

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
June 24, 2021

Committee Members

Present: Sarah Sanders, representing Shawn Wooden, State Treasurer, Chairperson
of Finance/Audit Committee
Jerrold Abrahams
Timothy Hodges
Jorge Perez, Banking Commissioner
Glendowlyn Thames, representing David Lehman, Commissioner of the
Department of Economic & Community Development

Committee Members

Absent: Catherine MacKinnon
Franklin Perry, II

Staff Present:

Kristen Boyle, Senior Council
Joyce Ciampi, Director, Internal Audit
Allison Murphy, Director, Financial Reporting & Control
Hazim Taib, Chief Financial Officer

Other Participants: Robert Lamb, Lamont Financial Services

A roll call of committee members was conducted, and a quorum was present. By teleconference due to the COVID-19 public health crisis and in accordance with Governor Lamont's Executive Order 7B, Ms. Sanders, Chairperson of the Finance/Audit Committee ("the Committee"), called the meeting to order at 9:00 a.m.

Mr. Taib reported on the background, purpose and process regarding the Request for Proposals for Bond Underwriters that will be issued in July upon approval by the Board. Mr. Taib stated that the contract engagement is for a term of three years and the current engagement is set to end calendar year of 2021; the new engagement will be for 2022, 2023, and 2024. Mr. Taib briefly described the general purpose of the contract and explained the role and responsibilities of Senior Managers, Co-Managers, and Selling Group Members. Mr. Taib reviewed a list of potential questions for the 2021 RFP and a list of current approved bond underwriters. Mr. Taib stated that the Authority plans to release the RFP in July and subsequently provide a recommendation for the Board's approval at the September Board meeting. There was general discussion regarding performance monitoring, designation policy, where the RFP is posted and how to better reach minority owned businesses.

Ms. Murphy presented the financial reports for May, 2021. Ms. Murphy stated that the mortgage loan and investment interest revenue shortfalls continue to be driven by a reduction in the Authority's program assets, which is a result of higher rates of mortgage prepayments. Ms. Murphy stated that short term investment rates are significantly lower than the previous year noting that the State's Short Term Investment Fund went down to zero during the month of May. The Authority has been actively trying to reallocate some of these investments to higher yielding investments. Ms. Murphy stated that the Authority's Fees and Other Income are over budget through the month of May, a substantial portion of this variance being due to the sale of a multifamily project that was part of the state acquired portfolio. Ms. Murphy stated that the bond interest expense is lower than previous year as a result of the Authority's having issued more refunding bonds than long bonds. Ms. Murphy stated that administrative expenses are coming in \$3.1 million under budget and \$499 thousand higher than last year. Excluding salaries and benefits, current year-to-date expenses are higher than last year's administrative expenses. Ms. Murphy stated that the Change in Net Position is above target by \$12.6 million.

Mr. Taib presented the Delinquency and Forbearance Reports. Mr. Taib reported on the single-family whole loans purchased for the month of May, as well as the loans securitized. Mr. Taib stated that the portfolio as a whole decreased as a result of elevated prepayments. The funding ratio of borrowers seeking Downpayment Assistance for the month of May was approximately 71.2%. Mr. Taib stated that the number of whole loan borrowers in forbearance declined. Mr. Taib stated that the Authority is launching the Homeowner Assistance Fund (HAF) pilot on behalf of the Connecticut Department of Housing.

Mr. Taib reported that the Authority did not close any new multifamily loans for the month of May, and had a decrease of one loan due to a prepayment. The multifamily delinquency rate is currently at 2.37%. With regard to forbearance, based on the program established last April, 2020 with approval by the Board of Directors, the Authority has two loans currently in forbearance, five loans in repayment and one loan paid off.

Ms. Sanders requested a motion to approve the minutes of the May 27, 2021 Finance/Audit Committee meeting.

Upon a motion made by Mr. Abrahams and seconded by Mr. Hodges the members voted by roll call to adopt the minutes from the May 27, 2021 meeting. Motion passed.

There being no further business to discuss, a motion was made to adjourn the meeting. All members were in favor. The meeting adjourned at 9:40 a.m.