STATE OF CONNECTICUT

AUDITORS’ REPORT
SPECIAL REVIEW OF THE PROPOSED
COMMUNITY LIVING ARRANGEMENT
AT 9 COUNTRY CLUB WOODS CIRCLE
IN WATERBURY

August 31, 2006

AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON  ROBERT G. JAEKLE
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BACKGROUND:

The Department of Mental Retardation (DMR) supports and serves clients in both State-owned and private sector residential settings. One such setting is a group home also known as a Community Living Arrangement (CLA). Some CLAs are operated by DMR staff while the majority are run by private providers contracting with the State. For a general description of private sector group home development and operation, see Exhibit A entitled A General Overview of the Development and Operation of a DMR Private Sector Group Home. In addition, for further information on locating group homes and municipal issues, see Exhibit B entitled Frequently Asked Questions Regarding the Location of Proposed DMR Group Homes and Municipal Notification in Connecticut.

INTRODUCTION:

In response to inquires from State officials, we conducted a review of the proposed development of a four bed CLA at 9 Country Club Woods Circle in Waterbury. The new CLA was proposed by HART, Inc. of North Haven, a private provider which operates nine CLAs in Connecticut.

One of the CLAs operated by HART, Inc. is 91 Columbia Boulevard in Waterbury, an eight bed facility. HART plans to transfer two of the eight clients living at 91 Columbia Boulevard to the new CLA and take two clients from a DMR waiting list for a total of four clients at the new CLA.

Our review was limited to DMR’s and the Department of Social Services’ (DSS) involvement with the development of 9 Country Club Woods Circle. We discussed the matter with appropriate DMR and DSS staff and reviewed available documentation on file at these two
Auditors of Public Accounts

State agencies. As described in Exhibit A, DMR has no direct involvement in the selection of properties for CLA development. That is the responsibility of the private provider. Nor does the State of Connecticut own privately operated CLA’s such as 9 Country Club Woods Circle; such properties are purchased by the private provider. DMR’s and DSS’s role is to insure that the private providers’ services and facilities meet the clients’ needs on an ongoing basis, and that the facility is operated within financial parameters that are acceptable to the State.

REVIEW OF THE CLA DEVELOPMENT:

Request for Proposal for 91 Columbia Boulevard:

During November 2003, DMR issued a Request for Proposal (RFP) for the conversion of four State-run CLAs to be turned over to the private sector. The four were part of a DMR conversion of 30 State-run CLAs to the private sector to reduce costs and compensate for DMR staff losses. One of the four was the CLA at 91 Columbia Boulevard in Waterbury.

DMR follows standard State purchasing procedures in requiring RFPs for the placement of clients in a new CLA or when converting a State-run facility to a private provider. (The RFP process is outlined in the attached DMR overview.) DMR received four bids for 91 Columbia Boulevard which were evaluated by a review committee. The committee gave HART the highest score in the review process and recommended that they should be awarded the bid. The DMR Commissioner approved the committee’s recommendation, awarding it to HART, Inc. We reviewed the available documentation of the RFP and the review committee’s evaluation and recommendation. No discrepancies were noted in the bid award process.

9 Country Club Woods Circle:

HART took over 91 Columbia Boulevard on June 19, 2004. We were informed that DMR had at some point discussed with HART, certain quality of life deficiencies existing with the CLA and that DMR would be receptive to any solutions HART would have to improve the situation. A major deficiency noted was clients sharing bedrooms. Ideally, each client should have his/her own bedroom. We would note that this was at the discussion level only. We found no documentation in the RFP process or in contracts with HART indicating the possibility of a second residence to resolve the deficiency.

HART first proposed downsizing 91 Columbia Boulevard during March of 2005. It was not until November of 2005 that HART notified DMR of a potential option (9 Country Club Woods Circle) for development. HART requested that DMR tour the home, which was subsequently done by a DMR regional staff member. On December 5, 2005, HART formally submitted a written request to DMR to develop 9 Country Club Woods Circle. The client capacity at 91 Columbia Boulevard would be reduced from eight to six, thereby improving living conditions, and the new CLA would be a three bedroom facility with two clients from 91 Columbia Boulevard and a third new client who was on a DMR waiting list. As noted above, DMR was not
involved in the new CLA selection process. HART used the Corporation for Independent Living (CIL), an experienced developer of group home projects and a realtor, Bannon and Hebert from Middlebury, to select 9 Country Club Woods Circle as the CLA. The new CLA was located approximately 3 ½ miles from 91 Columbia Boulevard.

The first level of official approval for the new three bedroom home was when the CLA Development Agreement was approved by the DMR Regional Office on February 13, 2006 and forwarded to the DMR (and DSS) Central Offices.

DMR considered HART’s situation with 91 Columbia Boulevard unique and did not follow the standard RFP process for new CLAs for 9 Country Club Woods Circle. In the opinion of DMR the RFP for 91 Columbia Boulevard was considered sufficient to establish a new CLA since HART would continue to serve two of the existing clients. Also, as previously noted, there was an understanding with HART when they were awarded the conversion CLA that DMR would be receptive to changes in the existing living conditions.

DSS is responsible for the approval and payment of room and board rates for clients living in a CLA. DSS subsequently modified the approved request from the DMR Regional Office for 9 Country Club Woods Circle, adding a fourth client from a waiting list. DSS decided to increase the number of beds in the facility because it was considered more cost effective. By increasing the number of beds, the Department would be able to provide services for an additional client yet the overhead costs for the group home would remain the same.

The revised CLA Development Agreement for 9 Country Club Woods Circle was approved by the DSS and DMR Commissioners on April 3 and 6, 2006, respectively. It provided for alterations to convert a room to a fourth bedroom at 9 Country Club Woods Circle and was jointly approved by DMR and DSS during April 2006. The final CLA Development Agreement included budgeted costs of $419,279. The DSS maximum rate for a 4-bed facility is $400,000; however, the facility was approved for $410,000. DSS may at times approve a rate that exceeds the maximum if it appears reasonable based on their past experience. It appears that DSS split the difference between the amount that the provider stated that the facility would cost and the DSS maximum rate. The approved amount of $410,000 would be used to calculate the DSS interim per day, per bed, and room and board rates.

Current Rates for HART, Inc:

As mentioned above and in DMR’s attached overview, rates for services are paid by DMR, while room and board is paid by DSS. The following are rates paid for HART, Inc. as of July 2006.
## Rate per day, per bed

<table>
<thead>
<tr>
<th>Program</th>
<th># of beds</th>
<th>Rate per day, per bed</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 Columbia Boulevard</td>
<td>8</td>
<td>$217.27 $21.00</td>
<td>$695,748</td>
</tr>
<tr>
<td>Lawrence Hall II- Hamden</td>
<td>6</td>
<td>133.48 $40.57</td>
<td>381,169</td>
</tr>
<tr>
<td>57 Eastgate Condos-Hamden</td>
<td>3</td>
<td>135.69 $42.30</td>
<td>194,899</td>
</tr>
<tr>
<td>69 Eastgate Condos-Hamden</td>
<td>3</td>
<td>135.69 $42.30</td>
<td>194,899</td>
</tr>
<tr>
<td>Victory House II- Hamden</td>
<td>6</td>
<td>148.73 $29.72</td>
<td>390,804</td>
</tr>
<tr>
<td>93 Saw Mill Rd- Wallingford</td>
<td>6</td>
<td>168.03 $31.49</td>
<td>436,948</td>
</tr>
<tr>
<td>320 Wolf Harbor Rd- Milford</td>
<td>5</td>
<td>212.27 $45.19</td>
<td>469,864</td>
</tr>
<tr>
<td>Goldman House-New Haven</td>
<td>6</td>
<td>174.62 $24.39</td>
<td>435,832</td>
</tr>
<tr>
<td>W/New Samryan House- NH</td>
<td>6</td>
<td>153.80 $22.69</td>
<td>386,513</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>$3,024,247 $562,430</strong></td>
<td><strong>$3,586,677</strong></td>
</tr>
</tbody>
</table>

Annual cost= (DMR Services + DSS Room & Board) x (# of beds) x (365)

The interim per day, per bed rate based on funds budgeted for four clients at 9 Country Club Woods Circle is $241.38 for services from DMR and $42 for room and board from DSS.

### RATE SETTING PROCESS FOR A CLA:

The following provides an overview of the CLA rate setting prices by DMR and DSS.

#### Department of Mental Retardation

Private providers of residential services to DMR are contractually required to file audited consolidated operating reports (ACORS) annually. DMR procedures include reconciling the expenditures reported on the ACOR to the provider contracts and to the Independent Public Accountant (IPA) Report.

The process for setting the rate for DMR client services starts by using the totals reported on the ACOR to determine the provider’s overall costs. The major portion of the reported costs is salaries and fringe benefits. The next step is to determine the utilization rate, which is the number of beds used multiplied by the number of days the beds were used. The usage is documented by attendance sheets sent from the provider to DMR. The overall costs are divided by the utilization rate to determine the cost per bed per day which will be the rate that the provider is paid. The billing rates are established on an interim basis and are adjusted retroactively when the ACOR reports are received.

The rate can vary anywhere from $70 a day to $900 depending on the level of client care. Thus each provider will have a separate rate. All the rates are sent to DSS for review and approval since payments to the private providers are eligible for Medicaid reimbursement. The monthly attendance sheets are sent from providers to DMR (and DSS) to document utilization.
Department of Social Services

The room and board rate is calculated in accordance with Section 17b-244 of the Connecticut General Statutes. The Department of Social Services sets the room and board rate using a cost-based prospective method. The rate includes costs for food, laundry, maintenance, housekeeping, utilities, fuel, property insurance, property taxes, interest and depreciation related to moveable equipment/furniture, and facility depreciation and interest/fair rent. The Department’s rate calculation is based on two separate calculations. In the first calculation, the Department determines the cost for the facility’s fixed property and land. This is based on costs related to facility depreciation and interest/fair rent. In the second calculation, it determines an estimation of the remaining costs that are incurred to operate the facility. For existing facilities, the rate is based from the facility’s prior year’s costs as reported on its annual cost report. The annual reporting period for CLA facilities is July 1st through June 30th. Therefore, the rates set for July 1, 2006, are based on cost reports that were filed for the July 1, 2004 through June 30, 2005 period. Allowable operating expenses include costs for food, laundry, maintenance, housekeeping, utilities, fuel, property insurance, property taxes, and interest and depreciation related to moveable equipment/furniture. The Department begins by using the amounts reported on the facility’s cost report in the previous fiscal year. The Department reviews these costs and makes adjustments as needed. The amounts reported by the provider will be reduced if the costs are unallowable. Those adjustments will be made if the provider is unable to provide support to the Department for the amounts included or if the amounts appear to be unreasonable. The total amount of operating costs is then multiplied by an inflator to account for the inflation of costs from the previous fiscal year. The Department uses the Gross Domestic Product (GDP) Deflator as its inflator which is provided by the State’s Office of Policy and Management.

The inflated operating costs are then added to the amount that the Department determined to be associated with fixed property and land. This amount is divided by the expected client days for the next fiscal year to get the amount of the daily room and board rate per client for the facility. The expected number of client days is calculated by multiplying the number of authorized beds in the facility by 365 days.

DSS internal control procedures include desk reviews on all cost reports and periodic audits performed on the facilities by its Quality Assurance Division.
OTHER MATTERS

The following provides a brief description of the exhibits to this report.

Exhibit A  *A General Overview of the Development and Operation of a DMR Private Sector Group Home - June 2006.* An overview developed by DMR to describe the process for developing a CLA.

Exhibit B  *Frequently Asked Questions regarding the location of proposed DMR group homes and municipal notification in Connecticut - June 2006.* This was developed by DMR to answer frequently asked questions about various CLA issues.

Exhibit C  *Memo to the Auditors of Public Accounts- Responses to questions regarding the proposed Community Living Arrangements at 9 Country Club Woods Circle - August 24, 2006.* This is a memo containing the results of the Auditors of Public Accounts review of questions submitted from the Country Club Community Association.

Exhibit D  *Memo to Administrative Auditor- Selection of Group Home - July 26, 2006.* This is a memo containing the results of our review of questions referred to the Auditors of Public Accounts by the Office of the Attorney General.

Exhibit E  *Letter to Waterbury Mayor Jarjura from DMR following up on questions about 9 Country Club Woods Circle - June 20, 2006.* This is DMR’s response to questions from Waterbury Mayor Jarjura regarding 9 Country Club Woods Circle. It is a follow up to a public meeting on the new CLA development held in Waterbury on June 7, 2006.
CONCLUSION

Our review of the conversion of the 91 Columbia Boulevard CLA in Waterbury from a State-run to private operation did not find any deviation from standard State purchasing procedures.

We did find, however, that the subsequent development of 9 Country Club Woods Circle in Waterbury was done without a separate RFP process being conducted, as is normally required in the development of a new CLA residence. DMR took the position that because two of the clients scheduled to reside at 9 Country Club Woods Circle were already residents of another home (91 Columbia Boulevard), both of which were to be operated by the same provider, that it was not necessary for DMR to conduct a separate RFP process.

We have not been able to find anything in writing that documents DMR’s upfront approval of HART’s establishment of a new CLA prior to the selection of 9 Country Club Woods Circle. It also appears questionable to us whether the purchasing authority cited by DMR (i.e. privatization contract award for 91 Columbia Boulevard) was sufficient to allow the State to proceed with the development and operation of the group home at 9 Country Club Woods Circle. As discussed herein, DMR’s normal procedure for developing a new group home begins with the issuance of an RFP. In this instance this procedure was not followed.

While DMR maintains that the unique circumstances surrounding the development of the group home at 9 Country Club Woods Circle did not legally require it to initiate a separate RFP process, a position supported by their own in-house legal counsel, we are referring this matter to the Attorney General for his further review.

Donald R. Purchla
Principal Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts
APPRAISAL OF REAL PROPERTY

LOCATED AT:
9 Country Club Woods Circle
Volume 3769, Page 23
Waterbury, CT 06708

FOR:
Corporation for Independent Living
30 Jordan Lane, Westbury, CT

AS OF:
January 6, 2006

BY:
Michael N. Hamilton
307 Route 87
Columbia, Connecticut 06237
APPRAISAL AND REPORT IDENTIFICATION

This appraisal conforms to one of the following definitions:

- Complete Appraisal (The act or process of estimating value, or an opinion of value, performed without invoking the Departure Rule.)
- Limited Appraisal (The act or process of estimating value, or an opinion of value, performed under and resulting from invoking the Departure Rule.)

This report is one of the following types:

- Self-Contained (A written report prepared under Standards Rule 2-2(a) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Summary (A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under STANDARD 1.)
- Restricted (A written report prepared under Standards Rule 2-2(c) of a Complete or Limited Appraisal performed under STANDARD 1, restricted to the stated intended use by the specified client or intended user.)

Comments on Standards Rule 2-3

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.
The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
I have no (or the specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest with respect to the parties involved.
I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
My engagement in this assignment was not contingent upon developing or reporting predetermined results.
My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
I have (or have not) made a personal inspection of the property that is the subject of this report.
I have (or have not) provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Comments on Appraisal and Report Identification

Note any departures from Standards Rules 1-3 and 1-4, plus any USPAP-related issues requiring disclosure:

APPRAISER:

Signature:
Name: Michael Hamilton
Date Signed: January 28, 2006
State Certification #: RCG 267
or State License #: CT
Expiration Date of Certification or License: Dec 30, 2006

SUPERVISORY APPRAISER (only if required):

Signature:
Name:
Date Signed:
State Certification #: RCG 267
or State License #: CT
Expiration Date of Certification or License:

Did ☐ Did Not ☐ Involved Property
Uniform Residential Appraisal Report

Address: 5 Country Club Woods Circle

City: Waterbury

State: CT

Zip Code: 06704

Borrower: JG

Date of Transaction: 2006

Loan Type: Purchase

Property Type: Single Family Residence

Legal Description: 5 Country Club Woods Circle

Assessor's Parcel #: 5036.5

Tax Year: 2006

Tax Roll #: 9,452

Appraiser Name: JG

Date of Appraisal: 2006

Note: Race and the racial composition of the neighborhood are not appraisal factors.

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<tr>
<th>Neighborhood Characteristics</th>
<th>Value</th>
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<tbody>
<tr>
<td>Location</td>
<td>Urban, Suburban, Rural</td>
</tr>
<tr>
<td>Property Value</td>
<td>Increasing, Stable, Declining</td>
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<tr>
<td>Value</td>
<td>Overall, Declining</td>
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<tr>
<td>Neighborhood</td>
<td>Established, Developing, New</td>
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<tr>
<td>House Condition</td>
<td>Good, Fair, Poor</td>
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</table>

<table>
<thead>
<tr>
<th>Utilities</th>
<th>Public, Other (specified)</th>
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<tbody>
<tr>
<td>Gas</td>
<td>Natural Gas, Other</td>
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<tr>
<td>Water</td>
<td>Public, Other</td>
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<tr>
<th>Off-Site Improvements</th>
<th>Type</th>
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<td>Street</td>
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<tr>
<td>Alley</td>
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<tr>
<th>FHA Special Flood Hazard Area</th>
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<th>No</th>
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<td>FEMA Flood Zone</td>
<td>Yes</td>
<td>No</td>
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<th>Site Notes</th>
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<tr>
<td>Others</td>
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<table>
<thead>
<tr>
<th>Appliances</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Kitchen Appliances</td>
<td>Range/Oven, Dishwasher, Disposal, Microwave, Washer/Dryer, Other</td>
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</tr>
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</table>

<table>
<thead>
<tr>
<th>Miscellaneous Notes</th>
<th>Yes</th>
<th>No</th>
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</thead>
<tbody>
<tr>
<td>Others</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Form 1304 - TOTAL for Windows special software by a la mode, inc. - 1-888-ALAMODE
<table>
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<tr>
<th>ITEM</th>
<th>SURVEY</th>
<th>COMPARABLE SALE #1</th>
<th>COMPARABLE SALE #2</th>
<th>COMPARABLE SALE #3</th>
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<tbody>
<tr>
<td>Price of Prior Sale/Transfer</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>Data Source(s)</td>
<td>Public Records</td>
<td>Public Records</td>
<td>Public Records</td>
<td>Public Records</td>
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<tr>
<td>Effective Date of Data Source(s)</td>
<td>1/06</td>
<td>1/06</td>
<td>1/06</td>
<td>1/06</td>
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<tr>
<td>Analysis of prior sale or transfer history of the subject property and comparable sales</td>
<td>None noted</td>
<td>None noted</td>
<td>None noted</td>
<td>None noted</td>
</tr>
</tbody>
</table>

Summary of Sales Comparison Approach: Based on the above, sales, a market value of $330,000 is estimated. Comparable Sales 3 is somewhat dated however, along with Sales 1 and 2 they are similar homes in the current area that provide a good indication of value. All Comparable Sales are within 1 mile of the subject. Sales 1 and 2 are superior in location warranting downward adjustment. They are further away from 1.84 with less traffic on the block. Sales 2 is situated in an area of lower priced homes, however, with traffic noise, with offsetting adjustments. Sale 3 is superior in the area. Present listings and sales in the area neighborhood indicate a higher price range and signs of good appreciation in the past year. Above grade GLA adjusted at $25.88, bathrooms adjusted at $2,000 per full bath and $2,000 per half bath, garages adjusted at $12,000 per garage bay.

Indicated Value by Sales Comparison Approach: $330,000

Indicated Value by Cost Approach: $330,000

Income Approach: $330,000

The Sales Approach is the most indicator of value as it reflects the actions of buyers and sellers in the market. The Cost Approach is included and lends support to the sales analysis.
Provide adequate information for the lender/client to calculate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value): Site value estimated based on area lot sales reported by MLS.

<table>
<thead>
<tr>
<th>ESTIMATED</th>
<th>REPRODUCTION OR</th>
<th>REPLACEMENT COST NEW</th>
<th>OPINION OF SITE VALUE</th>
<th>$70,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of cost data: Local builder's estimate</td>
<td>INBUILDING 2,220 Sq. Ft.</td>
<td>$100,000</td>
<td>$223,000</td>
<td></td>
</tr>
<tr>
<td>Quality rating from cost service: Good</td>
<td>Effective Date of Cost Data 1/06</td>
<td>2,220 Sq. Ft.</td>
<td>$28,000</td>
<td>$55,975</td>
</tr>
<tr>
<td>Remarks on Cost Approach (gross living area calculations, depreciation, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical depreciation based on the age-life method of depreciation:</td>
<td>Garage/Carport: 676 Sq. Ft.</td>
<td>$20,000</td>
<td>$11,820</td>
<td></td>
</tr>
<tr>
<td>Square footage calculation based on property field card on file at town</td>
<td>Total Estimate of Cost-New</td>
<td></td>
<td>$291,395</td>
<td></td>
</tr>
</tbody>
</table>

Assessor's Office: Site value based on recent lot sales in an area large, physical, functional, external.

| Cost estimate based on local builder's estimate: | Depreciated Cost of Improvements | $242,189 |
| "As-Is" Value of Site Improvements | | $20,000 |

Estimated Remaining Economic Life: (RUB and YA only) 50 Years | INDICATED VALUE BY COST APPROACH | $332,819 |

| Estimated Monthly Market Rent $ | $X Gross Rent Multiplier | $ | Indicated Value by Income Approach |
|                                |                            | | |

**DEVELOPMENT ASSESSMENT SUMMARY (SARS - 5/95-5/95)**

Is the developer/builder in control of the Homeowners Association (HOA)? Yes □ No □

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project: N/A

<table>
<thead>
<tr>
<th>Total number of units</th>
<th>N/A</th>
<th>Total number of units for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of units sold</td>
<td>Data source</td>
<td>Date of sale</td>
</tr>
</tbody>
</table>

Was the project created by the conversion of existing building(s) into a PUD? Yes □ No □

Does the project contain any multi-building units? Yes □ No □

Are the units, common elements, and recreation facilities complete? Yes □ No □

Are the common elements leased to or by the Homeowners' Association? Yes □ No □

Describe common elements and recreational facilities.
This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of the appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions: subject to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by covert or undeclared factors. Implicit in this definition is the consideration of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

ADJUSTMENTS TO THE COMPARABLES: Adjustments must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unreported physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees of warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraiser Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the effective date of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from an independent source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject, neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous waste, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the present owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I have personally prepared and signed all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individual's in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
21. The lender/client may disclose or distribute this appraisal report to the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdiction; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fines or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
Comparable 1

- Property Address: 47 Camfield Drive
- City: Middletown
- County: New Haven
- State: CT
- Zip Code: 06708

- Prox to Subject: 0.41 miles
- Sale Price: $330,000
- Gross Living Area: 2,100
- Total Rooms: 8
- Total Bedrooms: 3
- Total Bathrooms: 2
- Location: Average/Good
- View: Average
- Site: 0.50 Acres
- Quality: Average/Brick
- Age: 41 yrs (remod)

Comparable 2

- Property Address: 141 Landsharks Ave
- City: Middletown
- County: New Haven
- State: CT
- Zip Code: 06708

- Prox to Subject: 0.50 miles
- Sale Price: $290,000
- Gross Living Area: 1,977
- Total Rooms: 6
- Total Bedrooms: 3
- Total Bathrooms: 2
- Location: Average
- View: Average
- Site: 0.67 Acres
- Quality: Average
- Age: 57 yrs (remod)

Comparable 3

- Property Address: 115 Richmond Ave
- City: Middletown
- County: New Haven
- State: CT
- Zip Code: 06708

- Prox to Subject: 0.48 miles
- Sale Price: $385,500
- Gross Living Area: 1,784
- Total Rooms: 7
- Total Bedrooms: 3
- Total Bathrooms: 2.5
- Location: Good
- View: Average
- Site: 0.79 Acres
- Quality: Average
- Age: 23 yrs (remod)
Supplemental Addendum

Purpose of the Report
The purpose of this report is to assist the client, CIL, its client and assigns, in determining the valuation of the subject for loan servicing. Any other use of the report is not sanctioned by the appraiser.

Cost Approach
The cost approach lends support to the estimated value obtained in the Sales Comparison Approach.

Adverse Environmental Conditions
There were no apparent adverse environmental conditions noted at the time of inspection either on the site, in the improvements, or area of the subject. However, the appraiser is not an environmental expert. The existence of potentially hazardous material or toxic material used in the construction or maintenance of the subject property and/or existence of potentially hazardous or toxic material on the subject property (which may or may not be present) was not observed by the appraiser. The appraiser has no knowledge of the existence of any hazardous or toxic materials on the property. The appraiser is not, nor does he pretend to be, qualified to detect the existence, extent, or potential damage, of any hazardous or toxic materials on the subject property. The existence of any hazardous or toxic material in or on the subject property may have an effect on the estimate of market value for the subject property. Subject is situated in proximity to older railroad tracks that are no longer in use and do not impact the marketability of the subject.

Digital Photographs
This report contains digital images of photographs. Each photo is an original and the appraiser has not altered the photos in any way that would misrepresent the property.

Digital Signatures
This appraisal report utilizes a digital signature which complies with the Uniform Standards of Professional Appraisal Practice. The software used to sign the report has the required security measures in place to protect the appraiser's signature and only the appraiser has control of placing the signature in the report.

Electronically affixing a signature to a report carries the same authenticity and responsibility as an ink signature on a printed paper report.

Extent of the Appraisal Process
The scope of the appraisal involves valuation of the property based upon an interior inspection, information obtained by public records, town hall records, multiple listing services (MLS), and from the appraiser's files. Where possible data obtained from MLS is confirmed from a second source. Pertinent information and data developed in this report as descriptive information or as market data in the applicable approaches to value. All three approaches to value (cost approach, sales comparison approach and the income approach) have been considered. The final opinion of value is made after the completion of all information gathering and data analysis.

Final Reconciliation
In developing the final estimate of value, the appraiser considered all resources to developing value. The Income Approach, while considered, was not developed due to the lack of sufficient data to confirm a GRM. The Sales Comparison Approach was the only approach that was fully developed as it represents the actions of the typical buyer and seller. The Cost Approach supports the value estimated in the Sales Comparison Approach.

Additional Considerations
In accordance with the competency provisions of USPAP, the appraiser certifies that his education experience and knowledge is sufficient to appraise this type of property and that no other appraiser has provided significant professional assistance to the person inspecting the property and in the completion of the analysis.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

As of the date of this report, Michael Hamilton has completed the requirements of the continuing education program of the State of Connecticut.
STATE OF CONNECTICUT + DEPARTMENT OF CONSUMER PROTECTION

Be it known that

MICHAEL HAMILTON

287 ROUTE 57
COLUMBIA, CT 06237

has been certified by the Department of Consumer Protection as a licensed

CERTIFIED GENERAL REAL ESTATE APPRAISER

License #: RCG-0000267

Effective: 05/01/2005
Expiration: 04/30/2006
Corporation for Independent Living
2005 Annual Report

A year of growth and diversification
designed to keep CIL firmly rooted in its Vision, Mission and Purpose.
VISION
The places we call home are very important to the quality of our lives. The vision of the Corporation for Independent Living is that all neighborhoods will welcome new neighbors regardless of disability. Housing professionals and government officials will be responsive to various requirements that will make housing safe, affordable and usable by all. All people, especially people with disabilities, will have choices available to them regarding where they live.

MISSION
The mission of the Corporation for Independent Living is to provide accessible and affordable housing to help individuals, especially people with disabilities, live as independently as possible in non-institutional, community settings.

PURPOSE
The Corporation for Independent Living secures financing and provides construction services to build and maintain quality, affordable and barrier-free homes. We also work with neighborhood organizations to deliver affordable housing and to develop their capacity to rebuild neighborhoods.

VALUES
The Corporation for Independent Living is guided by the following values:

1. The housing needs of people with disabilities are best met when all housing is non-institutional, integrated into the community, affordable, and barrier-free.

2. People with physical and/or mental disabilities and their families share the same aspirations for quality of life as other people. Their housing is our priority.

3. Independent living means different things to different people, given the level of disability. CIL provides those community housing services that are required by the individual/family and not our notion of what is best.

4. CIL housing is designed to blend into the residential neighborhood where it is located and to be integrated into the community. The size and design of the home are important factors that distinguish a home from an institution.

5. Communities are strongest when there is investment in neighborhoods. Quality, affordable housing supports both personal and financial investment in residential neighborhoods.
Executive Report from the President and Board Chair

As suggested by our cover theme, FY 2005 has been a year of growth and opportunity for CIL. We are proud of our accomplishments both in pursuing new directions and continuing along our traditional lines of expertise. One of our greatest strengths has proven to be our ability to respond successfully to new challenges and opportunities and continue to pursue our mission despite changes in our political, economic and social landscape. What follows are some of the milestones of FY 2005:

- CIL marked the successful completion of our first 17 units of market rate housing at Stetson Place in Danbury.
- We celebrated the long awaited completion of our first five PLOTS supportive housing condominiums. We expect to complete another 24 units of supportive housing throughout the state in the coming year.
- In the affordable housing arena we were encouraged by the State's decision to create a Housing Trust Fund which will provide $20 million in bond funds annually for the next five years for affordable housing development. Our work in this area in FY 2005 included the completion of 16 new units in Hartford.
- We completed four licensed community residences in Massachusetts to serve people who had been inappropriately housed in nursing homes and have now moved into the community. In Connecticut we completed three licensed community residences and are currently developing four Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR) which will be leased to Community Residences, Inc.

- We published our newly designed website in June and invite you to take some time to review its contents. Our internet address is www.cilhomes.org.
- We were awarded a three-year, $120,000 grant from the Hartford Foundation for Public Giving to launch a new program called AccessSolutions that will enable us to purchase and install temporary ramps to meet the emergency needs of low-income people with disabilities.
- Our annual golf tournament, CRGOLF2005, raised a record-setting $55,000 which again will be used to fund accessibility modifications for those in need.
- Our plans for the coming year include the development of 50 market-rate condominiums in Windsor through the complete renovation of an 88,000 square foot factory.

As always, none of our accomplishments would be possible without the dedication and expertise of our excellent staff. We are fortunate to have a highly skilled and diverse Board of Directors who provide support and enthusiasm for our work and our vision. Finally, we offer our sincere appreciation for the support of the many stakeholders embedded in CIL's roots, including providers, agencies, consumers, lenders, vendors, donors and others who share our goal of making affordable and accessible housing available to all those who need it.
Creating Accessible Lives

One of the programs at the core of our mission is our Loans and Grants for Accessibility Program, a program we have been administering since 1984 with funding provided through the Connecticut Department of Economic and Community Development (DECD). This program assists people with disabilities who are in need of financial assistance to make accessibility modifications to their homes or apartments.

In the program's 21-year history, we have renovated 420 homes. Because of the enormous demand for these services, we have also been supplementing state funding with funds raised through our annual golf tournament. This has allowed us to serve more than 290 additional families in the past 15 years. The state funding we received enabled us to provide the modifications summarized below.

<table>
<thead>
<tr>
<th>Modification</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathrooms</td>
<td>342</td>
</tr>
<tr>
<td>Ramps</td>
<td>300</td>
</tr>
<tr>
<td>Bedrooms</td>
<td>210</td>
</tr>
<tr>
<td>Kitchens</td>
<td>66</td>
</tr>
<tr>
<td>Porch Lifts</td>
<td>48</td>
</tr>
<tr>
<td>Stair Lifts</td>
<td>42</td>
</tr>
<tr>
<td>Minivans/Lifts</td>
<td>25</td>
</tr>
</tbody>
</table>

These additional modifications were provided with golf tournament proceeds.

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Van Conversions</td>
<td>95</td>
</tr>
<tr>
<td>Home Repairs</td>
<td>55</td>
</tr>
<tr>
<td>Moveable Equipment</td>
<td>25</td>
</tr>
<tr>
<td>Appliances</td>
<td>25</td>
</tr>
</tbody>
</table>

We were fortunate to receive a kickoff grant from the Hartford Foundation for Public Giving (HFPG) totaling $120,000 over three years to provide emergency ramps to people with disabilities in the Greater Hartford region. This project will directly benefit at least 50 families who will receive temporary ramps during the project period. By addressing the most basic accessibility needs of family members with disabilities, the program will improve the quality of life of the individual and the family. In the coming year, we hope to leverage these funds to expand AccessSolutions to address additional accessibility needs.

As available funds are simply not sufficient to accommodate the growing number of qualified applicants, we launched a new program this year called AccessSolutions in order to increase our capacity to respond to critical and emergency needs of those we serve. After analyzing incoming requests for accessibility support, our initial focus has been on ramps, one of the greatest unmet needs for people with disabilities.
Austin's Ramp

Austin Saratsik is a first-grader who lives with his parents, twin brother and older sister in Columbia, Connecticut. Almost two years ago he was diagnosed with a brain tumor which required immediate surgery. His follow-up treatment involved radiation, chemotherapy and a stem-cell transplant. Soon after his treatment was completed, Austin lost the ability to walk. Austin attends school three days a week and spends Mondays and Fridays at doctors’ appointments and receiving occupational, physical and speech therapy.

IH staff first learned about Austin from one of his physical therapists at Connecticut Children's Medical Center who told us that Austin was in critical need of a ramp as he was rapidly becoming too big to be carried in and out of the house. After visiting Austin's home and talking with his parents, we were compelled to help find a solution to this problem. Bill Lennon, Vice President of Construction Services, called Edd Goralski, President of the Lyon and Billard Lumber Company, and explained the situation. Without hesitation, Edd offered to donate all the lumber the Saratskis needed to have a ramp built for Austin. This generous donation (close to $5,000 worth of lumber) was given in addition to their corporate sponsorship of CILGFIE2005.

A group of volunteers from the community helped the Saratskis build the ramp which Austin now uses with ease. We are delighted we could help make this dream a reality for Austin’s family and are very grateful to the Goralski family of Lyon and Billard for supporting this worthwhile endeavor.
Affordable Housing

In Hartford we completed three buildings on Edgewood Street and one each on Fiction, Jefferson and Garden Streets. Our three-phase Mortson/Pineam Heights project was also completed, bringing to 67 the total number of affordable units either built or renovated on these two streets over the past four years. As a result of this project 30 blighted buildings or lots were redeveloped and 52 new homeowners were added to these two blocks.

In partnership with the Greater New Britain Community Development Corporation we developed a 17-unit limited equity cooperative by renovating three buildings on South High and Walnut Streets in New Britain and converting them to two, three, and four bedroom units for low-income families.
Stetson Place

We made dramatic progress this year on Stetson Place, our first major venture into mixed income housing development. Phase 1 of the project, consisting of 29 units in buildings 1, 2, and 3, was completed in August 2005 with all units fully occupied. Phase 2, consisting of 25 units in buildings 4 through 7, as well as a clubhouse, is well underway with a projected completion date of late fall 2005. Phase 3 includes the final 16 units in buildings 8 and 9 which will be completed in the winter of 2006.

Among the highlights at Stetson Place this year was the opportunity to provide home ownership to 10 people with disabilities. After extensive negotiation with the Danbury Housing Authority, Marty Legnut and Jean Bowen, Executive Director of Western Connecticut Association for Human Rights (WCAHHR), were able to facilitate the purchase of the 10 accessible units by people with either physical or cognitive disabilities.
Coming Soon - First Town Square

First Town Square is a 50-unit, market rate condominium complex being developed in a factory building located in the center of Windsor. This property is being developed by CHI Development of Windsor, a subsidiary of CHI Development, Inc., our recently created for-profit subsidiary. Built in stages between 1885 and 1920, 53 Mechanic Street was occupied by several notable occupants: the Spencer Arms Company; the Eddy Electric Company; General Electric and Combustion Engineering. The property is currently owned and occupied by the Village Radio and Communications Museum of Connecticut, Inc.

Tucked between the Windsor Transit Station and the Farmington River walking trail, the building is within one block of the historic Windsor town green and many local businesses. The Town of Windsor is supportive of the project and will be providing Tax Increment Financing of $800,000 towards the cost of environmental remediation. We expect to begin construction in late 2005 with the first units ready for occupancy in mid 2006. The final completion of the project is planned for mid 2007.

Condominium units will range in size from 1,100 to 1,700 square feet and will feature high ceilings, large windows, open floor plans, two bedrooms, two bathrooms and covered parking with storage. Profits from the project will be used to support CHI's mission-related endeavors.
## Housing Production Report
Cumulative since 1979

<table>
<thead>
<tr>
<th></th>
<th>Homes</th>
<th>People/Families</th>
<th>Development Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>** LICENSED COMMUNITY RESIDENCE PRODUCTION**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Homes (incl. Rehab)</td>
<td>306</td>
<td>1,522</td>
<td>$99,516,300</td>
</tr>
<tr>
<td>Condominiums</td>
<td>66</td>
<td>166</td>
<td>9,700,000</td>
</tr>
<tr>
<td>New Construction</td>
<td>78</td>
<td>334</td>
<td>29,970,600</td>
</tr>
<tr>
<td>Capital Improvements (CIL Homes)</td>
<td></td>
<td></td>
<td>4,700,000</td>
</tr>
<tr>
<td>Working Capital Loans</td>
<td></td>
<td></td>
<td>12,000,000</td>
</tr>
<tr>
<td>** TOTALS **</td>
<td>450</td>
<td>2,022</td>
<td>$155,886,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** AFFORDABLE HOUSING PRODUCTION: **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchased Apartment Developments</td>
<td>132</td>
<td>255</td>
<td>$7,200,000</td>
</tr>
<tr>
<td>Supported Housing</td>
<td>27</td>
<td>50</td>
<td>1,907,000</td>
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<tr>
<td>Limited Equity Housing Cooperatives</td>
<td>125</td>
<td>394</td>
<td>14,847,000</td>
</tr>
<tr>
<td>Homebuyer Program</td>
<td>101</td>
<td>334</td>
<td>15,080,000</td>
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<tr>
<td>** TOTALS **</td>
<td>385</td>
<td>1,033</td>
<td>$39,634,000</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** CONDOMINIUMS: **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed Income Condominiums</td>
<td>29</td>
<td>55</td>
<td>$7,500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>** DEVELOPMENT CONSULTING PROJECTS (Not Owned): **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licensed Community Residences</td>
<td>56</td>
<td>335</td>
<td>$17,100,000</td>
</tr>
<tr>
<td>Limited Equity Housing Cooperatives</td>
<td>16</td>
<td>32</td>
<td>2,100,000</td>
</tr>
<tr>
<td>Supported Housing</td>
<td>35</td>
<td>65</td>
<td>5,400,000</td>
</tr>
<tr>
<td>Transitional Housing</td>
<td>31</td>
<td>77</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Camp</td>
<td>N/A</td>
<td>80</td>
<td>500,000</td>
</tr>
<tr>
<td>** TOTALS **</td>
<td>138</td>
<td>589</td>
<td>$27,400,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** GENERAL CONSTRUCTION PROJECTS: **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Homes for Living&quot; Renovations</td>
<td>82</td>
<td>162</td>
<td>$975,000</td>
</tr>
<tr>
<td>Other Construction Initiatives</td>
<td>36</td>
<td>47</td>
<td>3,492,000</td>
</tr>
<tr>
<td>** TOTALS **</td>
<td>118</td>
<td>209</td>
<td>$4,467,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** LOANS AND GRANTS FOR ACCESSIBILITY PROGRAM: **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>95</td>
<td>361</td>
<td>$2,629,000</td>
</tr>
<tr>
<td>Grants</td>
<td>321</td>
<td>927</td>
<td>7,440,000</td>
</tr>
<tr>
<td>** TOTALS **</td>
<td>416</td>
<td>1,288</td>
<td>$10,069,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** GRAND TOTALS **</td>
<td>1,536</td>
<td>5,196</td>
<td>$244,956,900</td>
</tr>
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</table>
Consolidated Financial Summary

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>June 30, 2005</th>
<th>June 30, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets (Including Restricted Funds)</td>
<td>$ 52,217,188</td>
<td>$ 46,133,750</td>
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<tr>
<td>Net Investment in Direct Financing Leases</td>
<td>69,438,914</td>
<td>75,013,670</td>
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<tr>
<td>Debt Service Reserve Funds</td>
<td>12,934,328</td>
<td>12,976,238</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>6,083,509</td>
<td>5,374,460</td>
</tr>
<tr>
<td>Other Assets</td>
<td>3,376,647</td>
<td>3,267,859</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$ 144,050,586</td>
<td>$ 142,765,997</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Debt</td>
<td>$ 98,430,107</td>
<td>$ 103,437,793</td>
</tr>
<tr>
<td>Revolving Construction Loans</td>
<td>14,445,005</td>
<td>8,903,264</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>2,757,883</td>
<td>3,038,026</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>$ 115,632,995</td>
<td>$ 115,379,083</td>
</tr>
<tr>
<td>UNRESTRICTED NET ASSETS</td>
<td>28,417,591</td>
<td>27,386,914</td>
</tr>
<tr>
<td>TOTAL LIABILITIES/UNRESTRICTED NET ASSETS</td>
<td>$ 144,050,586</td>
<td>$ 142,765,997</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REVENUES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income from Direct Financing Leases</td>
<td>$ 5,403,957</td>
<td>$ 5,961,426</td>
</tr>
<tr>
<td>Other Interest Income</td>
<td>971,857</td>
<td>1,055,949</td>
</tr>
<tr>
<td>Grant income</td>
<td>179,992</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>994,411</td>
<td>1,015,548</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,135,851</td>
<td>1,032,901</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>$ 8,686,068</td>
<td>$ 9,065,824</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>$ 2,286,698</td>
<td>$ 1,440,519</td>
</tr>
<tr>
<td>Compensation &amp; Benefits</td>
<td>2,208,693</td>
<td>2,151,398</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>1,370,819</td>
<td>1,202,947</td>
</tr>
<tr>
<td>Financing Fees</td>
<td>1,325,096</td>
<td>1,406,847</td>
</tr>
<tr>
<td>Grant Expenditures</td>
<td>14,146</td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>449,739</td>
<td>426,068</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$ 7,655,391</td>
<td>$ 6,627,779</td>
</tr>
</tbody>
</table>

| INCOME FROM OPERATIONS                      | $ 1,030,677   | $ 2,438,045   |

Copies of audited financial statements are available upon request.
Corporation for
Independent Living
Staff - 2005

Corinne Bailey  - Cash Administrator
Peter Benvie  - Senior Housing Developer (MA)
Jeffrey Carter  - Housing Developer
Stanley de Mello  - Vice President, Asset Management
Christine Devine  - Asset Manager
Joseph DiCosimo  - Vice President, Controller
Maria Green  - Director of Realty Accounting
Joan Hechtman  - Vice President, Corporate Affairs
Carol Heffernan  - Administrative Assistant
Donna Julian  - Cash Administrator
Jane Koley  - Housing Developer
Martin Legault  - President and CEO
William E. Lennon  - Vice President, Construction Services
Mark Liljedahl  - Project Manager
Kenneth Martin  - Project Manager
Stephen Martino  - Construction Projects Director
Fran Mazzarella  - Projects Administrator
David McKinley  - Vice President, Development
Rose Parker  - Property Manager
Thomas Perkins  - Housing Developer
Eric Plummer  - Technology Manager
John Rosenthal  - Housing Developer
Ronald Scaramozza  - Project Manager
Stephanie Schmidt  - Administrative Assistant
Kimberly Vik  - Administrative Assistant
Cheryl Wolmer  - Assistant Controller

In November the CI family reluctantly bid farewell to Somehowetha Spenholt as she returned to South Africa after twelve years of outstanding service. Her enthusiasm and spirit left an indelible impression on us all and she will remain an integral part of our company culture.
Corporation for
Independent Living
Board of Directors 2004-2005

Chair - Anthony LaCava
        Disability Resource
        Center of Fairfield County

Vice-Chair - Barbara Price
             Barbara Price, LLC

Secretary - Luis F. Gutierrez
           Pratt & Whitney

Treasurer - Frank Sambor
            Haggett, Longobardi & Co.

Director - Andrew Bate
           UCEDD

Immediate Past Chair - Hollace Brooks
                     HARC, Inc.

Director - Martha Dale
           Leeway, Inc.

Ex-Officio Director - Christine Friedberg
                     Philanthropy Advocates, Ltd.

Director - Evans Jacobs
           Humanidad, Inc.

Ex-Officio Director - Martin Legault
                     Corporation for Independent Living

Director - Candace Low
           Independence Unlimited

Director - John J. Patrick Jr.
           TD Banknorth

Director - James Standish
           Masonicare, Inc.

CIL Realty of
Massachusetts Incorporated
Board of Directors 2005

Chair - Christine Friedberg
        Philanthropy Advocates, Ltd.

Vice-Chair - Sharon A. Smith
             Road to Responsibility, Inc.

Secretary/Treasurer - Peter Hamilton Nee
                     Merrill Lynch

Director - George H. Dixon
           Harvard Pilgrim Health Care, Inc.

Ex-Officio Director - Martin Legault
                     Corporation for Independent Living

Director - Jo Ann Simons
           East Middlesex ARC

NEIGHBORS
CORPORATION FOR INDEPENDENT LIVING
30 Jordan Lane, Wethersfield, CT 06109-1258
(860) 563-6011 • Fax: (860) 563-2562
www.cilhomes.org

A recently completed licensed community residence on
Holliston Street, Newton, Massachusetts.
MEMORANDUM

To: Robert G. Jackle, Auditor of Public Accounts
    Kevin P. Johnston, Auditor of Public Accounts

From: Donald Purchia, Principal Auditor

Date: July 26, 2006

Subject: Whistle Blower #07-04- Department of Mental Retardation (DMR)-
         Selection of Group Home

We discussed the following questions regarding the 9 Country Club Woods Circle Group
Home in Waterbury with DMR officials and incorporated their responses below. Also
attached is the (1) General Overview of the Development and Operation of a DMR
Private Sector Group Home and (2) The Community Living Arrangement Agreement for

1. Has DMR enumerated specific criteria for the selection of group homes?

DMR’s regional administration will issue a Request for Proposal (RFP) identifying the
type of setting that clients will need for their future home, taking into account the
necessary level of care, supports and supervision required. The specific geographical area
for the home will be in the RFP since DMR attempts to serve clients in the area where
they live, grew up work and socialize.

Responses to the RFP are evaluated by a committee that includes DMR staff, clients and
family members. DMR works with the committee to select a provider based on upon
factors such as quality of service, reliability, experience of staff, etc. The provider often
meets with the clients and their families to determine any wants or needs for their new
home. Next, the provider, through a realtor, goes about finding/developing a property. It
could be either building a new house or an existing home. When the home/property is
selected, the DMR resource manager inspects the property to verify it meets the criteria
contained in the RFP.

Once accepted by DMR, the provider submits a “Community Living Arrangement (CLA)
Development Agreement” for formal review and approval by both DMR and the
Department of Social Services (DSS). The agreement details all costs involved. In
general, DMR pays for client support services while DSS pays for the clients’ room and
board. Once approved by DMR and DSS, the provider proceeds with the development of
the CLA.

2. Allegedly DMR looked at 10 properties before the selection was made-what were they
and why was each property eliminated in relation to DMR criteria?

[EXHIBIT D]
The elimination of any properties under consideration is part of the provider's selection process and not known or reviewed by DMR. DMR is only concerned that the property selected by the provider meets their criteria.

3. How does DMR select a realtor? Why was Bannon & Herbert based in Middlebury selected?

DMR does not select a realtor. It is selected by the provider working with the developer.

4. What are the renovation plans for 9 Country Club Woods- Is the footprint going to change?

According to the CLA Development Agreement approved by DMR and DSS, the estimated cost of renovations was approximately $43,500. The renovations involve fire and structure safety, space conversion, environmental improvements and various repairs and upgrades. None of the renovations would appear to change the footprint of the home.

5. DMR is going to add a 4th floor bedroom? How often does it happen in a purchase where an additional bedroom is needed/added?

A 4th bedroom will be added. We were informed that adding an additional bedroom is not an unusual event. The approval for an additional client (resulting in an additional bedroom) comes from DSS since they are responsible for funding a client's room and board.

6. If DMR needed 4 bedrooms, why was a 3 bedroom purchased?

The house was originally developed for three clients. Subsequently, DSS renegotiated the arrangement and added a fourth client.

7. What is DMR's definition of existence of a social network, proximity to supportive services, proximity/availability of a public utility (does bus service=public utility?)

DMR's response is contained within the attached "General Overview..." and is as follows:

"In most instances, DMR attempts to serve clients in the area where they live, grew up, work and socialize. The location of the group home is based on numerous factors, including but not limited to the clients' existing social network; his or her job or vocational program, the characteristics and needs of clients and families; availability of public utilities; proximity to supportive services and facilities; and the location of other DMR homes and services."
8. How did DMR find this house?

DMR was not involved in finding the house. It was determined by the provider working with the realtor.

9. Approximately 60 properties are on the market with 4 bedrooms plus. With this number of homes on the market with four bedrooms, why was a three bedroom chosen? Will there be additional costs incurred to add a bedroom? If so, how much additional will it cost?

DMR does not get involved in searching the market. Therefore, the agency would not know whether any of the available properties were appropriate for development or renovation into a community living arrangement. Also, the fact that 60 properties with four or more bedrooms were available on the market does not appear relevant since the original search was apparently for a three bedroom house.

Regarding the costs of adding a bedroom, the CLA development agreement with HART, Inc. estimates the conversion of the living area to a bedroom, along with converting some of the same area to office space, would cost $6,500.

Please advise if any additional information is necessary.

cc: Robert G. Jackle, Auditor of Public Accounts
    Kevin P. Johnston, Auditor of Public Accounts
    Stephen R. Eckels, Deputy State Auditor
    Patricia A. Wilson, Administrative Auditor
A General Overview of the Development and Operation of a
DMR Private Sector Group Home
June 2006

The Department of Mental Retardation (DMR) supports/serves approximately 20,000 individuals
with mental retardation in Connecticut. These individuals reside in family homes, community
training homes, DMR campus settings and in over 800 Community Living Arrangements (CLAs
or group homes) licensed and funded by DMR. As of June 2006, there are 829 DMR CLAs
licensed by DMR (98 operated by DMR and 731 by private providers). The individuals in these
settings live and work, go to school, and enjoy the many opportunities that our communities
provide. Federal HIPAA laws and state laws do not permit us to discuss individual clients,
however, each person we serve has an individualized service plan that identifies their special
needs. As a result of their planned services and supports, staffing decisions are made to assure
that the person is successful and receives the appropriate level of supervision and support.

On an administrative level, funding of group homes is borne by the Connecticut Department of
Mental Retardation and the Connecticut Department of Social Services (DSS). DMR pays for
“support services” which include salaries, wages, and benefits (such as workers compensation
and health insurance) for staff; payroll taxes; the service provider’s administrative expenses;
program related supplies and transportation costs. DSS pays for “room and board,” utilizing
residents’ government benefits and residents’ earned income. The room and board payment is
used to fund rent/mortgage, food, utilities, maintenance and upkeep and other related operating
expenses.

In some instances, families with an allocation of DMR funds may collaborate to develop a CLA
and select a provider based on a self-directed service model. However, group home development
typically begins when DMR’s regional administration issues a Request for Proposals (RFP). The
RFP identifies the type of setting the individuals will need for their future home. Taken into
account is the level of care, supports and supervision required. The RFP also identifies the
specific geographic area where the home will be located. In most instances, DMR attempts to
serve clients in the area where they live, grew up, work and socialize. The location of the group
home is based on numerous factors, including but not limited to the clients’ existing social
network; his or her job or vocational program; the characteristics and needs of clients and
families; availability of public utilities; proximity to supportive services and facilities; and the
location of other DMR homes and services.
Private Providers respond to the RFPs by submitting proposals in which they explain how they will provide residential and support services to the individuals in question. A committee that includes DMR staff, clients and family members evaluates proposals submitted by private providers. Working with the committee, DMR then selects a provider to serve these individuals, based upon factors such as quality of service, reliability, experience of staff, etc.

Once the RFP has been awarded, it is often practice for the provider to sit down with the families and individuals to determine any wants or needs for the new home. The provider begins to work with a realtor or developer to identify a site based on all the information they have gathered. The provider can either purchase an existing home or purchase land on which to build a new house. Once a possible site has been found, the DMR resource manager will inspect the property to determine whether it meets the criteria detailed in the RFP.

Once a private provider has been selected, DMR begins to negotiate the amount of funding that will be paid for the services provided to the residents. That negotiation is based upon the funding available to DMR and the needs of the residents.

After a home or site has been accepted by DMR, the provider prepares a “Development Agreement” for formal review, revision and approval by DMR and DSS. The Development Agreement identifies the cost of the home, and all of the necessary modifications for fire, safety and licensing needed to meet the needs of the individual residents. Modifications and renovations are typically made for accessibility, bathtub and shower accommodations, sprinkler systems, ingress and egress, fire safety and code requirements. The Development Agreement review by DSS may result in some modifications to the requested development amount in order for the total cost of the CLA to meet DSS guidelines. Once DSS and the agency have agreed upon the total development cost, private provider agencies and/or their developers proceed with the development of the CLA.

When the home nears completion, the DMR resource manager will perform a pre-licensing inspection. The private provider will make any and all necessary corrections. The home is then inspected by DMR’s Quality Management Division. Subject to inspection the home is licensed by DMR.

During the development process, a room and board rate will be requested by the private provider agency. The DSS room and board rate-setting system establishes the amount of room and board charged residents. The room and board revenue collected from residents provides the revenue stream that allows the private provider to pay the mortgage. The room and board rates are paid from the funding and entitlement awards received by individual residents. Typically, this funding is from the Social Security Administration’s disability insurance program (SSDI), from Social Security’s Supplemental Security Income Program (SSI), and from DSS’s State Supplement Program. Residents who earn income through work may be required to contribute toward the cost of the room and board. Mortgages on group homes are typically repaid over a 30-year period.

In the development of a group home, Connecticut applies cost guidelines that are based upon the number of beds in and the size of the home. These housing-cost guidelines, promulgated by DSS are based on the housing guidelines published by the Federal Department of Housing and Urban
Development (HUD) for all of Connecticut. These guidelines establish a control over the total development cost of the group home facility.

The foregoing explains the bricks-and-mortar aspects of developing and maintaining a group home. Once the home is ready, residents receive various support services, funded by DMR. Funding for support services is based on the negotiated residential service contracts between DMR and the private provider. The contracts negotiated with the private providers depend upon the overall funding appropriated by the Legislature in the state budget. Generally, payment is based on the needs of the individual residents. Supplemental funding may also be available for "one-time" needs that might arise during the fiscal year.

The department licenses all CLAs and licensing inspectors must conduct an initial inspection before the home opens. Licenses are then issued for two years with bi-annual inspections scheduled. Regional Quality Improvement staff visit each home at least twice a year. Individual service delivery to each person is coordinated and monitored by a DMR Case Manager.

On an annual basis, private providers submit a cost report to DMR along with financial statements audited by independent certified public accountants. Non-profit providers are required to submit cost reports in compliance with Connecticut’s State Single Audit Act. The cost report captures the room and board costs funded primarily by DSS, and the service costs funded by DMR. DSS uses these historical costs to compute the room and board rates for subsequent years. To ensure that DMR and DSS funds are properly spent, the private providers are required to submit annual audited financing statements.

Most of the service costs associated with CLAs are subject to reimbursement under a federal-state Medicaid Waiver program. In fiscal year 2005, federal reimbursement to the State of Connecticut for DMR operated programs was in excess of 303 million dollars.
The purchase of 9 Country Club Woods Circle, Waterbury, for the purpose of developing a community residence for four (4) persons is hereby approved. The purchase price will not exceed $315,000 and is subject to appraisal. This development proposal is not approved until signed by the appropriate signatories. It is understood that creating a licensable community residence at this property that will accommodate the needs of the residents will require the following scope of work:

<table>
<thead>
<tr>
<th><strong>IMPROVEMENT OR CHANGE</strong></th>
<th><strong>ESTIMATED COST</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire and Structure Safety</td>
<td></td>
</tr>
<tr>
<td>Smoke and fire alarm, egress windows, sprinkler system, additional water line</td>
<td>$28,000</td>
</tr>
<tr>
<td>Space Enlargement and Client Accommodation</td>
<td></td>
</tr>
<tr>
<td>Convert living area to bedroom with tempered glass for existing windows, provide office space for staff</td>
<td>$6,500</td>
</tr>
<tr>
<td>Environmental Systems Improvements</td>
<td></td>
</tr>
<tr>
<td>Radon mitigation, service furnace and hot water heater</td>
<td>$33,000</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Carpenter ant treatment, safety fence, chimney repairs, exterior repairs, electrical upgrades</td>
<td>$8,000</td>
</tr>
</tbody>
</table>

Total estimated cost of conversion to licensable residence $43,500

It is understood that the scope of work described above will be completed using standard construction bidding procedures.
Other related development expenses (i.e. carrying charges, insurance, closing costs, etc.) Please list:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect</td>
<td>$1,000</td>
</tr>
<tr>
<td>Home Inspection</td>
<td>$500</td>
</tr>
<tr>
<td>Appraisal</td>
<td>$400</td>
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<tr>
<td>Environmental review per lender</td>
<td>$900</td>
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<tr>
<td>Bank Construction Inspections</td>
<td>$500</td>
</tr>
<tr>
<td>A-2 Survey &amp; Engineering</td>
<td>$1,400</td>
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<tr>
<td>Property Taxes</td>
<td>$3,500</td>
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<tr>
<td>Electricity and Gas</td>
<td>$400</td>
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<tr>
<td>Insurance - property and liability</td>
<td>$1,000</td>
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<tr>
<td>Interest on construction loan</td>
<td>$7,500</td>
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<tr>
<td>Title Examination</td>
<td>$200</td>
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<tr>
<td>Title Insurance</td>
<td>$2,000</td>
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<tr>
<td>Recording Fees</td>
<td>$1,050</td>
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<tr>
<td>Loan Origination fee</td>
<td>$1,500</td>
</tr>
<tr>
<td>Legal Counsel - Lender &amp; Agency</td>
<td>$4,000</td>
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<tr>
<td>Legal Counsel - CIL - Purchase &amp; Sale</td>
<td>$3,700</td>
</tr>
<tr>
<td>Development Services Fee at 6.00%</td>
<td>$22,998</td>
</tr>
<tr>
<td>CHFA Financing fee 2.00%</td>
<td>$8,221</td>
</tr>
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</table>

**TOTAL FEES**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30,779</td>
</tr>
</tbody>
</table>

Estimated total cost of residential development
(Includes the cost of purchase, renovation and all other costs listed above.)

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$419,279</td>
</tr>
</tbody>
</table>

Minus estimated total cost for Fire Safety and DMR licensing requirements:

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$28,000</td>
</tr>
</tbody>
</table>

Adjusted estimated total cost:

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$391,279</td>
</tr>
</tbody>
</table>

More accurate cost information to be included in the agency's OSS rate request will be available after the completion of construction drawings, selection of contractor, and issuance of a building permit.
Changing of the residents and additional information on their housing needs and evacuation capabilities may result in changes to the scope of work. Failure to execute this agreement by February 28, 2006 may result in loss of said property for development. The undersigned acknowledge that this document does not constitute a contract for development of a property and further acknowledge that any payments by the State of Connecticut related to this property may only be made pursuant Sections 17-313b and 19a-483 of the General Statutes and Regulations promulgated thereunder.

PROPOSED BY:

Private Residential Provider

(Signature) (Name)
(Date)

(To be signed by party responsible for the project)

PROPOSED BY:

Development Staff/Property Developer

(Signature) (Name) (Date)

DAVID O. MCKINLEY
VICE PRESIDENT, DEVELOPMENT

Regional Office
Department of Mental Retardation

(Signature) (Name) (Date)

EDWARD J. HOYT
Commissioner
Department of Social Services

*Approved for $410,000 including fire and safety costs, with 30 years depreciation and a 4 bed licensed capacity. Approved amount will include costs for radon mitigation, carpenter ant infestation and roof repairs as cited in home inspection report.
June 20, 2006

Mayor Michael Jarjura
Chase Municipal Building
236 Grand Street
Waterbury, CT 06702

Dear Mayor Jarjura:

This letter is in follow up to issues that were raised at the June 7, 2006 public meeting at
Kennedy High School in Waterbury regarding the siting of a Community Living Arrangement
(CLA) at 9 Country Club Woods Circle. Please keep in mind that pursuant to the federal Health
Insurance Portability and Accountability Act (HIPAA) and under state law, the Department of
Mental Retardation (DMR) is prohibited from providing “protected health information” (PHI)
concerning any DMR client or consumer. This along with existing state laws on client
confidentiality prohibit covered entities such as the DMR from disclosing individually
identifiable health information.

Q. What renovations are planned for 9 Country Club Woods Circle?
A. A fourth bedroom, half-bath, and sprinkler system are scheduled to be implemented.

Q. Have permits been applied for?
A. The Corporation for Independent Living (CIL) is in the process of seeking permits this month.

Q. What is the budget for the proposed home?
A. The development agreement with approved renovations for this home (including Fire and
Safety) totals $410,000 (including $315,000 for the purchase price of the home) which is
funded through the Connecticut Department of Social Services (DSS) Room and Board rate.
The anticipated annual operating cost to DMR of supporting the clients is projected to be
approximately $300,000. This includes funding for “support services” which include salaries,
wages, and benefits for staff (such as workers compensation and health insurance); payroll
taxes; the service provider’s administrative expenses; program related supplies and
transportation costs.

Q. What is the employee screening process by HART Inc.?
A. 1. A detailed application is required (see attached).
2. A detailed questionnaire is completed by the prospective employee (see attached).
3. Criminal background checks are provided through Hetrick, Cyr & Associates.
4. Driving records of the prospective employee are checked through Rose & Kiernan, Inc.
5. The DMR Abuse/Neglect Registry is checked to ensure that the prospective employee is not listed.
6. Interviews are conducted by the HART Human Resource Director.
7. References are checked and re-interviews are performed if needed to ensure quality staffing.
8. The employee selection process is detailed and efficient and makes every effort to select quality candidates.
9. Extensive training is requested before an employee can work at HART Inc.

Q. What is the staffing pattern for the proposed home?
A. Although we are unable to share the specific details of the proposed staffing pattern, it has been reviewed by DMR and it will comply with DMR Licensing Regulations Sec. 17a-227-13, regarding staffing, which states that: (a) The administrator shall have policies and procedures delineating licensee personnel practices, hiring practices, performance expectations, duties and responsibilities, evaluation and termination. (b) Each residence shall have sufficient direct care personnel at all times to ensure that the individuals' essential requirements for health and safety are met. No violation of this subsection may be found for a residential facility which receives a service rate from the department and which maintain direct care staffing levels which are consistent with the funding provided for that purpose. The licensing division of the department shall promptly notify the appropriate region if a determination is made that the residence is maintaining staffing levels consistent with the contract but that those staffing levels are inadequate to meet the essential requirements for health and safety of the individuals.

Q. What type of vehicle will be used at the new group home?
A. HART Inc. plans to use a 2004 Chevrolet Venture 7 passenger van.

Q. Does HART Inc. serve any criminal offenders?
A. As noted at the June 7th meeting, DMR is unable to discuss individual clients, however, only a small percentage of the individuals with mental retardation served by DMR are involved in the criminal justice system.

Q. What are the regulations and procedures for selection of properties and approval process?
A. See attached “General Overview of the Development and Operation of a DMR Private Sector Group Home-June 2906.” I have also attached a copy of the DMR licensing regulations that a provider must comply with.

Q. How was 9 Country Club Woods Circle chosen?
A. HART Inc. contacted CIL (Corporation for Independent Living) regarding the development process. CIL has been developing licensed group homes for the State of Connecticut for over 25 years. HART Inc. provided a geographic area appropriate best to meet the needs of the prospective residents. HART and CIL contacted a local realtor to assist with the process (Bannon & Hebert from Middlebury). The realtor, CIL and a HART representative sought out homes for sale in the area that were appropriate. More than ten properties were looked at to
determine the most appropriate location and home design to ensure that the highest quality of services would be provided to the prospective residents. CIL and the realtor negotiated and agreed on the purchase price of the home. 9 Country Club Woods Circle was selected based on meeting many of the considerations outlined in the attached “General Overview of the Development and Operation of a DMR Private Sector Group Home-June 2006” specific to the prospective clients’ needs. As I offered at the June 7th meeting, I asked DMR's Director of Legal and Government Affairs Division, Attorney James Welsh, to review the selection process for this specific CLA. His review has determined that the selection process was done appropriately and in accordance with established law and practices including proper appraisals and evaluation of comparable homes.

Q. What is the location of other DMR CLAs in Waterbury?
A. This information, as well as copies of all CLA licensing reports, are available on the DMR website. Here are the addresses and corresponding provider information:

41 Anawan Avenue (Prime Care, Inc.)
11 Armand Drive (RMS Development, Inc.)
503 Bucks Hill Road (CIB)
91 Columbia Boulevard (HART)
107 Gail Drive (CIB)
98 Heckimer Street (CIB)
6 Indian Trail (RMS Development, Inc.)
65 Merilline Avenue (RMS Development, Inc.)
313 Newridge Avenue (ICES)
315 Newridge Avenue (ICES)
17 Vivian Drive (CIB)
19 Vivian Drive (CIB)

Q. What improvements are planned for 91 Columbia Boulevard (A former DMR operated CLA that is now run by HART)?
A. The proposed improvements for 91 Columbia Boulevard include new vinyl siding, roof repairs, the addition of shutters, enhanced landscaping to beautify the exterior of this home and decorative black railings to replace the current metal fencing. (The process and approval for these renovations to go through a capital improvement process required by DMR.)

In addition, since HART assumed operation of 91 Columbia Boulevard from DMR, the following improvements have been accomplished:

1. Interior painting
2. New appliances
3. New flooring and carpeting installed
4. New furniture for the residents
5. Garage door repairs
6. Decorative railings on front exterior porch and railing that leads to the front yard
7. Plumbing and heating renovations
8. Bathroom renovations
9. Water specialists eradicated water leakages
10. First floor bedroom renovations
11. Continuous plan to ensure control of extermination problems
12. Weather stripping of windows

Q. Request copies of licensing reports for 91 Columbia Boulevard.
A. As mentioned above, DMR CLA licensing inspection reports are available on the DMR website at http://www.dmr.state.ct.us/license.htm. I have attached those specific to 91 Columbia Boulevard. In addition, I did order an unannounced visit by a DMR Licensed Facilities Specialist that occurred on 6/8/06. There were no significant findings and as previously indicated there are substantial site improvement plans underway by HART Inc. for this property.

In addition to the specific questions above, I have also attached another copy of the list of frequently asked questions regarding the location of proposed DMR group homes and municipal notification in Connecticut. As mentioned at the meeting, DMR and HART, Inc. will be happy to entertain suggestions regarding landscaping and fencing issues at 9 Country Club Woods Circle. As promised, I have personally performed a site inspection of both properties Monday 6/19/06 and found them to be suitable and appropriate for the individuals that will and do reside there. Finally, please note that the Joint Statement of the Department of Justice and Department of Housing and Urban Development, submitted by Mr. DeCesare, is supportive of both the rights of persons with mental retardation to reside in communities and their needs for health and safety.

I hope that you will find all of this information helpful and we look forward to moving ahead and continuing to be good neighbors in the 141 of the 169 towns and cities in Connecticut where over 800 DMR licensed and funded CLAs are located.

Sincerely,

Peter H. O'Meara
Commissioner

Cc: Senator Joan Hartley
    Representative Anthony D'Amelio
    Representative Jeffrey Berger
    Carl Breiner, President, Country Club Woods Circle Association
    Kathryn duPree, DMR Deputy Commissioner
    Dimitri Triantafillakis, Director, DMR West Region
    Diane Tanenbaum, Executive Director, HART Inc.