

Proposed Draft Minutes
Connecticut Housing Finance Authority
Board of Directors' Meeting No. 560
February 22, 2018

Directors Present: Evonne Klein, Chairperson of CHFA Board and Commissioner of the Department of Housing
Heidi DeWyngaert, Vice Chairperson of CHFA
Kathleen Dorgan (by phone)
Anne Foley, Chairperson of the Mortgage Committee, representing Benjamin Barnes, Secretary, State Office of Policy and Management
Timothy Hodges
Catherine LaMarr, representing Denise Nappier, State Treasurer
Jorge Perez, State Banking Commissioner
Catherine Smith, Commissioner of the Department of Economic and Community Development
Carla Weil
Alicia Woodsby

Directors Absent: Lisa Tepper Bates
Michael Cicchetti
Nuala Droney
Richard Orr
Jared Schmitt, Chairperson of the Finance/Audit Committee

Ms. Klein 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. Kilduff, Executive Director, provided the Executive Director's report. Information about ribbon cuttings and events that occurred in February was provided in the Board package materials. Mr. Kilduff mentioned that he and Maura Martin, Legislative Program Officer, will be attending the National Council of State Housing Agencies 2018 legislative conference in March which will focus on legislative issues regarding housing and changes with the new administration. Mr. Kilduff mentioned that the Connecticut legislative session is underway and CHFA is currently tracking two bills impacting quasi-public agencies. He noted testimony will be provided against the bills because of the impact they will have on CHFA's ability to operate efficiently and effectively.

Mr. Taib, Chief Financial Officer, provided a brief summary of the success CHFA had in the market selling its 2018 Series A bonds for the single-family program despite the extreme volatility in the market, the increase in interest rates, the uncertainty with the economy, and the recent passage of tax reform. He mentioned that CHFA's bonds were the first single-family housing bonds in the country in the market since the enactment of tax reform. Mr. Taib stated that even with CHFA's reputation, the strength of its bonds and the strength of the syndication, it was difficult to predict supply and demand and how investors would respond. He summarized

that CHFA's bonds were favorably received and set the benchmark for other state housing finance agencies. Mr. Taib stated that due to CHFA's success, it will be able to continue to provide below market-rate loans for affordable single-family homes in the State of Connecticut. When comparing the sale of the 2018 Series A bonds to single-family bonds issued by CHFA in 2017, Mr. Taib stated that there was very little difference even though there was added turmoil. In response to a question, Mr. Taib explained that staff does not speculate but manages its liquidity and pipeline so that it has funding when needed while avoiding negative carrying fees to the extent possible.

Ms. Moores, Assistant Director of Multifamily, discussed the recommendation to approve a loan from Investment Trust Account funds for Canton Specialty Housing, a 40-unit housing development located in Canton. She mentioned that the financing application was submitted in response to the Intellectual Disabilities and Autism Spectrum Disorder Housing ("IDASH") Notice of Funding Availability issued by the Connecticut Department of Housing in collaboration with the Connecticut Department of Developmental Services and the Connecticut Department of Social Services. Ms. Moores stated that all of the units will be affordable and will have 40-year affordability restrictions. She reviewed the funding sources for the development. Ms. Moores mentioned that Canton is one of the municipalities with less than 10% affordable housing as identified on the Affordable Housing Appeals list. She mentioned that funding for the IDASH Program was approved by the State Bond Commission in February. Ms. Foley stated that the Mortgage Committee recommends approval of the funding and noted that this type of housing is greatly needed in the State of Connecticut.

Upon a motion made by Ms. Smith, seconded by Ms. Foley, the Board members voted unanimously in favor of adopting the following resolution regarding the financing of Canton Specialty Housing, Canton:

RESOLUTION REGARDING FINANCING OF
CANTON SPECIALTY HOUSING, CANTON, CONNECTICUT
CHFA DEVELOPMENT NO. 17-412

WHEREAS, Canton Specialty Housing LLC has applied to the Connecticut Housing Finance Authority (the "Authority") for mortgage financing for the construction of a 40 unit housing development, to be known as Canton Specialty Housing, located at 300 and 350 Commerce Drive in Canton, Connecticut (the "Development"); and

WHEREAS, Canton Specialty Housing LLC and/or a related entity otherwise acceptable to the Authority (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 Seth St. Jean and Peter Simoncelli dated February 22, 2018.

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 construction loan in a principal amount not to exceed \$3,560,000.00 and a permanent loan in a principal amount not to exceed

\$2,540,000.00, provided, however, the aggregate principal loan amount of the permanent and construction loan shall not exceed \$6,100,000.00. 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 5.57% 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 5.65% 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 30 years over a period of 30 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, 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 2. 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 a commitment from FAVARH Canton Supportive Housing, LLC ("FCSH") for up to approximately \$6,086,896.00 in construction to permanent subordinated funding, anticipating a grant to FCSH of the same amount of IDASH funding from the Connecticut Department of Housing, (and State Bond Commission approval for such funding, if necessary) all with 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 \$2,915,060.00, or that the Proposed Mortgagor produce at least that amount from other sources with terms and conditions acceptable to the Authority;
- d. The Authority's acceptance of the Proposed Mortgagor's receipt of a subordinate Deferred Developer Fee Loan in the amount of approximately \$247,544.00 or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;
- e. The Authority's acceptance of the Proposed Mortgagor's receipt of Energy Rebates in the amount of approximately \$107,500, or that the Proposed Mortgagor produce at least that amount from other sources and with terms and conditions acceptable to the Authority;
- f. The Authority's confirmation of affordability restrictions on the Development for a period of 40 years, such that 40 units shall be set aside for households at or below 60% of area median income, and one two bedroom unit available as a non-income restricted superintendent unit;

g. The Authority's confirmation of the receipt, prior to initial closing, of documentation satisfactory to the Authority that project based rental assistance payments ("RAPs") from the State of Connecticut for ten (10) apartments with rental income subsidy amounts consistent with the Authority's underwriting are available for the Development;

h. 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;

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

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

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

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

m. 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

n. Compliance by the Proposed Mortgagor with the Authority's Standard Closing Requirements, which materials are available online at <http://www.chfa.org/Rental%20Housing/Loan%20Closing%20Materials/default.aspx>, 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 3. 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 4. 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 November 30, 2018 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.

(Canton Specialty Housing - 300 & 350 Commerce Drive, Canton)

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 \$6,600,000.00 for the Housing Mortgage Finance Program Bonds, of the series designated (subject to paragraph 18 below) 2018 Series D (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 2018 Series D 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 \$6,600,000.00 Housing Mortgage Finance Program Bonds, 2018 Series D (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 \$6,600,000.00 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 2018 Series D 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. Moores presented the recommendations to approve Investment Trust Account fund loans for the assumptions and modifications for both Green Court, Middletown and 54 Grand Street, Middletown, both of which are owned by Nehemiah Housing Corporation. Green Court is a 14-unit housing development which is in fair condition. The development was financed under CHFA's Small Unit Rental Program in 1993. Ms. Moores stated that 54 Grand Street is a 2-story house that was funded under CHFA's Pilot Non-Profit Site Acquisition Program. She stated that both properties have suffered from a lack of oversight by the owner, and Columbus Housing, Inc., a nonprofit experienced service provider, has entered into sales contracts for both properties. Ms. Moores reviewed the background of each of the properties, the outstanding loan balances and proposed modifications. She noted that the regulatory agreement for Green Court will be extended to be coterminous with the new loan. Ms. Moores stated that the approval of the loan assumptions and modifications will help stabilize and preserve the housing. There was a discussion about the existing property management company, and it was noted that the management company is not responsible for the issues experienced at the developments. In response to a question about future cash flow, Ms. Moores indicated that staff feels confident that the modifications proposed will provide relief for the developments going forward.

Upon a motion made by Ms. Foley, seconded by Ms. Smith, the Board members voted in favor of adopting the following resolution regarding the financing of Green Court, Middletown (Ms. Weil abstained from the vote):

RESOLUTION REGARDING FINANCING OF
GREEN COURT, MIDDLETOWN, CONNECTICUT
CHFA DEVELOPMENT NO. 18-501

WHEREAS, by resolutions adopted on June 26, 1986, April 28, 1988, and July 30, 1992 the Connecticut Housing Finance Authority (the "Authority") authorized the acquisition, rehabilitation, and permanent mortgage financing for Green Court, a 14-unit housing development located in Middletown, Connecticut (the "Development") owned by Nehemiah Housing Corporation (the "Owner"); and

WHEREAS, the resulting financing consisted of a \$406,429 Investment Trust Surplus Fund mortgage loan (the "ITF Loan"); and

WHEREAS, the State of Connecticut acting by the Department of Economic and Community Development ("DECD") made a deferred interest loan to the Owner with a balance of \$87,870.62 (the "Deferred Interest Loan") pursuant to an Assistance Agreement dated December 10, 1999 and amended on June 12, 2001, which Deferred Interest Loan is due and payable on sale of the Development, and which was acquired by the Authority pursuant to an Agreement Regarding Transfer of Resources effective April 9, 2003 by and between DECD and the Authority; and

WHEREAS, the Owner is expected to dissolve and is proposing to transfer the Development to Columbus House, Inc. and/or a related entity otherwise acceptable to the Authority (the "Proposed Mortgagor"); and

WHEREAS, the Authority has advanced funds in the amount of \$52,606.55 pursuant to the ITF Loan to pay delinquent and current property taxes on the Development; and

WHEREAS, the Authority desires to permit the transfer of the Development and the assumption of the ITF Loan and the Deferred Interest Loan by the Proposed Mortgagor, to modify the Deferred Interest Loan and to provide additional mortgage financing to the Proposed Mortgagor, as described in the attached memorandum from Wendy Moores dated February 22, 2018.

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

Section 1. The Authority is authorized to provide financing secured by the existing mortgage or a new co-first mortgage in an amount up to \$58,000 to reimburse the Authority for its advance together with interest thereon at 2.00% per annum and to fund closing costs. The loan shall accrue interest at a rate of two percent (2.00%) per annum and shall be repaid monthly, in arrears, over a term of twenty (20) years as follows: (i) interest only repayment for a period of five (5) years, immediately followed by (ii) principal and interest repayment based upon an amortization schedule of fifteen (15) years, after which all outstanding loan principal and interest shall be due. This loan will be pre-payable at any time, without penalty. The Authority will fund this loan with Investment Trust Account (ITA) 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. A debt service reserve will be established and funded up to \$20,000 from a portion of cash flow after commencement of amortization.

Section 2. The Authority is authorized to modify the Authority's existing Regulatory Agreement to extend the affordability for a term of twenty (20) years.

Section 3. The Authority is authorized to allow the assumption of the existing ITF loan by the Proposed Mortgagor with the current terms and conditions.

Section 4. The Authority is authorized to allow the assumption of the Deferred Interest Loan and to waive the required payment due upon this sale.

Section 5. 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 6. 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 August 31, 2018 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.

Upon a motion made by Ms. Foley, seconded by Ms. Smith, the Board members voted in favor of adopting the following resolution regarding the financing of 54 Grand Street, Middletown (Ms. Weil abstained from the vote):

RESOLUTION REGARDING FINANCING OF
54 GRAND STREET, MIDDLETOWN, CONNECTICUT
CHFA DEVELOPMENT NO.

WHEREAS, by resolution adopted on May 26, 2005 the Connecticut Housing Finance Authority (the "Authority") authorized a Pilot Non-Profit Site Acquisition Program (the "Program"); and

WHEREAS, pursuant to the Program the Authority made a site acquisition loan for 54 Grand Street located in Middletown, Connecticut (the "Development") to finance the acquisition of the Development by Nehemiah Housing Corporation (the "Owner"); and

WHEREAS, the resulting financing consisted of a deferred payment \$200,000 mortgage loan made in 2007 (the "Loan"); and

WHEREAS, the Owner had proposed to rehabilitate the Development and sell the Development to borrowers within the Authority's single family income restrictions but was not successful in doing so; and

WHEREAS, the Authority has advanced funds in the amount of \$14,298.81 pursuant to the Loan to pay delinquent and current taxes on the Development; and

WHEREAS, the Owner is expected to dissolve and is proposing to transfer the Development to Columbus House, Inc. and/or a related entity otherwise acceptable to the Authority (the "Proposed Mortgagor"); and

WHEREAS, the Authority desires to permit the transfer of the Development and the assumption of the Loan and to provide additional mortgage financing to the Proposed Mortgagor, as described in the attached memorandum from Wendy Moores dated February 22, 2018.

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 modify the Loan such that the Loan balance is increased by approximately \$14,300 to reimburse the Authority for its prior advance for taxes, to reduce the interest rate from 2% to 0%, and to extend the maturity date to forty (40) years from the date of the loan being assumed and modified. The Loan increase shall be made from Investment Trust Account (ITA) 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 Loan, as modified, shall accrue interest at a rate of zero percent (0.00%) per annum and principal shall be repaid quarterly, in arrears, over a term of forty (40)

years from available adjusted cash flow. This loan will be pre-payable at any time, without penalty.

Section 3. Interest on the Loan consisting of an accrual balance of approximately \$88,000, interest accruing until the assumption of the Loan, including the default interest and interest on the advance, and all late fees will be waived.

Section 4. Accounts shall be established to accommodate monthly payments to be made by Proposed Mortgagor to the Authority to be held for real estate taxes, insurance and replacement reserves.

Section 5. The Authority shall require the Proposed Mortgagor to enter into a Covenant of Compliance and Regulatory Agreement to establish affordability and reporting requirements for a term of forty (40) years.

Section 6. 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 7. 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 August 31, 2018 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. Deslauriers, Managing Director of Homeownership discussed changes to the Downpayment Assistance Program (DAP), noting that the intent of the changes is to extend the program resources and strengthen borrower success. Mr. Kilduff explained that CHFA took over the administration of DAP in 1995, and the program was originally capitalized with state bonds funds through the Department of Housing as part of the transfer to CHFA. He stated that over the last 22 years, CHFA had been successful with utilizing the revolving feature of the repayments to fund the program. However, the demand for funding has outpaced the repayment schedule of existing borrowers and the fund is being depleted. Mr. Kilduff mentioned that with the low-interest rate environment, fewer DAP borrowers are repaying loans. Mr. Deslauriers explained that approximately half of CHFA's loans have DAP loans, and CHFA has experienced an increase in single-family loan production for the last five years. He explained the proposed changes to the program which will become effective April 1 and noted that the changes do not require additional approval. In response to a question, Mr. Deslauriers stated that other states have different programs such as grants that do not have to be repaid. A question arose as to whether staff has considered the use of Investment Trust Account ("ITA") funding for DAP. Mr. Kilduff responded that ITA funding for 2018 has already been committed to the multifamily program and noted there are not sufficient ITA funds to support DAP even for one year. The Board asked staff how the changes to the program could impact single-family production, revenues and ITA funding going forward. Mr. Taib stated that ITA should not be impacted in the short-term. Mr. Kilduff mentioned that staff will work with the Department of Housing on

recapitalization issues and will continue to explore other methods to improve program performance.

Ms. Martin noted that at the January Board meeting, staff presented proposed changes to the Board Policy Statement on Multifamily Rental Housing Development Costs. The policy was originally adopted in 2010 and revised in 2014. As requested by the Board, Ms. Martin stated that CHFA staff met with the Department of Housing staff to discuss the board policy. She mentioned that discussion focused on areas identified as having the greatest opportunity for cost reduction and interventions both agencies can take to control those costs. Ms. Martin stated that CHFA staff and DOH staff will continue to discuss the long-range approach to the management of development costs and strengthen the implementation of the Board Policy Statement on Development Costs.

Upon a motion made by Mr. Perez, seconded by Ms. LaMarr, the Board voted unanimously in favor of adopting the “Board Policy Statement on Multifamily Rental Housing Development Costs” as revised and presented to the Board on February 22, 2018.

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

Upon a motion made by Ms. Foley, seconded by Mr. Perez, the Board members voted unanimously in favor of accepting the following consent agenda items:

Reports Accepted:

- 2018 Series A Bond Issue (Single Family)
- Financial and Delinquency Reports
- Finance/Audit Monthly Tracking Report

Ms. Klein asked the Board members to consider the minutes from the January 25, 2018 regular meeting.

Upon a motion made by Ms. Weil, seconded by Ms. DeWyngaert, the Board members voted in favor of adopting the minutes from the January 25, 2018 regular meeting as presented (Ms. Woodsby abstained from the vote).

Ms. Klein asked the Board members to consider amending the agenda to add a discussion about pending litigation for Ninth Square, New Haven as an executive session item.

Upon a motion made by Ms. Foley, seconded by Ms. Smith, the Board members voted unanimously in favor of adding to the agenda a discussion about pending litigation for Ninth Square, New Haven in executive session.

Ms. Klein asked the Board members to consider going into executive session to discuss pending litigation regarding Temple Street, Hartford; Security Manor, New Britain; and Ninth Square, New Haven.

Upon a motion made by Ms. Foley, seconded by Ms. Smith, the Board members voted unanimously in favor of going into executive session at 10:16 a.m. to discuss pending litigation regarding Temple Street, Hartford; Security Manor,

New Britain; and Ninth Square, New Haven. Attorney Dickerson, Ms. Hayden-Walker, Mr. Kilduff, Ms. Koroser-Crane, Ms. Moores, Ms. O'Brien, Ms. Olson, Mr. St. Jean, and Mr. Taib were invited to remain during parts of the executive session.

The executive session ended at 10:50 a.m., and the regular meeting was immediately reconvened.

Upon a motion made by Ms. Foley, seconded by Ms. Weil, the Board members voted in favor of adding to the agenda action items for Temple Street, Hartford and Security Manner, New Britain (Ms. DeWyngaert and Ms. Smith were not present for the vote).

Upon a motion made by Ms. Foley, seconded by Ms. LaMarr, the Board members voted in favor of extending the moratorium for Security Manner, New Britain for six months (Ms. DeWyngaert and Ms. Smith were not present for the vote).

Upon a motion made by Ms. Foley, seconded by Ms. Weil, the Board members voted in favor of extending the moratorium for Temple Street, Hartford, for three months (Ms. DeWyngaert and Ms. Smith were not present for the vote).

There being no further business to discuss, upon a motion made by Mr. Perez, seconded by Ms. LaMarr, the Board members voted to adjourn the meeting at 10:56 a.m.