4 CT FAMLIES loans have closed during the reporting period, and there are approximately 12 more in the pipeline.

Mr. Craford reported on the single-family delinquency rate and stated that the small uptick reported last month is back down. In response to a question that arose about CHFA's delinquency rate compared with other Connecticut delinquencies, Mr. Craford stated that a chart was provided comparing CHFA's 90+ day delinquency rate with Connecticut foreclosures and unemployment rates. He noted that CHFA's delinquencies track with both Connecticut foreclosures and Connecticut unemployment.

Ms. Ciampi, CHFA Internal Auditor, summarized the internal audit report for the period June 1, 2011 through September 30, 2011. She stated that an audit of the multifamily construction loan advance business function was performed. Ms. Ciampi explained that the process associated with the disbursement of advance functions is manual intensive but very controlled. Recommendations have been made for more enhancements to the process. Ms. Ciampi stated that guidelines will be developed as part of an overall modification of the process manual, and recommendations were made to see if there are opportunities to further automate processes as part of the information technology strategic plan. She indicated that a recommendation was made to management to issue a proactive communication letter to loan servicers reinforcing CHFA's procedures.

Ms. McGrath reported on behalf of the Mortgage Committee. She stated that the Mortgage Committee met this morning and recommends approval of the items listed on the agenda. She asked Ms. Hayden-Walker, CHFA Asset Manager II, to review the request for prepayment of the Berger Building, New Haven. Ms. Hayden-Walker stated that the Berger Building is a well-maintained 144 unit elderly project-based Section 8 development in New Haven. The owner, New Haven Associates Limited Partnership, and its general partner have requested approval to pay off the CHFA note which will mature in February 2012, and the borrower's obligations to CHFA will cease. The Housing Assistance Payment ("HAP") contract was recently renewed for 5 years, and the owner intends to renew the HAP contract again in 2016. Attempts to have the owner refinance with CHFA were unsuccessful. Ms. Hayden-Walker discussed the proposed terms and conditions of the prepayment. She noted that the residual receipts will remain under the control of CHFA and can be used for CHFA multifamily housing programs.

Adopted: November 17, 2011

Upon a motion made by Mr. Guilmartin, seconded by Ms. Foley, the Board members voted unanimously in favor of adopting the following resolution regarding the prepayment of the mortgage loan for the Berger Building, New Haven:

RESOLUTION REGARDING THE PREPAYMENT OF MORTGAGE LOAN
BERGER BUILDING, NEW HAVEN, CT

WHEREAS, by resolution adopted October 25, 1979 the Connecticut Housing Finance Authority (the "Authority") approved financing of \$5,950,000 (the "Loan") for the Berger Building, a 144-unit apartment complex for the elderly located in New Haven, Connecticut (the "Development") owned by the New Haven Associates, LP (the "Mortgagor"); and

WHEREAS, the Loan matures in 4 months at which time the borrower's obligations to the Authority will cease; and

WHEREAS, the Mortgagor has requested permission to prepay the Loan and comply with terms and conditions as provided herein; and

WHEREAS, the Authority desires to allow prepayment of the mortgage upon terms and conditions as described herein.

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

Section 1. Prepayment of the Loan to the Berger Building is hereby authorized upon the following conditions being met by the Mortgagor:

- a. Pay the remaining Note balance as of November 1, 2011 of approximately \$175,770. The Note carries an 8.25% interest rate;
- b. Pay a housing program maintenance fee of approximately \$3,030;
- c. Approximately \$357,600 in the replacement reserve account will be returned to the Mortgagor at closing along with the tax and insurance escrows; and
- d. Residual receipts of \$1,059,628 will be retained and be distributed to the Authority for Multifamily Housing Programs.

Section 2. The President - Executive Director is hereby authorized to accept prepayment of the Loan and to execute all required documents and releases to effectuate the prepayment and maintenance as provided herein upon such terms and conditions as she determines to be in the best interest of the Authority.

Adopted: November 17, 2011

Michelle DeRosa, CHFA Asset Manager II, discussed the proposed loan restructure for Taftville Community Apartments, a 17-unit family development located in Norwich. She mentioned that the development is 94 percent occupied, and the average household income is \$16,795. Ms. DeRosa reviewed the history of CHFA's involvement with the property. She stated that in 1990, CHFA provided a first mortgage under the Small Unit Rental Program. At that time, the owner obtained a letter from the City of Norwich indicating that Taftville would be exempt from paying real-estate taxes. In 1995, the owner requested a loan modification as a result of the high vacancies and higher than anticipated operating expenses. Since the modification, the development has operated at close to break even. Ms. DeRosa noted that the City of Norwich recently reviewed the tax status and determined that Taftville Community Apartments is a taxable property. She mentioned that the owner did not argue the assessor's decision, but the owner appealed the assessment and was successful in having the taxes reduced from \$593,000 to \$434,000. The tax assessment results in an annual tax bill of \$11,000 which will leave operations short. In order to ease the tax burden, staff recommends a modification. Ms. DeRosa reviewed the proposed terms and conditions of the modification.

Upon a motion made by Mr. Freiser, seconded by Mr. Guilmartin, the Board members voted unanimously in favor of adopting the following resolution regarding the restructure and financing of Taftville Community Apartments, Norwich:

AMENDED RESOLUTION REGARDING THE RESTRUCTURE AND
FINANCING OF TAFTVILLE COMMUNITY APARTMENTS
NORWICH, CONNECTICUT

WHEREAS, by Resolutions adopted on August 28, 1986, October 20, 1987 and May 31, 1990 (the "Resolutions") the Connecticut Housing Finance Authority (the "Authority") provided a mortgage loan (the "Mortgage") to Eastern CT Housing Opportunities (the "Mortgagor") for the financing of Taftville Community Apartments, 17 residential units located in Norwich, Connecticut (the "Development"); and

WHEREAS, by Resolution adopted April 27, 1995, the Authority approved a loan modification for the Development; and

WHEREAS, the Mortgagor will no longer receive the benefit of tax-exempt status and is requesting the Mortgage be modified in order to ease the tax burden; and

WHEREAS, the Authority desires to modify the Mortgage as provided herein.

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

Section 1. Restructure and financing of Taft Community Apartments is hereby authorized upon the following conditions being met by the Mortgagor:

Section 2. The approximate balance of \$542,000 will be re-amortized at 3%

for 30 years, reducing annual debt service by approximately \$15,764.

Section 3. The interest deferred by prior modification will be determined at the time reamortization begins, shall not further accrue and will be due at the time of sale assignment, refinance, transfer or maturity.

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 complete the transaction described herein in a form acceptable to the Authority by July 31, 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.

Ms. Moores, CHFA Senior Asset Manager, reviewed the preservation and loan modifications for 4 supportive housing demonstration projects. She mentioned that between 1992 and 1998, 281 units of supportive housing were created under the Connecticut Supportive Housing Demonstration Program in 9 projects located in 6 cities. The program included an interagency collaboration of the Corporation for Supportive Housing, CHFA, the Department of Economic and Community Development, the Department of Mental Health and Addiction Services, the Department of Social Services, the Office of Policy and Management and 7 non-profit sponsors. Ms. Moores noted that a reserve fund was established for each property adequate to support the operations of the property for 15 years. All of the properties are nearing 15 years of operations; and beginning in 2012, 4 of the 9 properties will begin to deplete their reserves. The remaining 5 properties will deplete their reserves by 2013. Ms. Moores stated that the Supportive Housing Interagency Group, which was formed to facilitate the creation of supportive housing statewide, have been meeting with the sponsors and consultants over the past 20 months to analyze the problems. A proposed plan has been developed to preserve the properties for the next 30 years and requires contributions from all parties and a modification of the existing loan terms by CHFA. Ms. Moores reviewed the proposed terms and conditions of the loan modifications.

Upon a motion made by Ms. Foley, seconded by Mr. Freiser, the Board members voted unanimously in favor of adopting the following resolutions regarding loan modifications for Cedar Hill, f/k/a 1465 State Street, New Haven; Hudson View Commons, Hartford; Mary Seymour Place Apartments, f/k/a My Sisters' Place, Middletown; and Liberty Commons, f/k/a Forest City Place, Middletown:

RESOLUTION REGARDING LOAN MODIFICATION
FOR SUPPORTIVE HOUSING DEMONSTRATION PROJECT KNOWN AS
CEDAR HILL (FKA 1465 STATE STREET)
NEW HAVEN, CONNECTICUT, CHFA DEVELOPMENT NO. SH-94012

WHEREAS, on January 28, 1993 and March 31, 1994 the Connecticut Housing Finance Authority (the "Authority") adopted Resolutions authorizing participation in the Connecticut Supportive Housing Demonstration Program (the "Program"); and

WHEREAS, on March 27, 1996 the Authority approved a mortgage loan for construction and permanent financing under the Program for Housing Operations Management Enterprises, Inc. (the "Mortgagor") to develop 25 units of supportive housing units located in New Haven, Connecticut known as Cedar Hill (the "Development") and the Authority subsequently acquired a second mortgage interest of the Department of Economic and Community Development (together, the "Loans"); and

WHEREAS, the Mortgagor is requesting modification of the Loans since projected operating reserves will soon be depleted.

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

Section 1. That the one percent (1%) simple interest currently being paid on the Loans shall accrue and the maturity dates be extended an additional 15 years. The balance of the Loans will be due at maturity.

Section 2. 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 3. Failure to complete the transaction described herein in a form acceptable to the Authority by April 30, 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.

RESOLUTION REGARDING LOAN MODIFICATION FOR SUPPORTIVE
HOUSING DEMONSTRATION PROJECT FOR
MARY SEYMOUR PLACE APARTMENTS (FKA MY SISTERS' PLACE)
MIDDLETOWN, CONNECTICUT, CHFA DEVELOPMENT NO. SH-94011

WHEREAS, on January 28, 1993 and March 31, 1994 the Connecticut Housing Finance Authority (the "Authority") adopted Resolutions authorizing participation in the Connecticut Supportive Housing Demonstration Program (the "Program"); and

WHEREAS, on June 29, 1995 the Authority approved a mortgage loan for construction and permanent financing under the Program for MSP Housing Limited (the "Mortgagor") to develop 30 units of supportive housing units located in Hartford, Connecticut known as Mary Seymour Place Apartments (the "Development") the Authority subsequently acquired a second mortgage interest of the Department of Economic and Community Development (together, the "Loans"); and

WHEREAS, the Mortgagor is requesting modification of the Loans since projected operating reserves will soon be depleted.

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

Section 1. That the one percent (1%) simple interest currently being paid on the Loans shall accrue and the maturity dates be extended an additional 15 years. The balance of the Loans will be due at maturity.

Section 2. 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 3. Failure to complete the transaction described herein in a form acceptable to the Authority by April 30, 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.

RESOLUTION REGARDING LOAN MODIFICATION
FOR SUPPORTIVE HOUSING DEMONSTRATION PROJECT KNOWN AS
LIBERTY COMMONS (FKA FOREST CITY PLACE)
MIDDLETOWN, CONNECTICUT, CHFA DEVELOPMENT NO. SH-94001

WHEREAS, on January 28, 1993 and March 31, 1994 the Connecticut Housing Finance Authority (the "Authority") adopted Resolutions authorizing participation in the Connecticut Supportive Housing Demonstration Program (the "Program"); and

WHEREAS, on August 25, 1994 the Authority approved a mortgage loan for construction, rehabilitation and financing under the Program for The Connection Fund, Inc. (the "Mortgagor") to develop 40 units of supportive housing units located in Middletown, Connecticut known as Liberty Commons (the "Development") and the Authority subsequently acquired a second mortgage interest of the Department of Economic and Community Development (together, the "Loans"); and

WHEREAS, the Mortgagor is requesting modification of the Loans since projected operating reserves will soon be depleted.

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

Section 1. That the one percent (1%) simple interest currently being paid on the Loans shall accrue and the maturity dates be extended an additional 15 years. The balance of the Loans will be due at maturity.

Section 2. 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 3. Failure to complete the transaction described herein in a form acceptable to the Authority by April 30, 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.

RESOLUTION REGARDING LOAN MODIFICATION FOR SUPPORTIVE
HOUSING DEMONSTRATION PROJECT KNOWN AS
HUDSON VIEW COMMONS, HARTFORD, CONNECTICUT
CHFA DEVELOPMENT NO. SH-94007

WHEREAS, on January 28, 1993 and March 31, 1994 the Connecticut Housing Finance Authority (the "Authority") adopted Resolutions authorizing participation in the Connecticut Supportive Housing Demonstration Program (the "Program"); and

WHEREAS, on June 29, 1995 the Authority approved a mortgage loan for construction and permanent financing under the Program for Broad Park Hudson Limited Partnership (the "Mortgagor") to develop 28 units of supportive housing units located in Hartford, Connecticut known as Hudson View Commons (the "Development") and the Authority subsequently acquired a second mortgage interest of the Department of Economic and Community Development (together, the "Loans"); and

WHEREAS, the Mortgagor is requesting modification of the Loans since projected operating reserves will soon be depleted.

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

Section 1. That the one percent (1%) simple interest currently being paid on the Loans shall accrue and the maturity dates be extended an additional 15 years. The balance of the Loans will be due at maturity.

Section 2. 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 3. Failure to complete the transaction described herein in a form acceptable to the Authority by April 30, 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. Luster, Senior Mortgage Underwriter, discussed the proposed financing of River Run Apartments, a well-maintained Section 8 elderly 140-unit complex located in New Haven. He mentioned that the household average age is 70, and the average income is \$11,460. Mr. Luster stated that the existing HUD contract expires in September 2015, and HUD has approved a new 20-year Section 8 contract. He indicated that River Run Preservation Limited Partnership proposes to purchase the property for approximately \$10,000,000 and perform moderate in-place rehabilitation totaling approximately \$3,300,000 or approximately \$21,979 per apartment or \$24.02 per total gross square foot. Mr. Luster stated that funding for the transaction would consist of approximately \$8,800,000 in new tax-exempt bond financing, \$2,700,000 restructuring of CHFA's first mortgage and approximately \$4,200,000 in low-income housing tax credit equity. The proceeds from the sale will be used to pay off \$3,400,000 of the CHFA accruing second mortgage, a CHFA Housing Program Maintenance fee and payment to the unaffiliated limited partner investors. The loan-to-value ratio after rehabilitation is estimated at 70 percent, and the debt service coverage ratio in the first stabilized year is projected to be approximately 1.18.

Upon a motion made by Mr. Guilmartin, seconded by Mr. Dubno, the Board members voted unanimously in favor of adopting the following resolution regarding the financing of River Run Apartments, New Haven:

RESOLUTION REGARDING FINANCING OF
RIVER RUN APARTMENTS, NEW HAVEN, CONNECTICUT
CHFA DEVELOPMENT NO. 11-007M

WHEREAS, River Run Preservation, Limited Partnership (the "Proposed Mortgagor") has applied to the Connecticut Housing Finance Authority (the "Authority") for construction and permanent financing for acquisition and rehabilitation of River Run Apartments, a five-story multifamily Section 8 elderly apartment building located in New Haven, Connecticut (the "Development") and subject to existing Authority financing; 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 and permanent first mortgage financing as follows:

a. A co-first mortgage construction loan in the approximate amount of \$8,800,000 with interest only paid monthly in arrears during the construction period at an interest rate of 6.75% per annum which construction loan is to be converted to a fully-amortizing permanent co- first mortgage loan in the approximate amount of \$8,800,000 at an interest rate of 6.25% per annum for a term of 40 years plus Additional Interest equal to 20% of Surplus Cash. 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 Authority's commitment to provide construction and permanent co-first mortgage financing shall be conditioned upon the following:

- a. All governmental approvals for the Development be in place;
- b. The Authority's confirmation of the Proposed Mortgagor's receipt of sufficient annual 4% Low-Income Housing Tax Credits ("LIHTCs") to produce net syndication proceeds of approximately \$4,180,500 or that the Proposed Mortgagor produce comparable funds from other sources and with terms and conditions satisfactory to the Authority;
- c. Documentation satisfactory to the Authority evidencing that the Proposed Mortgagor has received from the U.S. Department of Housing and Urban Development a new 20-year Section 8 Housing Assistance Payment ("HAP") Contract providing subsidy for 140 apartments at the Development;
- d. Documentation satisfactory to the Authority evidencing the assumption and restructuring by the Proposed Mortgagor of the Authority's existing first mortgage in the approximate amount of \$2,700,000 at an interest rate of 8.0% for a term of 40 years with the Authority receiving a one percent (1%) assumption fee;
- e. The Authority receiving the full payoff of the Authority's existing second mortgage and its accrued interest in the approximate aggregate amount of \$3,400,000 with the Authority receiving a Housing Program Maintenance Fee in the amount of \$80,000;
- f. Payment to the Authority, as contract administrator, of a contract termination fee in the approximate amount of \$286,000 under the existing Section 8 HAP Contract for the Development;
- g. 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 completion of the Development are in balance;

h. The Authority acceptance and approval of the Development's final construction costs, plans and specifications;

i. The Authority's acceptance and approval of documentation regarding hazardous waste testing at the Development and, if applicable, removal and disposal;

j. The Authority's acceptance and approval of the Development's proposed operating income and expenses;

k. The Authority's acceptance and approval of the Development's proposed property management organization and related documents;

l. The Authority's acceptance and approval of independent "as is" and "as developed" appraisals and a market analysis for the Development; and

Section 3. 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 4. Failure to provide any of the above referenced requirements in a form acceptable to the Authority by April 30, 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. Simoncelli reviewed Corbin Heights and Pinnacle Heights Extension, New Britain ("Corbin/Pinnacle"). He explained that resolutions adopted by the Board on February 15, 2011 for Corbin/Pinnacle specified a closing deadline of October 31, 2011. Mr. Simoncelli stated that while progress has been made to achieve initial closings, the initial closings will not occur on or before October 31, 2011 and the developer has requested an extension of the initial closing deadlines. With the developer now targeting initial closings by early First Quarter 2012, Mr. Simoncelli indicated that staff recommends that the extension be conditionally authorized to extend the closing deadline to January 31, 2012, provided that CHFA staff confirms by November 30, 2011 that the developer has: 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. It was noted by a director that at the Mortgage Committee meeting, questions arose regarding the transfer of the 3 acre parcel of land adjacent to the Hospital for Special Care and staff was asked to assume in the negotiations that proceeds to CHFA should be used to reduce the subsidies needed for the revitalization of Corbin/Pinnacle.

Upon a motion made by Mr. Dubno, seconded by Mr. Freiser, the Board members voted unanimously in favor of adopting the following resolutions regarding Corbin/Pinnacle:

AMENDED RESOLUTION REGARDING FINANCING FOR
CORBIN HEIGHTS, NEW BRITAIN
CHFA NO. 10-005M

WHEREAS, by Resolution adopted February 15, 2011 (the "Resolution"), the Connecticut Housing Finance Authority (the "Authority") approved financing for a 235 unit, multiple-building family apartment complex in New Britain, Connecticut known as Corbin Heights (the "Development") to be developed by a to-be-formed entity that is an affiliate of KR Corbin Pinnacle Holdings, LLC (the "Proposed Mortgagor"); and

WHEREAS, the Proposed Mortgagor requires additional time in order to meet Authority requirements and achieve the initial closing; and

WHEREAS, the Authority desires to amend its Resolution extending the time for compliance.

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

Section 1. The Resolution is hereby amended extending the time for compliance through January 31, 2012 provided Authority staff confirms the Proposed Mortgagor has by November 30, 2011:

- a) obtained sufficient project-based rent subsidies to meet both State legislation and CHFA debt service coverage requirements; and
- b) finalized construction costs and achieved balanced sources and uses of funds for the Development.

In the event the above conditions are not met to the satisfaction of the Authority by November 30, 2011, then the extension authorized herein will terminate December 30, 2011.

Section 2. In all other respects the Resolution remains in full force and effect.

AMENDED RESOLUTION REGARDING FINANCING FOR
PINNACLE HEIGHTS EXTENSION, NEW BRITAIN
CHFA NO. 10-006M

WHEREAS, by Resolution adopted February 15, 2011 (the “Resolution”), the Connecticut Housing Finance Authority (the “Authority”) approved financing for a 66 unit, multiple-building family apartment complex in New Britain, Connecticut known as Pinnacle Heights Extension (the “Development”) to be developed by a to-be-formed entity that is an affiliate of KR Corbin Pinnacle Holdings, LLC (the “Proposed Mortgagor”); and

WHEREAS, the Proposed Mortgagor requires additional time in order to meet Authority requirements and achieve the initial closing; and

WHEREAS, the Authority desires to amend its Resolution extending the time for compliance.

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

Section 1. The Resolution is hereby amended extending the time for compliance through January 31, 2012 provided Authority staff confirms the Proposed Mortgagor has by November 30, 2011:

- a) obtained sufficient project-based rent subsidies to meet both State legislation and CHFA debt service coverage requirements; and
- b) finalized construction costs and achieved balanced sources and uses of funds for the Development.

In the event the above conditions are not met to the satisfaction of the Authority by November 30, 2011, then the extension authorized herein will terminate December 30, 2011.

Section 2. In all other respects the Resolution remains in full force and effect.

Ms. Hayden-Walker discussed the recommendation for an Investment Trust Account loan of \$40,000 to Trumbull Centre-CHFA, Inc. for 111 Pearl Street, Hartford to make urgent repairs to the chimney which is located directly over the entrance and exit to the Trumbull on the Park garage. Ms. Hayden-Walker mentioned that two quotes were received, and the lowest quote is \$37,500 to complete the work. It was noted that at the Mortgage Committee meeting, staff indicated that a disposition plan for 111 Pearl Street, Hartford will be presented to the subsidiary, Mortgage Committee and Board within the next several months.

Upon a motion made by Mr. Guilmartin, seconded by Ms. Foley, the Board members voted unanimously in favor of adopting the following resolution regarding 111 Pearl Street, Hartford:

RESOLUTION REGARDING ADDITIONAL FUNDING OF
TRUMBULL CENTRE-CHFA, INC.
FOR 111 PEARL STREET, HARTFORD, CONNECTICUT

WHEREAS, by resolutions adopted December 2003 and December 2010 as amended, (the "Resolution") the Connecticut Housing Finance Authority (the "Authority") authorized financing to Trumbull Centre-CHFA, Inc., its subsidiary, for 111 Pearl Street in Hartford, Connecticut (the "Property") in the amount of \$1,589,000 (the "Loan"); and

WHEREAS, the Authority desires to provide additional funding to cover the cost of urgent repairs to the Property thereto as set forth herein and described in the attached memorandum;

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

That the amount of up to \$40,000 be provided from the Authority's Investment Trust Account ("ITA") or from such other sources or upon such terms and conditions as may be determined by the President-Executive Director to be in the best interest of the Authority and be added to the Loan which matures on June 30, 2013 for the purposes set forth herein. 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.

Carol DeRosa stated that the Board authorized staff to publish its intent to amend its Procedures regarding the Downpayment Assistance Program ("DAP"). The public comment period ended, and CHFA received no comments. Ms. DeRosa noted that the most significant change to the Procedures is how CHFA considers an applicant's assets for DAP. She explained that under the current Procedures, all retirement and 401K plans are included in the \$5,000 asset test. DAP borrowers are required to draw down their retirement savings even though they are subject to Internal Revenue Service penalties and tax implications for early withdrawal. The new Procedures would allow a DAP borrower to maintain \$10,000 in a retirement or 401K account. Any DAP borrower with retirement funds in excess of \$10,000 would have the retirement assets over \$10,000 included as part of their assets and subject to the \$5,000 asset test.

Upon a motion made by Ms. Neilson, seconded by Mr. Guilmartin, the Board members voted unanimously in favor of adopting the following resolution adopting amendments to the Downpayment Assistance Program Procedures:

**RESOLUTION ADOPTING AMENDMENTS TO
DOWNPAYMENT ASSISTANCE PROGRAM PROCEDURES
OF THE CONNECTICUT HOUSING FINANCE AUTHORITY**

WHEREAS, by resolution adopted June 30, 2011, the Authority authorized for public comment proposed amendments to its Downpayment Assistance Program Procedures.; and

WHEREAS, the public comment period has ended and no comments were received; and

WHEREAS, the Authority desires to adopt the amendments to the Downpayment Assistance Program Procedures as provided herein.

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

Section 1. The attached amendments to the Downpayment Assistance Program Procedures are hereby adopted.

Section 2. The President-Executive Director of the Authority is hereby authorized to take all other actions consistent with this Resolution as may be necessary to effectuate this resolution.

Mr. Dubno announced that Mr. Lyons has been appointed as the Chairperson of the Finance/Audit Committee, and Ms. McGrath has been appointed as the Chairperson of the Mortgage Committee.

Ms. Whetstone provided the President's Report. She thanked the Board and noted that without the support of the Board, a number of critical issues would not have come to fruition. In particular, she recognized Mr. Pitkin for his assistance with FEHLP and Ms. Foley, Mr. Barnes, Mr. Kirshbaum and Ms. Nappier for their assistance with EMAP. Ms. Whetstone noted the importance of both programs to the homeowners in Connecticut. She also noted the efforts of the Supportive Housing Interagency Committee to step up and develop a solution to ensure the continuation of 9 supportive housing demonstration projects. Ms. Whetstone thanked Mr. Dubno and Ms. Lowney for filling in as chair of the Finance/Audit Committee and Mortgage Committee respectively and thanked Mr. Lyons and Ms. McGrath for agreeing to chair those committees going forward. Ms. Foley thanked CHFA staff for bringing forth a recommended solution regarding EMAP. She also recognized CHFA for its leadership on the Supportive Housing Interagency Committee.

Adopted: November 17, 2011

Ms. Whetstone mentioned that a Special Finance/Audit Committee meeting will be held on Thursday, November 3, at 10:00, to discuss the budget, and all Board members are invited to attend. It is anticipated that the budget will be presented for consideration by the Board at the November 17 Board meeting.

Ms. Neilson reported on behalf of the Search Committee regarding the search for a President. She mentioned that Boyden, the firm selected in 2008 through a Request for Proposal, will move forward to conduct a national search. She stated that Boyden will be surveying the Board to obtain input. It is anticipated that Boyden will discuss the survey result with the Board in November.

There being no further business to discuss, upon a motion made by Ms. Foley, seconded by Mr. Guilmartin, the Board voted unanimously in favor of adjourning the meeting at 11:10 a.m.