

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
February 25, 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
Franklin Perry, II
Glendowlyn Thames, representing David Lehman, Commissioner of the
Department of Economic & Community Development

Staff Present:

Theresa Caldarone, General Counsel
John Chilson, Director, Portfolio Management
Joyce Ciampi, Director, Internal Audit
Sherry Lambert, Manager, Planning, Development and Evaluation
Allison Murphy, Director, Financial Reporting & Control
Valencia Taft-Jackson, Deputy Managing Director, Single Family
Hazim Taib, Chief Financial Officer

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, called the meeting to order at 9:01 a.m.

Mr. Taib introduced Citibank representative's Mr. Michael Koessel and Ms. Susan Jun to describe the 2021 Series A bond sale that occurred on February 24. Mr. Koessel briefly described the circumstances of the transaction, which he called an unmitigated success. Ms. Koessel explained that there were 1.3 billion in orders on a 263 million bond sale. He reported that CHFA received the best spreads in recent history. Mr. Koessel introduced Ms. Jun, who provided key highlights, including market conditions and the Authority's objectives for the sale. Ms. Jun pointed out that the structure of the bond financing was shorter and more frontloaded than typical for the Authority financings over the past few years, a result of a large refunding component in the transaction.

Ms. Murphy presented the financial reports for January, 2021. Ms. Murphy stated that mortgage loan and investment interest revenue shortfalls have been driven by a net reduction in the Authority's program assets, primarily Mortgage-Backed Securities (MBS's). Ms. Murphy stated

that this is a result of higher rates of mortgage prepayments, lower single-family loan production in conjunction with MBS's being purchased at lower yields. Ms. Murphy stated that bond interest expense is lower than the previous year, this being a result of the Authority having issued more refunding bonds than long bonds. Ms. Murphy stated administrative expenses have decreased from the previous year and current year-to-date expenses were higher than the previous year. Ms. Murphy noted that bond issuance costs are below budget, as the majority of the costs associated with 2021's first bond sale will not be recognized until February.

Mr. Chilson reported on the single-family whole loans purchased for the month of January, as well as the loans securitized. He stated that the average loan size was \$192,000. The Authority saw a month-end MBS portfolio decrease from the previous month as well as a decrease in the whole loan portfolio. Mr. Chilson indicated that the overall delinquency rate for month over month decreased by 0.59% to 3.06%. The carrying balance for loans in foreclosure and the total number of loans in foreclosure decreased. Mr. Chilson reported that the Authority funded 43 downpayment assistance loans with an average loan of \$8,300 per borrower for the month of January. Mr. Chilson indicated that as of the end of January, whole loan borrowers in forbearance declined from the prior month.

Mr. Chilson reported that the Authority closed no new multifamily loans for the month of January. The Authority saw a decrease by four loans in the portfolio. Permanent loan delinquencies remained at ten loans and construction loan delinquencies decreased by one loan to one loan. Mr. Chilson stated that the Authority has two small multifamily loans currently in forbearance.

Mr. Taib introduced Valencia-Taft Jackson who provided a brief summary of the outcome of an informal survey that the Authority developed and shared with several New England Housing Finance Authorities to examine the impact that the onset of the Covid-19 pandemic has had on single family loan production. Ms. Taft-Jackson described the challenges being faced by first-time homebuyers, and shared the findings of the survey results. Ms. Taft-Jackson stated that the Authority will continue to monitor the pandemic's impact on loan activity. Mr. Taib announced that staff plan to present recommendations regarding ways that the Authority can best serve first time homebuyers.

Ms. Lambert reported the monthly tracking report for February. She announced one multifamily rehabilitation project on the board agenda for financing. Ms. Lambert stated that the Authority saw a decrease in first mortgage purchases by approximately 50% from the previous year. Ms. Lambert noted that although first mortgage purchases have decreased, the Authority has seen a significant increase in both first mortgage prepayments and DAP prepayments. Ms. Lambert noted that data for all markets in Connecticut reveals a significant increase in cash sales when comparing 2020 with 2019 which may offer some insight into the decrease in the Authority's portfolio. Members discussed the demographics of residents most affected by the pandemic, and briefly

discussed DECD's efforts around workforce development which could positively impact homeownership opportunities in the future.

Ms. Sanders requested a motion to approve the minutes of the January 28, 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 January 28, 2021 meeting. Motion passed unanimously.

There being no further business to discuss, a motion was made to adjourn the meeting. All members were in favor. The meeting adjourned at 9:54 a.m.