

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
October 26, 2023

Committee Members

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

Committee Members

Absent: Timothy Hodges
Franklin Perry, II

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

Other Participants: Nick Fluehr, Wells Fargo
(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 presented the Amending Resolution to the Resolution to Enter Into Revolving Mortgage Loan Warehouse Facilities and Issue Revolving Mortgage Loan Warehouse Obligations. He stated that, due to the rise in interest rates, CHFA has seen a drop in loan prepayments and an increase in loan production resulting in a need for additional warehouse capacity to accommodate the growing pipeline. If approved, the amendment will increase the total warehouse facility to \$150,000,000.

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 for consideration the Amending Resolution to the Resolution to Enter into Revolving Mortgage Loan Warehousing Facilities and Issue Revolving Mortgage Loan Warehousing Obligations.

Mr. Taib introduced Mr. Nick Fluehr of Wells Fargo, who reported on the 2023 C bond issue. Mr. Fluehr noted that the bond sale was very successful due to favorable market conditions, timing and the smaller size of the offering.

Ms. Murphy presented the financial reports for September 2023 stating that mortgage loan and investment interest revenue are \$13,900,000 above budget for the current year and \$36,900,000 higher than last year. The revenue variances continue to be driven by an increase in interest rates on CHFA's short-term investments. The bond interest rate expense is \$900,000 below budget through September and \$24,700,000 higher than prior year. Outstanding bonds are higher than the same time last year by \$252,000,000 and interest rates on CHFA's variable rate bonds have increased compared to the same time last year. Servicer fees are \$4,100,000 above budget year-to-date and \$6,100,000 higher than last year primarily due to the significant increase in Single Family loan production. Administrative expenses are \$5,100,000 below budget and \$2,000,000 higher than last year. Excluding salaries and benefits of \$21,700,000, current year-to-date expenses are \$284,000 higher than last year. The change in net position is above target by \$18,600,000.

Mr. Chilson presented the September 2023 production and delinquency reports for the single family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for September noting that the month-end mortgage backed security balance was \$2,400,000,000, which is an increase of \$40,600,000 over August. The whole loan portfolio through August declined by 3 loans, however, the dollar value of the portfolio increased by \$5,200,000 with a net portfolio balance of \$1,100,000,000. The combined delinquency rate of the two portfolios was 1.6%. The carrying balance of loans in foreclosure year over year declined by \$10,300,000 to \$13,700,000 and the total number of loans in foreclosure decreased by 88 loans. In the month of September, CHFA also funded 303 Downpayment Assistance loans totaling \$5,000,000 with an average loan size of \$16,400 and 256 Time To Own forgivable loans totaling \$7,800,000 with an average loan size of \$30,300.

There were eight new multifamily loan closings in September increasing the overall portfolio by 7 loans to 568 loans totaling \$1,340,000,000. Permanent loan delinquencies increased by 6 to a total of 13 loans and construction loan delinquencies remained unchanged at 1. The overall delinquency rate for the multifamily portfolio was less than 1%.

Ms. Murphy presented the quarterly investment and swap reports, stating that for the third quarter of the year there was a net increase in the book value of investments by approximately \$28,500,000 to \$3,700,000,000. There was an increase in the value of program assets by \$73,400,000 to \$2,400,000,000. During the quarter, the weighted yield to maturity increased from 3.78% to 3.93%.

There was no change in the number of counterparties or number of contracts in the swap portfolio from last quarter, remaining at 42 swaps with 8 counterparties. The notional balance was \$936,000,000. The quarter over quarter weighted average pay rate remained unchanged at 2.992%. There was also an increase in market value of the swap portfolio from last quarter with this past quarter increasing by \$44,000,000 to \$69,000,000.

Ms. Sanders requested a motion to adopt the minutes of the September 28, 2023 Finance/Audit Committee meeting.

Adopted: November 30, 2023

Upon a motion made by Mr. Perez, seconded by Ms. Ross, the Finance/Audit Committee members voted by roll call and were unanimously in favor of adopting the September 28, 2023 Finance/Audit Committee minutes.

There being no further business to discuss, the meeting adjourned by unanimous consent at 9:43 a.m.