

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
January 27, 2022

Committee Members

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

Directors Present: Seila Mosquera-Bruno, Chairperson of CHFA and Commissioner
(Virtually) of the Department of Housing

CHFA Participants: John Chilson, Director, Portfolio Management
(Virtually) Joyce Ciampi, Director, Internal Audit
Allison Murphy, Director, Financial Reporting and Control
Nandini Natarajan, Chief Executive Officer-Executive Director
Hazim Taib, Chief Financial Officer

Other Participants: Jessica Aniskoff, CliftonLarsonAllen
(Virtually) Robert Lamb, Lamont Financial Services
Ronald Nossek, CliftonLarsonAllen
Kathleen Orlandi, Hawkins Delafield & Wood LLP
Alex Vlamis, Morgan Stanley & Co. LLC

Ms. Sanders, Chairperson of the Finance/Audit Committee (“the Committee”), called the meeting to order at 9:01 a.m. A roll call of committee members was conducted and a quorum was present.

Mr. Taib presented the Resolution for the Commencement of Necessary Preparations for the 2022 Series A Bond Sale Housing Mortgage Finance Program authorizing CHFA to issue up to \$225,000,000 of Housing Mortgage Finance Program Bonds to raise \$100,000,000 of lendable proceeds for the first time homebuyer program, preserve \$100,000,000 of prepayments and refund approximately \$25,000,000 of outstanding bonds. Mr. Taib stated that CHFA will utilize fixed rate and floating rate structures and overlay a swap for this transaction. The sale is expected to close in March and RBC Capital Markets, LLC is assigned as the book running manager for the bonds. Discussion ensued regarding the details of the swap and the potential impact of the Federal Reserve’s increase in interest rates on this year’s strategy in issuing bonds.

Upon a motion made by Mr. Abrahams, seconded by Ms. MacKinnon, Finance/Audit Committee members voted by roll call and were unanimously in favor of recommending to the Board of Directors for consideration the Resolution

for the Commencement of Necessary Preparations for the 2022 Series A Bond Sale Housing Mortgage Finance Program.

Mr. Taib presented the Resolution Regarding Carryover of State Bond Allocation stating that, in December, the State Bond Commission awarded CHFA \$225,138,740 of unused 2021 Private Activity Bond Volume Cap. To preserve the award, the Internal Revenue Code requires CHFA to file a carryforward application by February 15th. The recommendation is to allocate \$150,000,000 of the carryforward for multifamily and the remainder for single family. Mr. Taib also noted that the Census Bureau announced that the State experienced an increase in population of 48,591, impacting CHFA's 2022 tax exempt volume cap allocation and the 9% Low Income Housing Tax Credit calculation. He stated that CHFA's 2022 Lending Plan has been updated accordingly.

Upon a motion made by Mr. Hodges, seconded by Mr. Perry, the Finance/Audit Committee members voted by roll call and were unanimously in favor of recommending the Resolution Regarding the Carryover of State Bond Allocation to the Board of Directors for consideration.

Ms. Sanders introduced and welcomed Alexandra Daum, Deputy Commissioner of the Department of Economic and Community Development as a new member of the Finance/Audit Committee.

Mr. Taib introduced Mr. Ronald Nossek from CliftonLarsonAllen (CLA) who provided an overview of the 2021 Audit Plan for CHFA's financial statements. Mr. Nossek encouraged members to provide feedback to the audit team on any areas of concern they might have during the audit process. Mr. Nossek also noted that it is CLA's last year as external auditor and expressed his appreciation and high regard for CHFA Management, the Finance Department and Board.

Ms. Murphy presented the financial reports for December 2021 noting that the reports are preliminary and that additional adjustments will be made to close out the books for the year. She reported that, on the revenue side, mortgage loan and investment interest revenue are \$20.9 million below budget for the year and \$16 million lower than the prior year. Short-term investment rates remain lower than the prior year and fees and other income are \$7.4 million over budget for the year. On the expense side, the bond interest expense is below budget by \$23.8 million and \$15.5 million lower than prior year. She also reported that, excluding salaries and benefits, current year-to-date expenses are \$125,000 lower than last year's administrative expenses. The change in net position is above target by \$17.8 million for the year.

Mr. Chilson presented the delinquency and forbearance reports summarizing the single-family whole loans purchased and loans securitized for December. He stated that the mortgage backed securities portfolio balance for December decreased by \$4.4 million to \$2.12 billion and the whole loan portfolio through November declined by \$21 million. The overall delinquency rate month over month decreased by six basis points to 2.81% and the carrying balance for loans in foreclosure year over year decreased to \$31 million. CHFA funded 106 Downpayment Assistance loans in December with 75% of borrowers taking advantage of the program for the month. The number of whole loan borrowers in forbearance declined from the previous month.

Mr. Chilson also reported that CHFA closed four new multifamily loans for the month of December. Permanent loan delinquencies increased from the prior month by two loans to eight

loans with an overall delinquency rate of just under 1%. He stated that there were no delinquent construction loans and no multifamily loans in forbearance for the month of December.

Mr. Taib presented the quarterly investment and swap reports, stating that the book value of the investment decreased by approximately \$196 million due to bond debt service to \$3.5 billion. The weighted yield quarter over quarter increased from 1.73% to 1.78%. Because CHFA did not issue any variable rate bonds for 2021, the number of swaps remains at 39 with 9 counterparties. The notional amount decreased by \$7.9 million to \$915 million due to amortization. The weighted pay rate by CHFA decreased to 3.065% and the mark-to-market value decreased from a negative \$136.6 million to negative \$123.2 million due to rising interest rates.

Ms. Ciampi summarized internal audit activities for the latter half of 2021. Activities included an audit of the Emergency Mortgage Assistance Payment (EMAP) program, review of Housing Tax Credit Contribution compliance and a follow-up audit of Single Family mortgage insurance claims. Ms. Ciampi also presented members with an overview of the 2022 Internal Audit Plan, which will focus on various aspects of the Multifamily business, review of four Single Family loan servicers and review of the processing of DAP loans serviced by Idaho Housing and Finance Association.

Ms. Sanders requested a motion to approve the minutes of the November 18, 2021 Finance/Audit Committee meeting.

Upon a motion made by Mr. Abrahams, seconded by Ms. MacKinnon, the Finance/Audit Committee members voted by roll call and were in favor of adopting the November 18, 2021 Finance/Audit Committee minutes. Ms. Daum abstained from voting.

There being no further business to discuss, the meeting adjourned by unanimous consent at 10:00 a.m.