

MINUTES
TRUMBULL CENTRE – CHFA INC.
April 20, 2010

Directors Present: Rolan J. Young, Chairperson of CHFA Board
Diane Randall, Chairperson of CHFA Mortgage Committee
Michael Santoro representing Joan McDonald, Commissioner, State
Department of Economic & Community Development
Philip Smith, Chairperson of CHFA Finance/Audit Committee and
representing Robert L. Genuario, Secretary, Office of Policy and
Management

Others Present: Timothy Bannon, President of Trumbull Centre-CHFA, Inc.
Timothy Coppage, Vice President of Trumbull Centre-CHFA, Inc.
William A. Dickerson, Secretary of Trumbull Centre-CHFA, Inc.
Dara Kovel, CHFA Chief Housing Officer
Lynn Koroser-Crane, CHFA Interim Administrator of Asset
Management
Nancy O'Brien, Administrator, Multifamily Housing Development
Programs
Ed Jason, Whittlesey & Hadley, Trumbull on the Park, LLC's
Independent Auditor

Ms. Young called the meeting of Trumbull Centre-CHFA Inc. to order at 10:10 a.m. in the Board room of the Connecticut Housing Finance Authority's offices, 999 West Street, Rocky Hill, Connecticut.

Ms. Young asked the directors to consider the minutes from the February 25, 2010 meeting.

Upon a motion made by Mr. Santoro, seconded by Mr. Smith, the Directors voted unanimously in favor of adopting the minutes of the February 25, 2010 meeting as presented.

Mr. Bannon presented a resolution regarding the appointment of officers for Trumbull Centre-CHFA, Inc. to reflect changes in titles of the Corporation's officers.

Upon a motion made by Mr. Santoro, seconded by Mr. Smith, the Directors voted unanimously in favor of adopting the resolution to reflect the current titles of Trumbull Centre-CHFA, Inc.'s officers.

RESOLUTION OF TRUMBULL CENTRE - CHFA, INC. APPOINTING OFFICERS

WHEREAS, Article 5, Section 5.1 of the by-laws of Trumbull Centre - CHFA, Inc., (the "Corporation") a subsidiary of the Connecticut Housing Finance Authority, ("CHFA") provides for the appointment of officers of the Corporation by the Board of Directors of the Corporation, including appointment of a President, one or more Vice Presidents, a Secretary and Treasurer; and

Adopted: May 18, 2010

WHEREAS, the Board of Directors of the Corporation desires to appoint officers of the Corporation as provided herein;

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

Section 1. That the following are hereby appointed officers of the Corporation:

President: President-Executive Director of CHFA;

Vice Presidents: Chief Housing Officer of CHFA;
Chief Administrative Officer of CHFA;
Administrator Multi-Family Housing Development Programs of CHFA;
Administrator Multi-Family Asset Management of CHFA;

Treasurer: Treasurer of CHFA;

Secretary: General Counsel of CHFA;

to serve until their successors are appointed and qualified.

Mr. Jason from Whittlesey & Hadley reported on the financial audit for Trumbull on the Park, LLC as of December 31, 2009 and 2008, and the related statements of income, and cash flows for the years then ended. He indicated that there had been some big challenges for auditing the property including the fact that an appraisal had been obtained which caused the property to be valued down. Mr. Jason reported that there was no impairment loss recognized in 2008, however, because of the independent real estate appraisal, there was an impairment loss as of December 31, 2009 of \$27,259,613. Prior to 2009, Trumbull had been experiencing operating losses but at a decreasing trend. During 2009, the trend of operating losses decreasing reversed. Cumulative operating losses to date have been absorbed by operating reserves but during 2009 operating reserves were depleted. Trumbull will now need to rely on its members for the foreseeable future unless major modifications related to debt service costs can be accomplished. The net value of assets for the land and building for 2009 was \$11,000,000 as opposed to \$38,784,184 in 2008. The mortgage balance is in excess of \$22,000,000.

Mr. Jason stated that after Whittlesey & Hadley obtained a copy of the appraisal, they noted some numbers were not in alignment and an updated audit was performed during the last couple of months. Mr. Smith inquired as to what type of changes were noted. Mr. Jason indicated that there was a difference in numbers from the appraisers than what was received from the property management such as record depreciation, accrued interest expense, accrued property taxes and the impairment on the building. Additionally, revenue was down from 2008 which was lower than preceding years so the gap should have been smaller not larger. As to expenses, except for taxes there does not appear to be any areas for significant savings without major actions taking place. In December 2002, the project entered into a tax abatement agreement with the City of Hartford. Under the agreement, after completion of construction, taxes on the parking garage are fixed for seven years. After the seventh year, future assessments will be determined. Under the agreement, after completion of construction, taxes on the residential and retail space are fixed for twelve years with future assessments determined

Adopted: May 18, 2010

thereafter. CHFA explored with outside counsel to see if any further tax abatements could be received and it was found that what CHFA had was the best that they could receive. The residential and retail space is holding their own. However, the garage portion is not holding its own which could be due to loss of jobs in Hartford, increase usage of public transportation, parking on the street, usage of outlying parking areas at lesser fees, and competition from other garages. It is hoped that the garage may benefit from the large companies going into CityPlace II. The appraisal did not break down the valuations between the garage and the residential and retail space. Therefore, it is difficult to determine how much the lack of income from the garage depreciated the value of the property and how much is because of the lower market rates. Revenue from the residents goes to both the apartments and the garage. There could be some improvement but that is an unknown factor. An inquiry was made as to whether CHFA funds were used for operating expenses only and it was stated that it was used for costs of overruns as well as deficit. It was suggested that CHFA needs to look at all alternatives when deciding on whether to advance additional funds. Ms. Young asked if Mr. Jason was suggesting that CHFA dispose of the property. Mr. Jason replied that it may be 10 years before the property shows any improvement. If CHFA continues to put money into the property for the next 10 years and it does not show any improvement then it will continue to be a loss. The property is a great building and does a lot for Hartford. HUD is the guarantor so they may be interested in exploring possibilities. Ms. Young asked Mr. Jason to come back for a subsequent meeting within the next 2 to 3 weeks. Mr. Jason was retained by Trumbull on the Park, LLC to perform the audit. He was originally an outside auditor but in the past Mr. Kenny has asked him to do some work. He has also done some work for CHFA. As CHFA is the major owner, he is looking out for CHFA's best interest but also works for the LLC. It was decided that additional questions should be in Executive Session. Mr. Craford mentioned that the appraisal was done on a cash flow basis because no comps are available.

There being no further business to discuss, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 10:30 a.m.