

MINUTES  
FINANCE/AUDIT COMMITTEE OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)  
REGULAR MEETING  
April 26, 2018

Committee Members

Present: Michael Cicchetti  
Timothy Hodges  
Catherine LaMarr representing Denise Nappier, State Treasurer (by phone)  
Jorge Perez, Banking Commissioner  
David Kooris representing Catherine Smith, Commissioner, Department of Economic & Community Development

Committee Members

Absent: Jared Schmitt, Chairperson of Finance/Audit Committee  
Nuala Droney

Staff Present:

Theresa Caldarone, Assistant Director – Legal (Operations)  
Joyce Ciampi, Director, Internal Audit  
John Chilson, Director, Portfolio Management  
William Dickerson, General Counsel  
Sherry Lambert, Manager, Research and Analysis  
Allison Murphy, Director, Financial Reporting and Control  
Ed Myskowski, Director, Investment & Debt Management  
Hazim Taib, Chief Financial Officer

Others Present:

Ronald Nossek, BlumShapiro, CHFA’s External Auditor  
Karilyn Kober, Kutak Rock, Co-Bond Counsel  
John Wagner, Kutak, Rock, Co-Bond Counsel

In the absence of the Chairperson of the Finance/Audit Committee (the “Committee”), Mr. Cicchetti called the meeting to order at 9:03 a.m., in the Executive conference room of CHFA’s offices, 999 West Street, Rocky Hill, Connecticut 06067.

Mr. Taib provided an overview of the 2017 audited financial reports and noted that the annual investment report was also provided. He stated that the overall results did not vary from what was disclosed during the 2018 Annual Budget presentation provided in November to the Board. After performing a 10-year analysis on the single-family program, Mr. Taib highlighted some key points. He stated that the single-family program is back to pre-financial crisis levels and continues to grow, with the 2017 balance sheet reflecting the largest carrying position in CHFA’s history. Mr. Taib explained staff continues to take steps to ensure CHFA can handle any crisis that may arise. He mentioned that the generation of additional spread continues to be a challenge due to rising expenses.

Mr. Taib introduced Mr. Nossek who discussed the 2017 audit results. He reviewed the audit objectives noting that the audit was based on: 1) Generally Accepted Auditing Standards (“GAAS”), 2) Generally Accepted Government Auditing Standards (“GAGAS”), and 3) Uniform Guidance (formerly known as the federal single audit) and the State Single Audit Act. In general, Mr. Nossek summarized that under GAGAS and the Uniform Guidance BlumShapiro did not find any material weaknesses or significant deficiencies and there were no instances of noncompliance. Under the State Single Audit, there were no material weaknesses. However, one significant deficiency was found relating to the Emergency Mortgage Assistance Program. Mr. Nossek explained the issue and stated that management has taken corrective steps to resolve the problem. He mentioned that this issue will be looked at again in next year’s audit. Mr. Nossek reviewed the key audit areas pointing out the changes presented in the planning report provided to the Board and Committee in January 2018.

Mr. Taib discussed the financial reports for March 2018 noting that interest on loans and investments are coming in as expected. He stated that interest on bonds has increased year over year due to a rise in short-term interest rates. Mr. Taib mentioned that the growth of investments is largely due to the increase of loans being converted to mortgage backed securities. He explained that the increase in interest rates has resulted in a higher demand for CHFA’s homeownership program.

Ms. Lambert reviewed the monthly tracking report. She mentioned that there is no new multifamily activity. However, the 9% Low-Income Housing Tax Credits (“LIHTCs”) approved at the March meeting are on this month’s report. She summarized the positive economic impacts and increased affordable housing as a result of the LIHTCs. Ms. Lambert discussed the homeownership program and mentioned that for the month of March, CHFA purchased 263 first-time homebuyer loans, which is higher than March 2017. She pointed out that in March there were 487 reservations which is considerably higher than the previous two months and indicates a strong start to the homebuyer season. Mr. Taib explained that CHFA’s interest rates are impacted by tax-exempt bond rates and those rates are increasing at a slower rate than the market making CHFA’s product more desirable.

Mr. Cicchetti asked the Committee members to consider the minutes from the March 29, 2018 meeting. The minutes will be corrected on page 2 to change Ms. to Mr. Hodges.

Upon a motion made by Mr. Kooris, seconded by Mr. Hodges, the Committee members voted in favor of adopting the minutes from the March 29, 2018 meeting as corrected (Mr. Cicchetti and Mr. Perez abstained from the vote).

There being no further business to discuss, upon a motion made by Mr. Kooris, seconded by Mr. Hodges and unanimously approved, the meeting was adjourned at 9:22 a.m.