

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
April 29, 2021

Committee Members

Present: Sarah Sanders, representing Shawn Wooden, State Treasurer, Chairperson
of Finance/Audit Committee
Jerrold Abrahams
Timothy Hodges
Catherine MacKinnon
Jorge Perez, Banking Commissioner

Committee Members

Absent: Franklin Perry, II
Glendowlyn Thames, representing David Lehman, Commissioner of the
Department of Economic & Community Development

Staff Present:

Theresa Caldarone, General Counsel
Joyce Ciampi, Director, Internal Audit
Allison Murphy, Director, Financial Reporting & Control
Hazim Taib, Chief Financial Officer

Other Participants:

Ronald Nossek, CliftonLarsonAllen
Jessica Aniskoff, CliftonLarsonAllen
Bob 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 provided a brief summary of the 2020 Audited Financial Statements. He stated that the Authority financed 1,636 single family mortgages totaling \$302 million, compared to 2,877 mortgages totaling \$525 million in 2019. For the Multifamily program, Mr. Taib stated that the Authority closed \$107 million compared to \$112 million the previous year. Mr. Taib stated that the Authority sold one less bond in 2020 compared to 2019, noting that the size of the sale is approximately the same and briefly described the differences. Mr. Taib stated that bond payables is approximately the same for 2020 as it was for 2019. The Authority recorded \$70.5 million in net pension liability and \$82.4 million in OPEB liability, with the net pension liability decreasing by about \$6 million and the OPEB increasing by about \$4 million from the previous year.

Mr. Taib introduced Ronald Nossek and Jessica Aniskoff of CliftonLarsonAllen to present a summary of the 2020 Audit Results. Mr. Nossek stated that no findings are reported in the GAO report on internal control and compliance and no compliance findings or significant deficiencies in internal control over compliance are reported on the Federal Single Audit and the State Single Audit. Mr. Nossek provided a brief summary of the key audit areas and the communications required to be provided to the Authority.

Ms. Murphy presented the financial reports for March, 2021. Ms. Murphy stated that mortgage loan and investment interest revenue shortfalls for the first three months of the year have resulted from a net reduction in the Authority's program assets (home loans and mortgage-backed securities), in addition to higher rates of mortgage prepayments. Ms. Murphy stated that bond interest expense is lower than the previous year as a result of the Authority having issued more refunding bonds than long bonds, which coincides with slower loan reservations. Additionally, the Authority made approximately \$162 million in special and optional bond redemptions. Ms. Murphy stated that these redemptions resulted in the acceleration of the premium amortization of approximately \$3.5 million, accounting for a substantial portion of the year-over-year variance. Ms. Murphy stated administrative expenses are \$1.7 million under budget and \$676,000 thousand higher than last year.

Mr. Taib presented the Delinquency and Forbearance Reports. Mr. Taib reported on the single-family whole loans purchased for the month of March, as well as the loans securitized. Mr. Taib stated that the average loan size was \$188,000. The portfolio as a whole decreased. Mr. Taib indicated that the delinquency rate stands at approximately 3.18%. Mr. Taib reported that the funding ratio of borrowers seeking Downpayment Assistance was approximately 82%. The number of whole loan borrowers in forbearance declined by about 95 loans.

Mr. Taib reported that the Authority closed three new multifamily loans for the month of March. Multifamily delinquency stands at approximately 2.97%. Based on the program established last April, 2020 with approval of the Board of Directors, the Authority has two multifamily projects in forbearance.

Mr. Taib provided the quarterly update of the investment and swap reports. He stated that the report reflects an increase in book value by approximately \$176 million to \$3.55 billion from the previous quarter. Mr. Taib stated that the increase is primarily due to the collection of principal and interest payment prior to the bond interest payment. Mr. Taib stated that the Authority did not enter into any new swaps since December 31, 2020, thus the number of counterparties remains the same. The pay rate also remains the same. Mr. Taib stated that the mark-to-market value did increase, however, due to an increase in the interest rates.

Mr. Taib noted that since the last report to the Committee last year, regulators have extended the London Inter-bank Offered Rate (LIBOR) to June 30, 2023. Bob Lamb of Lamont Financial Services provided additional information and answered questions raised about LIBOR.

Ms. Sanders requested a motion to approve the minutes of the March 25, 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 March 25, 2021 meeting. Mr. Perez abstained. 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 9:55 a.m.