

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
July 27, 2023

Committee Members

Present: (Virtually) Jerry Abrahams
Alexandra Daum, Commissioner of the Department of Economic and
Community Development
Philip DeFronzo
Timothy Hodges
Jorge Perez, Banking Commissioner
Franklin Perry, II
Chelsea Ross
Sarah Sanders, Chairperson of Finance/Audit Committee and Deputy
Treasurer, representing Erick Russell, State Treasurer

Committee Members

Absent: Catherine MacKinnon

CHFA Participants: Hazim Taib, Chief Financial Officer
(In Person)
(Virtually) Joyce Ciampi, Director, Internal Audit
Pasquale Guliano, Managing Director, Multifamily
Allison Murphy, Director, Financial Reporting and Control
John Chilson, Director, Portfolio Management

Other Participants: Susan Jun, Citigroup
(In Person)

Deputy Treasurer 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 introduced Ms. Susan Jun of Citigroup, who provided a summary of the 2023 Series B Bond sale for Single Family, including an overview of the financing, bond structure, market conditions and pricing results.

Ms. Murphy presented the financial reports for June 2023 stating that mortgage loan and investment interest revenue are \$7,600,000 above budget and \$26,200,000 higher than last year. The year over year revenue variances continue to be driven by the increase in STIF rates on CHFA’s short-term investments. On the expense side, the bond interest expense is \$3,200,000 below budget through June and \$17,100,000 higher than prior year. Outstanding bonds are \$220,000,000 higher than the same time last year. The year over year variance is a result of higher interest rates on CHFA’s variable rate bonds. Administrative expenses are \$3,500,000 below budget and \$1,300,000 higher than prior year. Excluding salaries and benefits of \$14,600,000, current year-to-date expenses are \$97,000 lower than the prior year’s administrative expenses. Overall, the change in net position is above target by \$14,900,000.

Mr. Chilson presented the June 2023 production and delinquency reports for the single-family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for June noting that the month-end mortgage backed security portfolio balance was \$2,400,000,000, which is an increase of \$22,700,000 over the prior month. The whole loan portfolio through May declined by 36 loans or a total of \$1,300,000 ending the portfolio balance at \$1,100,000,000. The overall single family delinquency rate declined by 7 basis points to 1.64% and the number of loans in foreclosure year over year decreased by \$11,200,000 to \$16,000,000. The total number of loans in foreclosure decreased by 92 loans. For the month of June, CHFA funded 146 Downpayment Assistance loans totaling \$2,300,000 with three quarters of June borrowers taking advantage of the Downpayment Assistance Program. CHFA also funded 114 Time To Own forgivable loans totaling \$3,500,000 with an average loan size of \$30,700.

There were no new loan closings for the multifamily portfolio in June. The overall portfolio declined by one loan to 560 with a portfolio balance of \$1,300,000,000. There were no changes in permanent construction loan delinquencies with seven permanent loan delinquencies and one construction loan delinquency. The overall delinquency rate for the multifamily portfolio was just under 1%.

Ms. Murphy presented the quarterly investment and swap reports, stating that for the second quarter of the year there was a net decrease in the book value of investments by approximately \$136,000,000 to \$3,400,000,000. There was an increase in value of program assets by \$34,000,000 to \$2,100,000,000. During the quarter, the weighted yield to maturity increased from 3.67% to 3.78%.

There was no change in the number of swap counterparties or the number of swaps in the portfolio from last quarter, remaining at 42 swaps with 8 counterparties. The notional balance was \$936,000,000, which is an \$11,000,000 decrease from the first quarter. The quarter over quarter weighted average pay rate went down slightly from 3.02% to 2.992%. There was an increase in the market value of the swap portfolio from last quarter by \$18,000,000 to \$24,000,000. Discussion ensued regarding CHFA's LIBOR transition plan, which Mr. Taib explained to the Committee.

Ms. Ciampi provided an update of the audit activity performed in the first half of the year which included compliance monitoring and review of multifamily properties, review of the homeownership program as well as servicer compliance reviews and consulting activities. Discussion ensued regarding the recently completed state audit of CHFA, specifically related to internal monitoring of the limited equity cooperative program.

Ms. Sanders requested a motion to adopt the minutes of the May 25, 2023 Finance/Audit Committee meeting.

Upon a motion made by Mr. Hodges, seconded by Mr. Perez, the Finance/Audit Committee members voted by roll call and were unanimously in favor of adopting the May 25, 2023 Finance/Audit Committee minutes.

There being no further business to discuss, the meeting adjourned by unanimous consent at 9:48 a.m.