

MINUTES  
FINANCE/AUDIT COMMITTEE OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)  
REGULAR MEETING  
April 27, 2017

Committee Members

Present: Michael Cicchetti  
Catherine LaMarr representing Denise Nappier, State Treasurer  
Jorge Perez, Banking Commissioner  
Tim Sullivan representing Catherine Smith, Commissioner, Department of  
Economic & Community Development

Committee Members

Absent: Nuala Droney  
Jared Schmitt, Chairperson of Finance/Audit Committee

Staff Present:

Joyce Ciampi, Director, Internal Audit  
John Chilson, Director of Portfolio Management  
Robert Hicks, Assistant Counsel  
Sherry Lambert, Manager, Research and Analysis  
Allison Murphy, Director, Financial Reporting and Control  
Ed Myskowski, Director, Investment & Debt Management  
Hazim Taib, Chief Financial Officer.

Others Present:

Ronald Nossek, BlumShapiro, External Auditor  
Jessica Aniskoff, BlumShapiro, External Auditor  
Kathleen Orlandi, Hawkins, Delafield & Wood, Co-Bond Counsel  
John Wagner, Kutak Rock, Co-Bond Counsel

In the absence of Mr. Schmitt, Ms. LaMarr called the meeting to order at 9:05 a.m., in the Executive conference room of CHFA's offices, 999 West Street, Rocky Hill, Connecticut 06067.

Mr. Taib provided highlights from the 2016 audited financial statements. He noted that overall the results did not vary much from what was disclosed in the 2017 Annual Budget presentation provided to the Committee and Board in November 2016. Mr. Taib stated that CHFA issued several series of bonds in 2016 totaling approximately \$919,300,000 and restructured and refunded over \$458,000,000 of bonds to reduce interest expenses and to recycle private activity bond volume cap to make new single- and multifamily loans.

Mr. Taib mentioned that BlumShapiro will be presenting the results of the audit for the year ended December 31, 2016 at the Board meeting, but he invited Mr. Nossek to provide a brief summary to the Finance/Audit Committee members. Mr. Nossek explained that the results of the audit for CHFA are based on three standards—1) Generally Accepted Auditing Standards; 2) Generally Accepted Government Auditing Standards (often referred to as the Yellow Book); and 3) Uniform Guidance (formerly the Federal Single Audit Act) and the State Single Audit. Based

on the objectives of the audit, Mr. Nossek stated that BlumShapiro was able to express an unqualified opinion that CHFA's financial statements are fairly presented, in all material respects and in conformity with accounting principles generally accepted in the United States of America, and no audit adjustments have been proposed. Mr. Nossek stated that there were no material weaknesses or significant deficiencies and no instances of noncompliance.

Mr. Taib discussed the financial and delinquency reports for April 2017. He mentioned that the reports have been expanded to show budget projections, projections to date, year-to-date actuals, the variances to date, and comparisons with the same reporting period for the previous year. Mr. Taib stated that interest on loans and investments are above budget, due to a payment made by Ninth Square Apartments and an increase in mortgage-backed securities. He briefly reviewed the budget variances. Mr. Taib noted that also provided in the financial statements are the quarterly Investment and Swap reports. He reported on the increase in book value for CHFA's investments and provided an update on CHFA's Swaps. Mr. Taib noted that a report was also included on interest rates to show the impact of higher interest rates on CHFA's production.

Mr. Taib mentioned that the reports also include the purchases under the single-family program, a breakout between mortgage-backed securities and whole loans, the multifamily loans that have closed, and the projects in moratorium or forbearance.

Ms. Lambert provided highlights from the monthly tracking report. She stated that the Mortgage Committee and Board will be considering tax-exempt bond proceeds and 4% Low-Income Housing Tax Credits (LIHTCs) for a multifamily development located in Meriden. The recommendations for awards of 9% LIHTCs being considered today for awards will be on the May report. Ms. Lambert mentioned that CHFA purchased 220 first-time homebuyer loans in March which is higher than March 2016. She noted that prepayments for the last several months remain stable.

Ms. LaMarr asked the Committee members to consider the minutes from the March 30, 2017 meeting.

Upon a motion made by Mr. Cicchetti, seconded by Mr. Sullivan, the Committee members voted in favor of adopting the minutes from the March 30, 2017 meeting as presented (Mr. Perez abstained from the vote).

There being no further business to discuss, upon a motion made by Mr. Cicchetti, seconded by Mr. Sullivan and unanimously approved, the meeting was adjourned at 9:27 a.m.