

MINUTES  
FINANCE/AUDIT COMMITTEE OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)  
REGULAR MEETING  
April 28, 2022

Committee Members

Present: (In Person) Jerrold Abrahams  
(Virtually) Alexandra Daum, representing David Lehman, Commissioner of the  
Department of Economic & Community Development  
Philip DeFronzo  
Timothy Hodges  
Catherine MacKinnon  
Jorge Perez, Banking Commissioner  
Sarah Sanders, representing Shawn Wooden, State Treasurer, Chairperson  
of Finance/Audit Committee

Committee Members

Absent: Franklin Perry, II

CHFA Participants: Hazim Taib, Chief Financial Officer  
(In Person)  
(Virtually) John Chilson, Director, Portfolio Management  
Allison Murphy, Director, Financial Reporting and Control

Other Participants: Ronald Nossek, CliftonLarsonAllen  
(Virtually)

Ms. Sanders, Chairperson of the Finance/Audit Committee (“the Committee”), called the meeting to order at 9:00 a.m. A roll call of committee members was conducted and a quorum was present.

Mr. Taib provided a summary of the 2021 Audited Financial Statements, which included an overview of single family and multifamily production and financing, 2021 bond issuances and refunding of outstanding bonds, and pension liability and Other Post-Employment Benefit (OPEB) expenses.

Mr. Taib introduced Ronald Nossek of CliftonLarsonAllen (CLA) to present a summary of the 2021 Audit Results noting that it is CLA’s final year as external auditor. Mr. Nossek reported that CLA has issued an unmodified, clean audit opinion stating that there were no material weaknesses or deficiencies and no instances of noncompliance relative to financial reporting and internal controls in accordance with Governmental Accounting Standards, Federal Single Audit Standards and State Single Audit Standards. He noted that the financial statements are fairly represented for 2021. Mr. Nossek summarized results of the key audit areas and required communications. Ms. Sanders thanked the CLA audit team for their work on the audit and asked for the plan to solicit a new external auditor. Mr. Hazim stated that an RFP will be issued within the next few months with the intention of providing a recommendation to the Board by early fall.

Ms. Murphy presented the financial reports for March 2022 stating that mortgage loan and investment interest revenue are \$2.5 million below budget for the first three months of the year and \$4.3 million lower than last year. The bond interest expense is below budget by \$5 million through March 31<sup>st</sup> and \$4.6 million lower than last year. Ms. Murphy also reported that, excluding salaries and benefits, current year-to-date expenses are \$546,000 lower than last year's administrative expenses. The change in net position is above target by \$5.3 million.

Mr. Chilson presented the delinquency and forbearance reports summarizing the single-family whole loans purchased and loans securitized for March. He stated that the month-end mortgage backed securities portfolio balance stood at \$2.1 billion decreasing by \$493,000 for March and the whole loan portfolio through February decreased by 91 loans or \$10.5 million. The overall delinquency rate decreased by .15% to 2.57% and the carrying balance for loans in foreclosure year over year decreased by \$11.7 million to \$26.2 million. CHFA funded 85 Downpayment Assistance loans in February with about 69% of the March borrowers taking advantage of the Downpayment Assistance Program. For the month of February the number of whole loan borrowers in forbearance was 145. In March the number of loans in forbearance dropped by another 7 loans to 138.

Mr. Chilson also reported that there were three new loan closings in the multifamily portfolio for March increasing the overall total portfolio size to 556 loans with a total balance of \$1.36 billion. Permanent loan delinquencies decreased by two loans from last month to six and construction loans in delinquency remained at one for an overall delinquency rate of 0.5%. There are no multifamily loans in forbearance.

Mr. Taib presented the quarterly investment and swap reports, stating that the investment reflects an increase in value by approximately \$155 million to \$3.6 billion with a slightly reduced yield to 1.77%. The number of swaps increased by one in connection with the 2022 Series A transaction that closed in March. As a result, the total notional amount increased by \$15 million. The weighted pay rate decreased to 3.05% as a result of the much lower swap rate during the first quarter of 2022. Due to rising interest rates, the mark-to-market position improved to approximately negative \$71.3 million.

Ms. Sanders requested a motion to approve the minutes of the March 31, 2022 Finance/Audit Committee meeting.

Upon a motion made by Mr. Hodges, seconded by Ms. MacKinnon, the Finance/Audit Committee members voted by roll call and were unanimously in favor of adopting the March 31, 2022 Finance/Audit Committee minutes.

There being no further business to discuss, the meeting adjourned by unanimous consent at 9:55 a.m.