Proposed Draft Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 569
January 31, 2019

Directors Present: Heidi DeWyngaert, Vice Chairperson of CHFA
Michael Cicchetti
Kathleen Dorgan
Anne Foley, Chairperson of the Mortgage Committee, representing Melissa McCaw, Secretary, State Office of Policy and Management
Timothy Hodges
David Kooris representing the Department of Economic & Community Development
Sheree Mailhot representing Shawn Wooden, State Treasurer
Jorge Perez, State Banking Commissioner
Franklin Perry II
Michael Santoro, Acting Commissioner representing the Department of Housing
Jared Schmitt, Chairperson of the Finance/Audit Committee
Lisa Tepper Bates (by phone)
Carla Weil

Directors Absent: Kiley Gosselin
Richard Orr

Ms. DeWyngaert called the meeting of the Connecticut Housing Finance Authority ("CHFA") to order at 9:30 a.m. in the Boardroom of CHFA, 999 West Street, Rocky Hill, Connecticut. She asked for public comments, and there were none.

Mr. Nossek from BlumShapiro, CHFA's external auditor, discussed the plan for auditing CHFA's 2018 financial statements. He noted that CHFA's risk profile has not changed much over the last several years, so the focus of the audit will be based on previous identified risk areas. Mr. Nossek mentioned that CHFA's financial statements will be restated relative to GASB Statement 75 to recognize the measurement of liabilities for other post-employment benefits (OPEB) to the actuarial present value. He stated that this adjustment will result in a significant change on CHFA's balance sheet. Mr. Nossek encouraged the Board members to provide input or ask questions any time throughout the year.

Mr. Kilduff, Executive Director, provided the Executive Director's report. Information about events that occurred in December and January were identified in the materials provided. Mr. Kilduff briefly discussed the loan guarantee program initiative approved by the General Assembly to assist federal employees with the partial federal shutdown. He explained CHFA's role in the program and recognized Suresh Menon and his team for getting the platform to share data up and running quickly. The Board asked staff to provide information about the volume of loans when it becomes available. In response to a question, Mr. Kilduff stated that loans were only made through the end of the shutdown. Mr. Kilduff mentioned that in 2018 CHFA launched a housing needs study. Data has been collected and discussions have been held with stakeholders. Preliminary data will be reviewed by staff in February and a full report is expected mid-year. The report is intended to inform CHFA about housing needs in the State of Connecticut and opportunities for CHFA to shape future products.

Mr. Taib, Chief Financial Officer, discussed the recommendation to commence necessary preparations for the 2019 Series A Bond issue for the single-family program. He noted that this is the first issuance in 2019 for the program. The bonds are anticipated to generate approximately $125,000,000 of lendable proceeds, assisting approximately 684 single-family first-time homebuyers. Mr. Taib mentioned that the resolution names Citigroup Global Markets as the book running senior manager for the issue. Mr. Schmitt mentioned that the Finance/Audit Committee members recommend the resolution.

> Upon a motion made by Mr. Perez, seconded by Mr. Schmitt, the Board members voted unanimously in favor of adopting the following resolution authorizing the commencement of necessary preparations for the 2019 Series A bond sale for the housing mortgage finance program:

RESOLUTION FOR THE COMMENCEMENT OF NECESSARY
PREPARATIONS FOR THE 2019 SERIES A 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 one or more bond sales;

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

1. The Executive Director of the Authority and staff are hereby authorized to continue the Authority's Housing Mortgage Finance Program by way of one or more bond sales.

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

3. The bond sales shall be in an aggregate amount not to exceed $150,000,000 for the Housing Mortgage Finance Program Bonds, of the series designated (subject to paragraph 18 below) 2019 Series A (the “Bonds”), which shall be issued in one or more series and 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 Executive Director and/or Chief Financial Officer is hereby authorized to set the date or dates for receipt of the respective offers from the underwriter(s) or other purchaser(s) (the “Respective Purchasers”) to purchase the Bonds.

6. The Executive Director and/or Chief Financial Officer is hereby authorized to execute and cause to be delivered appropriate documentation, including without limitation one or more Preliminary Official Statements and Underwriting Commitments, to adopt the expectations,

beliefs, assumptions and representations expressed and made on behalf of the Authority in the Official Statement(s) of the Bonds (the "Official Statement(s)") and to execute and deliver the Official Statement(s).

7. The Executive Director and/or Chief Financial Officer is hereby authorized both (a) to receive the related offer presented by the Respective Purchasers and (b) to make a formal award of the related portion of the Bonds to the Respective Purchasers and execute one or more Contracts of Purchase, provided the Executive Director and/or Chief Financial Officer may make such award only if the net interest cost on the tax-exempt portion or related 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 Executive Director and/or Chief Financial Officer and staff of the Authority are hereby authorized to negotiate one or more interest rate swap agreements with counterparties that meets the requirements of the General Bond Resolution and is satisfactory to the Executive Director and/or Chief Financial Officer in conjunction with the 2019 Series A bond sale (collectively, the "Swap"). The Executive Director and/or Chief Financial Officer is hereby authorized to approve, execute and deliver all documents necessary to consummate the Swap, in the best interest of the Authority, as determined by the Executive Director and/or Chief Financial Officer. The Executive Director and/or Chief Financial Officer 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. The Executive Director and/or Chief Financial Officer is hereby authorized to approve changes, additions, deletions, modifications, novations and amendments to interest rate swap agreements previously executed by the Authority and intended to be allocated to the Bonds, in each case 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 $150,000,000 Housing Mortgage Finance Program Bonds, 2019 Series A (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 Executive Director and/or Chief Financial Officer 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 Executive Director and/or Chief Financial Officer is hereby authorized to have the Bonds prepared and to execute and authorize the delivery of the Bonds to the Respective 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(s) 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 Executive Director of the Authority and/or Chief Financial Officer, 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 Executive Director or another duly Authorized Officer of the Authority.

12. The Executive Director and/or Chief Financial Officer 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 or finance new single and/or multi-family mortgage loans (including mortgage-backed securities consisting of such loans), or reimburse the Authority for having made such mortgage loans, and/or refund current and future maturities of outstanding bonds and/or to refund prepayments.

14. U.S. Bank National Association is hereby authorized to act as Paying Agent and U.S. Bank 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 $150,000,000 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 Executive Director and/or Chief Financial Officer 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 Executive Director and/or Chief Financial Officer are unable to act in accordance with this resolution or otherwise, 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/she 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 Executive Director and/or Chief Financial Officer 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 may be sold as one or more series and the following bond underwriting firm is hereby selected to act as the book running senior manager for the Bonds:

Citigroup Global Markets

20. The following bond underwriting firms are hereby selected to act as co-senior bond underwriters for the Bonds:

Bank of America Merrill Lynch (dba Merrill Lynch, Pierce, Fenner & Smith Incorporated)
Morgan Stanley & Co. LLC
RBC Capital Markets LLC

21. The following bond underwriting firms are hereby selected to act as co-managing underwriters for the Bonds:

Barclays Capital
Drexel Hamilton LLC
Janney Montgomery Scott LLC
J.P. Morgan Securities LLC
Samuel A. Ramirez & Co. Inc.
Raymond James & Associates, Inc.
Rice Financial Products Company
Roosevelt & Cross, Incorporated
TD Securities (USA) LLC
Wells Fargo Securities, LLC

22. The following firms are hereby selected to act as the selling group members for the Bonds:

Academy Securities Inc.
Bancroft Capital, LLC
Blaylock Van LLC
Herbert J. Sims & Co., Inc.
Intercoastal Capital Markets, Inc.
Jefferies LLC
Loop Capital Markets LLC
Mesirow Financial, Inc.
Oppenheimer & Co. Inc.
Robert W. Baird & Co. Incorporated
Ross, Sinclaire & Associates LLC
Siebert, Cisneros, Shank & Co. LLC
Stern Brothers & Co.
UBS Financial Services Inc.

23. The senior manager, the co-senior bond underwriters and the co-managing underwriters designated by the Authority for participation in the Authority's bond issues are hereby required prior to participation in the 2019 Series A Bond issue to provide an update to the Statutory provisions, affidavits and certifications, charitable contributions in the State of Connecticut, investigations, administrative or other legal proceedings and/or settlements by or with governmental entities regulating the conduct of their business, submitted as part of their agreements with the Authority, to the Chief Financial Officer.

24. Failure to provide the above required information in such form and content as determined by the Executive Director and/or Chief Financial Officer necessary to satisfy the requirements of this resolution shall render the senior manager, co-senior bond underwriters or co-managing underwriters ineligible to participate in the designated bond issue.

Mr. Taib stated that in December 2018, the State Bond Commission awarded to CHFA carryforward of unissued Private Activity Bond Volume Cap, and CHFA will allocate the entire amount of its carryforward to single-family. He stated that the 2019 Lending Plan has been amended to reflect the carryforward, the 2019 tax-exempt bond allocation and the 9 percent federal low-income housing tax credits.

Upon a motion made by Mr. Schmitt, seconded by Mr. Hodges, the Board members voted unanimously in favor of adopting the following resolution regarding the State Carryover Bond Allocation:

RESOLUTION REGARDING STATE
CARRYOVER BOND ALLOCATION

WHEREAS, pursuant to Connecticut General Statutes section 32-141, the State of Connecticut receives an annual allocation of tax exempt bond authority, a portion of which is allocated to the Connecticut Housing Finance Authority (the "Authority"); and

WHEREAS, pursuant to Connecticut General Statutes section 32-142, the State Bond Commission may modify and re-allocate allocations established under section 32-141 which have not been used; and

WHEREAS, at its December 11, 2018 meeting, the State Bond Commission allocated $116,703,728 additional tax exempt bond authority (the "State Carryover Bond Allocation") to the Authority for single family or multifamily revenue bonds.

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

Section 1. The State Carryover Bond Allocation of $116,703,728 is hereby added to the 2019 budget of the Authority for homeownership ongoing programs and single family bonds.

Section 2. Except as modified herein, the 2019 budget is hereby affirmed and remains in full force and effect.

Section 3. The Executive Director and/or Chief Financial Officer is hereby authorized to take all further actions deemed necessary or desirable to effectuate the intent of this resolution.

Ms. Moores, Director of Multifamily Housing, provided an overview of the Rental Assistance Demonstration (RAD) Program, including the benefits of conversion and participation in the program. She noted that the Housing Authority of New Haven (HANH) has been authorized by the U.S. Department of Housing & Urban Development (HUD) to convert up to 912 public housing units into the RAD program, and the HANH RAD conversion has been divided into four groups. Ms. Moores stated that the first group that was approved by the Board is under construction and is anticipated to be completed in the summer. She mentioned that in September 2018, CHFA approved construction financing for Group II which consists of a 70 unit housing development. However, the mortgagor was not able to obtain permanent mortgage loan financing from another source and has requested permanent financing from CHFA. Ms. Moores reviewed the proposed terms and conditions of the permanent loan. In response to a question, Ms. Hayden-Walker explained that the bank originally anticipated to provide permanent loan financing would not provide a rate lock, which was one of the conditions of initial closing. Another question arose about the environmental remediation, and Ms. Hayden-Walker stated that remediation costs have been verified and are within the scope of costs. She noted that environmental remediation will be completed before the final closing.

Upon a motion made by Ms. Foley, seconded by Ms. Weil, the Board members voted unanimously in favor of adopting the following resolution regarding the financing of the Housing Authority of New Haven (HANH) Rental Assistance Demonstration (RAD) Group II and Conversion to the HUD Rental Assistance Demonstration Program, New Haven:

RESOLUTION REGARDING FINANCING OF
HOUSING AUTHORITY OF NEW HAVEN (HANH) RENTAL ASSISTANCE
DEMONSTRATION (RAD) GROUP II AND CONVERSION TO THE HUD RENTAL
ASSISTANCE DEMONSTRATION PROGRAM
NEW HAVEN, CONNECTICUT
CHFA DEVELOPMENT NO. 17-418M

WHEREAS, pursuant to a Resolution dated September 27, 2018 (the "Prior Resolution"), the Connecticut Housing Finance Authority (the "Authority") approved construction financing for the rehabilitation by ECC Group II RAD, LLC (the "Proposed Mortgagor") of a 70 unit housing development, to be known as HANH RAD Group II, and located in New Haven, Connecticut (the "Development"); and

WHEREAS, the Proposed Mortgagor has not been able to procure permanent mortgage loan financing from another source as required by the Prior Resolution and has applied to the Authority for permanent mortgage loan financing for the Development; and

WHEREAS, the United States Department of Housing and Urban Development ("HUD") administers a program known as the Rental Assistance Demonstration ("RAD") Program, whereby public housing properties may convert existing public housing program subsidies to project-based Section 8 subsidy contracts; and

WHEREAS, pursuant to the Prior Resolution the Authority has provided its consent for the Development to participate in the RAD Program; and

WHEREAS, the Proposed Mortgagor has requested that the Authority extend its consent to the Development's participation in the HUD RAD Program (including the Authority's agreement to the terms and conditions thereof) so as to include the subordination of the Authority's permanent mortgage loan documents to the terms and conditions of the RAD Program, as required by HUD; and

WHEREAS, the Authority desires to extend its consent to the participation of the Development in the HUD RAD Program; and

WHEREAS, the Proposed Mortgagor is proceeding with its application in a manner satisfactory to the Authority; and

WHEREAS, the Authority finds that permanent mortgage loan financing is not readily available from another source and that it is appropriate and in the public interest for the Authority to provide such financing from the proceeds of taxable bonds; and

WHEREAS, the Authority desires to provide permanent mortgage financing to the Proposed Mortgagor, as described in the attached memorandum from Maura Hayden-Walker and Joe Voccio dated January 31, 2019.

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 a leasehold first mortgage permanent loan in a principal amount of up to $7,350,000 at an interest rate not to exceed 6.14% per annum, to be advanced in conjunction with the payoff of the Authority's construction loan secured by the Development, and which shall be repaid thereafter monthly, in arrears, by principal and interest repayment based on an amortization schedule of forty (40) years over a period of thirty (30) years, after which all permanent loan principal and interest shall be due in full. The Authority will fund this loan with Taxable Bond proceeds or from such other sources of funds, and upon such terms and conditions, as are deemed to be in the best interests of the Authority. With respect to any such expenditure, 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 hereby further consents to the participation of the above-described Development in the HUD RAD Program, including with respect to permanent loan financing.

Section 3. The Authority's further consent to participation in the HUD RAD Program and commitment to provide permanent mortgage loan financing shall be conditioned upon the following:

a. All governmental approvals for the Development be in place;

b. The Proposed Mortgagor's receipt of sufficient 4% Low-Income Housing Tax Credits in order to produce net syndication proceeds of approximately $7,285,113, or that the Proposed Mortgagor produce at least that amount from other sources with terms and conditions acceptable to the Authority;

c. The Authority's confirmation of the Proposed Mortgagor's receipt of a subordinated mortgage loan of approximately $3,386,316 provided by the Housing Authority of

New Haven ("HANH") funded with Moving to Work ("MTW") block grant funds or that the Proposed Mortgagor produce at least that amount from other sources and with terms satisfactory to the Authority;

d. The Authority's confirmation of the Proposed Mortgagor's receipt of a subordinated mortgage loan of approximately $7,300,000 provided by HANH or that the Proposed Mortgagor produce at least that amount from other sources and with terms satisfactory to the Authority;

e. The Authority's acceptance of the Proposed Mortgagor's receipt of a subordinated loan or grant in the amount of approximately $285,000 from the Capital Fund Program (CFP), or that the Proposed Mortgagor produce a comparable amount from other sources with terms and conditions satisfactory to the Authority;

f. The Authority's acceptance of the Proposed Mortgagor's receipt of a subordinated loan or grant in the amount of approximately $397,000 as a brownfield loan or as additional MTW funds, or that the Proposed Mortgagor produce a comparable amount from other sources with terms and conditions satisfactory to the Authority;

g. Approval by U.S. Department of Housing and Urban Development ("HUD") of the Rental Assistance Demonstration Conversion Commitment and written confirmation that the Proposed Mortgagor has secured a project-based Housing Assistance Payment ("HAP") contract for 70 apartments with terms satisfactory to the Authority;

h. The Authority's acceptance of a RAD Use Agreement specifying the affordability and use restrictions on the Development project;

i. The Authority's acceptance and approval of the 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 is consistent with the Authority's underwriting;

j. The Authority's confirmation of the Proposed Mortgagor's receipt of approval of a subordinate Deferred Developer Fee in the amount of approximately $406,000, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;

k. The Authority's confirmation of affordability restrictions on the Development for a period of 40 years, such that 67 units shall be set aside for households at or below 50% of area median income and 3 units shall be set aside for households at or below 60% of area median income, or affordability restrictions otherwise acceptable to the Authority;

l. 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;

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

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

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

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

q. The Authority's acceptance and approval of an independent "as-is" appraisal, and (if applicable), an independent "as-developed" appraisal, and a market acceptance analysis for the Development;

r. The Authority's acceptance and approval of a ground lease between HANH and the Proposed Mortgagor, with terms satisfactory to the Authority;

s. The Authority's confirmation of the Proposed Mortgagor's receipt of sufficient other funds satisfactory to the Authority, such that with the proceeds of the Authority's permanent mortgage loan, that the Authority's construction loan will be repaid in full; and

t. Compliance by the Proposed Mortgagor with the Authority's Standard Closing Requirements, which materials are available online at http://www.chfa.org/assets/1/6/standard_closing_requirements.pdf?7577, the terms of which are incorporated herein by reference, provided, however, if there is any inconsistency between the provisions of this Resolution and the Standard Closing Requirements, the terms of this Resolution shall control.

Section 4. The Executive Director is hereby authorized to modify or supplement the terms and conditions hereof and to take all other actions consistent with this Resolution, as may 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 and to close the mortgage financing authorized herein on or before July 31, 2019 shall render this Resolution void and of no further effect, provided, however, upon good cause shown and upon payment by the Proposed Mortgagor of any extension or other fees as may be required by the Authority, the Executive Director may extend the time for compliance hereunder.

Mr. Taib discussed the resolution regarding the prepayment of the mortgage loans and financing for Ninth Square, a 335 unit development with commercial space and parking facilities in New Haven. Mr. Taib explained that BC Ninth Square LLC, an affiliate of Beacon Communities, is under contract to acquire the development from the current owner. He stated that the existing loans on the development consist of tax-exempt bond financing, taxable bond financing, two feasibility loans, and a P.R.I.M.E loan. Mr. Taib spoke about CHFA's involvement with the financing, the financial difficulties encountered by the existing owner and the forbearance agreement previously approved by CHFA. He spoke about the process that lead to the solicitation of bids for the sale of the property.

Mr. Schmitt mentioned that he received an inquiry questioning the fairness of the process with respect to the acquisition of Ninth Square. Mr. Taib and Mr. Kilduff elaborated on the process and mentioned that CHFA's outside counsel worked with the third-party real estate broker obtained by the owner for the sale. They emphasized that all parties involved received the same information about CHFA's objectives of preserving the development and keeping the development affordable in addition to assuming the debt on the property. Since the first bids received were not easily comparable, Mr. Taib and Mr. Kilduff stated that outside counsel worked with the broker to seek additional information that would help to equalize the comparison of the bids; and again all bidders were provided with the same information at the same time. Mr. Kilduff and Mr. Taib assured the members that no modifications to the bidding or steering of the applicants was done at any time before, during or after the process. CHFA did not communicate with the broker directly, and all communication was handled through CHFA's outside counsel. It was noted that CHFA's outside counsel concurred with the broker's recommendation on the selection of a bid that best fits CHFA's interest in the property.

Mr. Voccio, Director of Multifamily, stated that staff recommends and the resolution authorizes the prepayment of the principal and accrued interest on the tax-exempt note, prepayment of the principal on the taxable note, the consolidation, assumption and/or replacement of the feasibility and P.R.I.M.E loans with new tax-exempt and taxable bond financing, the release of certain parking facilities from CHFA's collateral and the release of the guaranty. He stated that the proposed transaction allows the property to achieve positive cash flow. A discussion ensued on the occupancy levels with both the residential and commercial space. Ms. Hayden-Walker, Underwriter III, stated that the residential occupancy rate is currently 98 percent and the commercial occupancy is approximately 80 percent. Some concern was expressed with the ability to achieve the goal of 90 percent commercial occupancy especially since some of the current tenants do not pay rent. Ms. Hayden-Walker explained that the market study assumes $17 a square foot and underwriting only assumes $13 a square foot for the commercial space, which staff feels is achievable. Mr. Taib discussed the terms of the new financing, noting that the property will be rehabilitated and help to financially stabilize the property.

In response to a question about how the new underwriting will be more feasible and allow the development to cash flow, Mr. Taib clarified that the existing owner was challenged with the structure of the tax-exempt versus the taxable debt and keeping the sources of funding separate during the tax compliance period. Considering that CHFA will most likely be utilizing a more blended approach between taxable and tax-exempt financing in future multifamily deals, a question arose as to whether there may be similar problems with future proposals. Mr. Taib explained that underwriting is one of the key elements in a blended financing transaction.

There was some concern and discussion about relinquishing the parking. In response to a question, it was noted that Section 8 subsidies do not include parking. Ms. Hayden-Walker stated that not everyone in the development utilizes a parking space. She clarified that there are two parking garages and the proposal is to release the State Street garage. A question arose about the present value of the revenue stream of the parking being utilized by the residents of the development. A suggestion was made for the Board in the future to look at general policy regarding the use of various funds and related constraints and how those constraints can shape overall financing plans by necessity.

> Upon a motion made by Ms. Weil, seconded by Mr. Santoro, the Board members voted in favor of adopting the following resolution regarding the prepayment of mortgage loans and financing for Ninth Square, New Haven (Mr. Perez and Ms. Mailhot abstained from the vote, and Ms. Foley was not present for the vote):

RESOLUTION REGARDING THE PREPAYMENT OF MORTGAGE LOANS AND FINANCING FOR NINTH SQUARE, NEW HAVEN, CONNECTICUT
CHFA DEVELOPMENT NO. 18–406M

WHEREAS, the Connecticut Housing Finance Authority (the "Authority") is the holder of mortgage loans (the "Existing Loans") from Ninth Square Project Limited Partnership ("NSPLP"), regarding property NSPLP owns, known as Ninth Square, a 335 unit development with commercial space and parking facilities (the "Development") located in New Haven, Connecticut; and

WHEREAS, the Existing Loans consist of: (1) an existing tax exempt bond loan as evidenced by a 1997 promissory note in the stated principal amount of $31,800,000; (2) an existing taxable bond loan as evidenced by a 1997 promissory note in the stated principal amount of $10,000,000; (3) two feasibility loans (collectively, the "Feasibility Loan") as evidenced by two 1997 promissory notes each in the stated principal amount of $3,498,444; and (4) a P.R.I.M.E. Loan (the "P.R.I.M.E. Loan") as evidenced by a 1993 promissory note in the stated principal amount of $6,500,000; and

WHEREAS, The Related Companies, L.P. ("Guarantor") provided a guaranty (the "Guaranty") in connection with the Existing Loans; and

WHEREAS, NSPLP, the Guarantor, and the Authority entered into a Forbearance and Settlement Agreement dated February 28, 2017 (the "Forbearance Agreement") in connection with defaults under the Existing Loans; and

WHEREAS, NSPLP has proceeded with efforts to transfer the Development and has entered into a Purchase and Sale Agreement with Beacon Communities Development LLC ("Beacon Communities"); and

WHEREAS, NSPLP has requested the Authority's consent to the prepayment, consolidation, assumption, and/or replacement of the Existing Loans in accordance with the terms and conditions provided herein, to the release of certain parking facilities from the Authority's collateral, and to the release of the Guaranty; and

WHEREAS, BC Ninth Square LLC (the "Proposed Mortgagor"), an affiliate of Beacon Communities, has applied to the Authority for mortgage financing for the acquisition and rehabilitation of the Development; and

WHEREAS, the Proposed Mortgagor is proceeding with its application in a manner satisfactory to the Authority; and

WHEREAS, the Authority desires to provide mortgage financing to the Proposed Mortgagor, as described in the attached memorandum from Deborah Alter, Maura Hayden-Walker, Joe Voccio, and Hazim Taib dated January 31, 2019.

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

Section 1. Prepayment, consolidation, assumption, and/or replacement of the Existing Loans, release of certain parking facilities, and release of the Guaranty are hereby authorized upon the following terms and conditions:

a. Payment of a Housing Program Maintenance Fee estimated to be $500,000 to be paid to the Authority.

b. The Proposed Mortgagor, as purchaser of the Development, acquires the Development and agrees to extend the affordability as required by the Authority, for not less than an additional 24 years.

c. Release of the parcels containing the Chatterton Lot and State Street Garage from the Authority's collateral provided such parcels are conveyed to the City of New Haven and/or the New Haven Parking Authority.

d. Such other requirements for the benefit of affordable housing as may be determined by the Authority.

Section 2. The Authority is authorized to provide a construction loan in a principal amount of approximately $10,964,800 and a permanent loan in a principal amount of approximately $46,130,200, provided, however, the aggregate principal loan amount of the permanent and construction loan shall not exceed $57,095,000. Both loans shall be secured by a first-priority fee simple mortgage. The construction loan shall accrue interest on amounts advanced at a rate not to exceed 5.66% per annum and shall be repaid monthly, in arrears, over a term of 24 months, after which all construction loan principal and interest shall be due in full. The permanent loan shall accrue interest on amounts advanced at a rate not to exceed 5.15% per annum and shall be repaid monthly in arrears, as follows: (i) interest only repayment for a period of 24 months, immediately followed by (ii) principal and interest repayment based upon an amortization schedule of 40 years over a period of 40 years, after which all outstanding permanent loan principal and interest shall be due. The Authority will fund this loan with Tax-Exempt Bond (TEB) proceeds and Taxable Bond proceeds, including the issuance of bonds as described in Attachment A attached hereto or from such other sources of funds, and upon such terms and conditions, as are deemed to be in the best interests of the Authority. With respect to any such expenditure, this Resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the United States Treasury Regulations.

Section 3. The Authority is authorized to allow the assumption, consolidation, replacement, and modification of the Feasibility Loan and of the P.R.I.M.E. Loan to refinance the balances, certain deferred interest and unpaid late fees from the Existing Loans into an interest-only loan and a cash-flow loan. The Authority is authorized to provide the interest-only loan in a principal amount of approximately $14,406,523 and the cash-flow loan in a principal amount of approximately $24,669,676, provided, however, the aggregate principal loan amount of the interest-only loan and cash-flow loan shall not exceed the lesser of $40,000,000 or the unpaid balance, interest, and late fees from the Existing Loans. Both loans shall be secured by a junior priority fee simple mortgage. The interest-only loan shall accrue interest on amounts advanced at a rate of not less than 1.00% per annum or such higher rate as may be determined by the Authority, may accrue interest for 24 months, and after 24 months interest at the pay rate not to exceed 1.00% per annum shall be repaid monthly, in arrears, over a term of 40 years, after which all loan principal and accrued but unpaid interest shall be due in full. The cash-flow loan shall accrue interest on amounts advanced at a rate of 0.00% per annum or such higher rate as may be determined by the Authority and shall require no payments for 24 months, and after 24 months shall be repaid annually in arrears, over a period of 40 years from not less than fifty percent (50%) of available adjusted cash flow after debt service and permitted contingent payments, after which all outstanding cash-flow loan principal and interest shall be due. The weighted average interest rate on the interest-only loan and the cash-flow loan shall not, however, exceed 4.00% per annum. The interest-only loan and the cash-flow loan will be pre-payable at any time, without penalty. With respect to any such loan, this Resolution is intended to satisfy the technical requirements of Section 1.150-2(d)(1) of the United States Treasury Regulations.

Section 4. The Authority's commitment to provide 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 approximately $80,000 in net proceeds from a sale of an ancillary parking lot within the existing Development, on terms and conditions satisfactory to the Authority, or that the Proposed Mortgagor produce a commitment for a comparable amount from other sources with terms and conditions satisfactory to the Authority;

c. The Proposed Mortgagor's receipt of sufficient 4% Low-Income Housing Tax Credits in order to produce net syndication proceeds of approximately $12,547,493, or that the Proposed Mortgagor produce at least that amount from other sources with terms and conditions acceptable to the Authority;

d. The Proposed Mortgagor's receipt of sufficient net operating income during rehabilitation of the Development to produce net proceeds of approximately $4,904,656, or that the Proposed Mortgagor produce a comparable amount from other sources and with terms and conditions acceptable to the Authority;

e. The Authority's confirmation that the Proposed Mortgagor provides a firm commitment from the Connecticut Green Bank for not less than $1,900,000 in construction/permanent subordinate financing, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions satisfactory to the Authority;

f. The Authority's acceptance of the Proposed Mortgagor's receipt of approval of a subordinate Deferred Developer Fee in the amount of approximately $2,034,297, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;

g. The Authority's acceptance of the Proposed Mortgagor's receipt of approval of a subordinate Deferred Developer Loan in the amount of approximately $2,070,000, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;

h. The Authority's acceptance of documentation satisfactory to the Authority that the Proposed Mortgagor provides a firm commitment for and access to approximately $502,500 in replacement reserves, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;

i. The Authority's confirmation of affordability restrictions on the Development for a period of forty years, such that 189 units shall be set aside for households at or below 60% of area median income;

j. 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;

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

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

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

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

o. The Authority's acceptance and approval of an independent "as-is" appraisal, and (if applicable), an independent "as-developed" appraisal, and a market acceptance analysis for the Development; and

p. Compliance by the Proposed Mortgagor with the Authority's Standard Closing Requirements, which materials are available online at http://www.chfa.org/assets/1/6/standard_closing_requirements.pdf?7577, the terms of which are incorporated herein by reference, provided, however, if there is any inconsistency between the provisions of this Resolution and the Standard Closing Requirements, the terms of this Resolution shall control.

Section 5. To continue the existing affordability restrictions and avoid displacement of existing tenants, the Board of Directors hereby waives the requirements of the Qualified Allocation Plan which might otherwise require that a minimum of 20% of the units serve households with incomes less than or equal to 50% of area median income ("AMI").

Section 6. The Authority is authorized commencing February 1, 2019 to suspend the accrual of interest on the Existing Loans, not including the interest which will be due and payable under the existing tax exempt bond loan and the P.R.I.M.E. Loan.

Section 7. The Executive Director is hereby authorized to modify or supplement the terms and conditions hereof and to take all other actions consistent with this Resolution, as may be in the best interest of the Authority and necessary for the development of quality affordable housing.

Section 8. Failure to provide any of the above-referenced requirements in a form acceptable to the Authority and to close the mortgage financing authorized herein on or before October 31, 2019 shall render this Resolution void and of no further effect, provided, however, upon good cause shown and upon payment by the Proposed Mortgagor of any extension or other fees as may be required by the Authority, the Executive Director may extend the time for compliance hereunder.

(Ninth Square, New Haven)

ATTACHMENT A

1. The Executive Director and/or Chief Financial Officer of the Authority (the "Executive Director") and staff are hereby authorized to continue the Authority's Housing Mortgage Finance Program by way of one or more bond sales.

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

3. The bond sales shall be in an amount not to exceed $62,805,000 for the Housing Mortgage Finance Program Bonds, of the series designated (subject to paragraph 18 below) 2019 Series C (the "Bonds"), which shall be issued in one or more series and 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 Executive Director and/or Chief Financial Officer is hereby authorized to set the date or dates for receipt of the respective offers from the underwriter(s) or other purchaser(s) (the "Respective Purchasers") to purchase the Bonds.

6. The Executive Director and/or Chief Financial Officer is hereby authorized to execute and cause to be delivered appropriate documentation, including, without limitation, one or more Preliminary Official Statements and Underwriting Commitments, to adopt the

expectations, beliefs, assumptions and representations expressed and made on behalf of the Authority in the Official Statement(s) of the Bonds (the "Official Statement(s)") and to execute and deliver the Official Statement(s).

7. The Executive Director and/or Chief Financial Officer is hereby authorized both (a) to receive the related offer presented by the Respective Purchasers, and (b) to make a formal award of the related portion of the Bonds to the Respective Purchasers and execute one or more Contracts of Purchase, provided the Executive Director and/or Chief Financial Officer may make such award only if the net interest cost on the tax-exempt portion or related 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 Executive Director and/or Chief Financial Officer and staff of the Authority are hereby authorized to negotiate one or more interest rate swap agreements with counterparties that meets the requirements of the General Bond Resolution and is satisfactory to the Executive Director and/or Chief Financial Officer in conjunction with the 2019 Series C bond sale (collectively, the "Swap"). The Executive Director and/or Chief Financial Officer 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 Executive Director and/or Chief Financial Officer. The Executive Director and/or Chief Financial Officer 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. The Executive Director and/or Chief Financial Officer is hereby authorized to approve changes, additions, deletions, modifications, novations and amendments to interest rate swap agreements previously executed by the Authority and intended to be allocated to the Bonds, in each case 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 $62,805,000 Housing Mortgage Finance Program Bonds, 2019 Series C (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 Executive Director and/or Chief Financial Officer 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 Executive Director and/or Chief Financial Officer is hereby authorized to have the Bonds prepared and to execute and authorize the delivery of the Bonds to the Respective 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(s) 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 Executive Director of the Authority and/or his designee, 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 Executive Director or another duly Authorized Officer of the Authority.

12. The Executive Director and/or Chief Financial Officer 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 and/or refund current and future maturities of outstanding bonds and/or to refund prepayments. The Executive Director and/or Chief Financial Officer is hereby authorized to determine which multifamily projects are to be funded from proceeds of the Bonds.

14. U.S. Bank National Association is hereby authorized to act as Paying Agent and U.S. Bank 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 $62,805,000 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 Executive Director and/or Chief Financial Officer 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 Executive Director is unable to act in accordance with this resolution or otherwise, then the Chief Financial Officer is hereby authorized to carry out all necessary functions to consummate the sale of the Bonds. In the event his designee 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/she 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 Executive Director and/or Chief Financial Officer 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 may be sold as one or more series and bond underwriting firms to act as the book running senior or co-senior managers, co-managers and/or selling group members for the Bonds may be determined by the Executive Director and/or Chief Financial Officer for each series of Bonds from among the appointed Housing Mortgage Finance Program Bond Underwriters.

20. The senior manager, the co-senior bond underwriters and the co-managing underwriters designated by the Authority for participation in the Authority's bond issues are hereby required prior to participation in the 2019 Series C Bond issue to provide an update to the statutory provisions, affidavits and certifications submitted as part of their agreements with the Authority.

21. Failure to provide the above required information in such form and content as determined by the Executive Director and/or Chief Financial Officer necessary to satisfy the requirements of this resolution shall render the senior manager, co-senior bond underwriters or co-managing underwriters ineligible to participate in the designated bond issue.

Ms. Lambert, Manager of Strategic Planning, summarized the Annual Report regarding Fair Housing Choice and Racial and Economic Integration for the period October 1, 2017 through September 30, 2018. She noted that the report is a collection of both CHFA single-family and multifamily housing activity. Over the last five years, CHFA has consistently served low and moderate income residents in the State of Connecticut. The Board asked for a break out of racial information relative to single-family loans, a graph showing the results of homeownership, and more information on CHFA's rehabilitation efforts. The full report is available on CHFA's Website.

Ms. Martin, Legislative Program Officer, Federal, provided an update on federal legislation. She mentioned some of the major proposals likely to be introduced/reintroduced to Congress, including legislation to strengthen the housing tax credit and housing bond programs, housing finance reform, and infrastructure proposals.

Ms. Martin discussed the CHFA process improvement initiative, noting that the initiative is to strengthen the lean culture within CHFA through smaller projects with completion dates of six months or less. CHFA will continue to train staff in Lean principles and serve on the Office of Policy and Management's Statewide Process Improvement Committee.

Ms. DeWyngaert asked the Board members to consider the items on the Consent Agenda.

> Upon a motion made by Mr. Cicchetti, seconded by Ms. Dorgan, the Board members voted in favor of accepting the following consent agenda items (Ms. Foley and Mr. Kooris were not present for the vote):

Reports Accepted:
- Financial and Delinquency Reports
- Finance/Audit Monthly Tracking Report

Ms. DeWyngaert asked the Board members to consider the minutes from the November 29, 2018 regular meeting.

> Upon a motion made by Mr. Perez, seconded by Ms. Weil, the Board members voted in favor of adopting the minutes from the November 29, 2018 regular meeting as presented (Mr. Cicchetti and Ms. Mailhot abstained from the vote, and Ms. Foley and Mr. Kooris were not present for the vote).

There being no further business to discuss, upon a motion made by Mr. Perez, seconded by Mr. Cicchetti and approved, the Board members voted to adjourn the meeting at 10:35 a.m.