

West Hill Gardens

July 15, 2015

Attending: Chairman Josh Howroyd
Robert Shanbaum
Paul Rubin
Joseph D'Ascoli, Executive Director
Judy Taylor – Tenant Commissioner
Absent Susan Holmes

I. Meeting Called to Order

Chairman Howroyd called the meeting to order at 6:35 pm and introduced the members of the Board.

Chairman Howroyd asked for a motion to suspend the rules and take agenda item 5 C 1. Mr. Shanbaum moved to suspend the rules and take agenda item 5 C 1- Presentation from the Jonathan Rose Company. Mr. Rubin seconded and the motion passed 4-0.

Messrs David McCarthy and John Tatum introduced themselves from Jonathan Rose Companies. Mr. McCarthy explained that Jonathan Rose Companies is a real estate development and investment company with a 25 year history focusing on affordable housing and mixed income properties. They have had a presence in Connecticut for 11 years. Mr. McCarthy handed out a packet that outlines a local bond issuance project that he wants to discuss with the Manchester Housing Authority. He explained that Jonathan Rose Company is under contract to purchase the Squire Village complex. He explained the Squire Village complex is a 374 unit Section 8 property and they are planning on purchasing it using tax exempt bonds and 4% low income tax credits. These are financing sources that are very common in the affordable housing world. This enables us to do an acquisition and a rehab of the property. Connecticut housing authorities can issue bonds either for their own projects or projects that are owned by others within that housing authorities' geography. He explained that usually CHFA issues the bond and credits but Jonathan Rose Company is asking if MHA is interested in entering into an agreement with them. There are three parties in a typical bond and credit transaction. One is the borrower, Jonathan Rose Companies, and we borrow funds from a bank and the difference is that we are proposing that the issuer would be the Manchester Housing Authority. What the issuer does is they are given bond authority by the State of Connecticut and it issues bonds to the bank, the bank pays the issuer capital in exchange for those bonds and the issuer then makes a loan to the borrower in the same amount as the bond. The loan is then repaid through debt service. The debt service payments from the borrower go towards paying off the bond to the bank. This is called a Conduit Issuance. MHA is the conduit for the funds to flow from the borrower to the lender. There would be a Trustee who will manage the flow of the capital for MHA. It goes through the issuer, the issuer accepts the debt service payments from Jonathan Rose Companies and the issuer makes the bond payments to the bank and the borrower pays for the issuer. The bonds are set up so that they are completely "non-recourse" to the housing authority. If ever there is a default, the bank cannot go after MHA for the bonds. The bank can only go after the borrower's property, like a traditional mortgage. There are a few steps that MHA would have to take and they are outlined in the packet. The borrower would pay for the bond council who would represent MHA. In exchange for MHA's services the project would pay an issuance fee, which could be any where from \$250 to \$300k. Mr. McCarthy gave a brief overview of the plans for the Squire Village complex. The main goal is to extend the affordability for another 30 years and would also look

to spend \$10m on a moderate rehab of the complex. The bond proceeds would about \$55m out of the total capital of \$90m.

Chairman Howroyd asked what the term of the bond is. Mr. McCarthy explained they generally are 17 year bonds and they are structured to coincide with the tax credit equity which has a 17 year life. Chairman Howroyd asked what the exposure to MHA is. Mr. McCarthy shared these are called a Private Placement Bond Issuance and the way that these are set up is the lender is accepting up front these bonds are not supported by MHA. Their sole recourse would be to go after the property and not MHA.

Mr. Rubin asked who the "bond council is" and would it be that Jonathan Rose Companies hires them. Mr. McCarthy stated that MHA would hire a bond council and they would have to understand bond issuance and Jonathan Rose would pay for it. Mr. Rubin remarked that MHA will have to do an RFP for special council. Mr. Rubin asked should we have to hire council to look into this proposition and MHA does not enter the deal, what would your company be willing to do for MHA. Mr. McCarthy explained that should MHA pass on the bond issuance, any other housing authority in Connecticut can do it. Jonathan Rose would probably go to a housing authority that we have a relationship with and ask if they want to enter into a deal.

Mr. Shanbaum restated that in advance of actually making this deal MHA would have some legal expenses so the question is whether or not those expenses would be paid for by Jonathan Rose. Mr. McCarthy noted that at this given time we do not have a purchase agreement and it could be worked out.

Chairman Howroyd stated basically Jonathan Rose wants to get a sense of MHA's level of interested in entering into a project of this kind. MHA would have the right of first refusal before another housing authority could be approached. There is a certain amount of risk involved for both parties and we need to do our due diligence. Mr. Tatum suggested MHA contact other housing authorities that Jonathan Rose has done business with and get their thoughts on this type of transaction. Mr. D'Ascoli shared he will contact the ED from the Meriden Housing Authority to get his insight. Chairman Howroyd asked once MHA speaks with legal council would Jonathan Rose be picking up that cost. Mr. McCarthy shared it is early in the process but that it could possibly be worked out.

Mr. Rubin asked if there any things that MHA needs to be concerned about, if we get into this bond issuance is there any negative aspects that would prevent MHA from getting financing in the future. Mr. McCarthy shared it is a good question. The State gets a certain amount of what is called volume capital, the maximum amount of bonds that they are authorized to issue for housing on a yearly basis. Most of that goes to CHFA who handles the bonding. Mr. McCarthy suggested that Mr. D'Ascoli contact the Stamford Housing Authority they can give MHA insights as to what is involved in this process.

Mr. McCarthy shared the process to allocate 4% tax credit is that MHA would have to issue Tax Exempt Bonds. We want to be able to use the 4% tax credit to pay for the rehab of this property. So the way we have structured this deal the Tax Exempt bonds is a necessity.

Chairman Howroyd asked what the time frame is. Mr. McCarthy said they are planning to close sometime around February or March of 2016. There are 3 steps that MHA BOC would have to take to make it possible and we would have to get started on those steps within 2 months.

Mr. Rubin asked if the advantage to MHA for doing this is the \$270k inventive. Mr. McCarthy shared that yes MHA would earn the fee and MHA would participate in preserving affordable housing in Manchester.

Mr. D'Ascoli shared that the local newspaper contacted him yesterday asking if we had any knowledge of Squire Village being for sale. Our minutes are posted on our website so this information will be common knowledge. Mr. McCarthy asked that if MHA is asked that they state what we have talked about tonight.

Chairman Howroyd stated the MHA will be giving this some consideration and will respond back in a timely manner.

II. Adoption of Minutes – Meeting of June 17, 2015

Chairman Howroyd asked for a motion to adopt the minutes of June 17, 2015.

Mr. Rubin moved to adopt the minutes of June 17, 2015 as presented. Mr. Shanbaum seconded and the motion passed 3-0 with one abstention.

III. Correspondence

A. Welcome our new Tenant Commissioner Judy Taylor

Chairman Howroyd welcomed Judy Taylor Tenant Commissioner as the newest member of the BOC. He also shared that she has been a member of the Tenant Advisory Board representing the Mayfair Garden complex.

IV. Accounts Payable

A. June 2015 Payment Summary and Detail Report

Mr. D'Ascoli shared Pascal Lane driveway has been patched and while it was a very expensive project it looks very good. Some other projects in the works are roofs being replaced at Bluefield Drive and at Mayfair two electrical panels are being upgraded and the parking lots are being repaved.

V. Executive Director's Report

A. Financial Statements – June 2015

Mr. D'Ascoli explained financially we are doing very well even though we are showing a \$41k loss. This loss is for pilot program which is payment in lieu of taxes. Mr. Rubin asked about the expense at North Elm Street. Mr. D'Ascoli noted we completely rehabbed two units and the Town of Manchester owns this property and MHA manages it. So with the Town's permission instead of paying them we recouped the expense for the rehabbed units.

B. Vacancy Reports – June 2015

Mr. D'Ascoli reported we are at 98.96% right now. With the approval of HUD we will be taking one unit off line so that we can make it ADA compliant which should take about 3 months to complete.

Mr. Shanbaum shared he is very impressed with the progress maintenance has done with getting units ready for rental. This is a vast improvement from previous years.

C. General Information

1. Presentation from Jonathan Rose Companies – see above
2. Modernization Report Update

Mr. D'Ascoli reviewed some of the projects on the table. Storm water management on Case Drive, several more of the roofs are being replaced, electrical panels at Mayfair are being upgraded. Mr. Shanbaum asked how long tenant will be without electricity and Mr. D'Ascoli reported only one day. With the parking lot being repaved MHA was able to talk with several surrounding businesses and tenants will be able to park their cars in their lots while the repaving is being done. At North Elm Street there was a sink hole in the middle of the driveway, the catch basin sunk and it is being repaired at a cost of \$3,000. He also reported that Gary Sweet has put out several more RFP's for upcoming projects. Things are on track and we are looking good.

VI. Chairman's Report

Chairman Howroyd reported that he, Mr. Rubin and Ms. Holmes went to the NERC-NAHRO conference at Cape Cod. He attended several good workshops.

VII. Old Business

A. Discussion about RFP for Attorney Services

Mr. D'Ascoli shared one of the questions that was raised at the last meeting was about the RFP for Attorney Services. He did take a look at the RFP that went out and law firms could bid on any one of the four services we are seeking or all of them. We did get four responses from 4 law firms. When we interview the firms we can choose firms for the 4 different items Mr. Rubin added that part of the question is whether or not we can separate out the coverage we are looking for. If a law firm did not separate out the different parts of the job and how is MHA going to handle it. Do we question them during the interview process or do they have to re-submit their bids. Mr. D'Ascoli reported that if the Board wants to do that he may have to send out the RFP's again. Quite a bit of time has lapsed since the bids were received. Mr. D'Ascoli asked to table this so he can find out more information and will report back to the Board.

B. CONN-NAHRO Conference August 1 to September 2

Mr. D'Ascoli requested the Board get back to him if they plan on attending this conference. We want to take advantage of early bird registration.

VIII. New Business

Mr. Shanbaum asked if the September 16 meeting of the BOC could be moved due to a business conflict. Mr. Rubin made a motion to move the September meeting of the BOC to September 9 to be held at Mayfair Gardens. Ms. Taylor seconded. Motion passed 4-0.

IX. Items for Future Agenda

Chairman Howroyd requested any items to be emailed to him or Mr. D'Ascoli.

X. Executive Session –

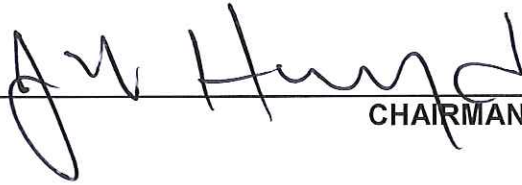
- A. To discuss strategy with respect to Management Plan observation from D&V Mainsail.

Chairman Howroyd asked for a motion to go into executive session. Mr. Rubin moved to go into Executive Session. Ms. Taylor seconded and the motion passed 4-0 at 8:03 pm.

Chairman Howroyd asked for a motion to end the executive session. Mr. Shanbaum moved to go into Executive Session. Mr. Rubin seconded and the motion passed 4-0 at 8:33 pm.

XI. Adjournment

Motion was made by Ms. Taylor to end the BOC meeting. Mr. Shanbaum seconded and the motion passed at 8:33 pm.



CHAIRMAN



ATTEST