

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
January 30, 2025

Committee Members

Present: (Virtually) Jerry Abrahams
Philip DeFronzo
Timothy Hodges
Catherine MacKinnon
Jorge Perez, Banking Commissioner
Franklin Perry, II
Sarah Sanders, Chairperson of CHFA Finance/Audit Committee and
Deputy Treasurer, representing Erick Russell, State Treasurer

Committee Members

Absent: Chelsea Ross

Directors Present: Seila Mosquera-Bruno, Chairperson of CHFA Board of Directors and
(Virtually) Commissioner of the Department of Housing

CHFA Participants: John Chilson, Director, Portfolio Management
(In Person) Joyce Ciampi, Director, Internal Audit
Ningyan Li, Capital Markets Operations Manager
Allison Murphy, Controller
Nandini Natarajan, CEO-Executive Director
Hazim Taib, Chief Financial Officer

Other Participants: Thomas Goldfuss, Engagement Partner, Whittlesey
(Virtually) Katrina Olson, Engagement Senior Manager, Whittlesey

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 Resolution Regarding Carryover of State Bond Allocation stating that last December, the State Bond Commission awarded CHFA \$11,518,800 of unused 2024 Private Activity Bond Volume Cap. To preserve the award, the Internal Revenue Code requires CHFA to file a carryforward application by February 15th. The recommendation is for approval to carry forward 100% of the award for homeownership. In addition, on December 19th, the Census Bureau released the State’s 2024 projected population number, which was higher than the prior year. The increase impacted CHFA’s 2025 tax exempt volume cap allocation and the 9% Low-Income Housing Tax Credit calculation. The Lending Plan has been updated accordingly.

Upon a motion made by Mr. Abrahams, seconded by Mr. Hodges, the Finance/Audit Committee members voted unanimously in favor of recommending the Resolution Regarding the Carryover of State Bond Allocation to the Board of Directors for consideration.

Mr. Thomas Goldfuss and Ms. Katrina Olson from Whittlesey, CHFA's external auditor, provided an overview of the 2024 Audit Plan of CHFA's financial statements, which included Whittlesey's approach, the scope of the audit and a summary of the audit timeline.

Ms. Murphy presented the preliminary financial reports for December 2024 stating that mortgage loan and investment interest revenue are \$34,300,000 above budget for the year and \$41,500,000 higher than last year. The year-over-year revenue variances continue to be driven by the increase in investment interest income due to the current interest rate environment. Fees and other income are \$10,200,000 higher than budget through year-end and \$8,900,000 higher than last year. The large increase in single family production is the main driver behind the variance. The bond interest expense is \$18,700,000 above budget through year-end and \$33,700,000 higher than last year. Outstanding bonds as of year-end are \$635,000,000 million higher than this same time last year. Servicer fees are \$10,900,000 above budget and \$7,000,000 higher than prior year. The increase in single family production is the main driver of this variance. Administrative expenses are \$7,100,000 below budget and \$405,000 lower than last year. Ms. Murphy also reported that, excluding salaries and benefits of \$29,200,000, current year-to-date administrative expenses are \$224,000 lower than last year. The change in net position is above target by \$19,100,000.

Mr. Chilson presented the December 2024 production and delinquency report for the single-family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for December. He noted that the total loan production for the year was 33% greater than the prior year's stretch goal. For the year, the mortgage backed security balance increased 31% or \$822,000,000 ending the year with a \$3,500,000,000 portfolio balance. The whole loan portfolio through the end of December declined by 500 loans or a little less than \$68,000,000 million ending with a portfolio balance of \$1,100,000,000. The delinquency rate was 5.9% in December which is consistent with the state and nationwide averages. The carrying balance for loans in foreclosure (year over year) increased by \$1,400,000 to \$13,200,000, while the total number of loans in foreclosure increased by 8. For the month of December, the Authority funded 92 Downpayment Assistance loans totaling just about \$1,000,000 with an average loan size of \$10,800 and 233 Time To Own forgivable loans totaling \$5,500,000 with an average loan size of \$23,600.

Mr. Chilson reported that there were 8 new multifamily loan closings in December, increasing the year over year portfolio size by 22 loans, ending the year at 602 multifamily loans totaling \$1,400,000,000. There were eight permanent multifamily loan delinquencies and no construction loan delinquencies. The overall delinquency rate was just about one half of one percent.

Ms. Li presented the quarterly investment and swap reports for the 4th quarter of 2024. The investment report reflects an overall increase in book value of \$174,000,000 to \$4,600,000,000 and an increase in program assets by \$206,000,000 to \$3,500,000,000. The quarter over quarter weighted yield to maturity decreased slightly from 4.24% to 4.22%. The swap report has a hedging

position of \$867,670,000 notional value which is a decrease of \$10,490,000 from last quarter due to amortization. There are 41 swaps with 8 counterparties. Compared to last quarter, the weighted pay rate by the Authority decreased from 2.934% to 2.898% and the mark-to-market value increased from \$24,360,000 to \$58,300,000.

Ms. Ciampi summarized internal audit activities for the fourth quarter of 2024 which included a review of Homeowner Mortgage Loan Payoffs performed by Finance Portfolio Management; a follow-up audit of Phase I of the Housing Tax Credit Contribution program, which focused on reviewing the 2024 funding round; a servicer compliance review of Norcom Mortgage and advisory service activities, which included a review of the Build For CT program. Ms. Ciampi also provided an overview of the 2025 Internal Audit Plan, which will include, in terms of homeownership, a review of additional processing functions performed by Finance Portfolio Management; continued review of the Housing Tax Credit Contribution program; an audit of controls over payroll; servicer compliance reviews and advisory services.

Deputy Treasurer Sanders requested a motion to approve the minutes of the November 21, 2024 Finance/Audit Committee meeting.

Upon a motion made by Mr. Perry, seconded by Mr. Hodges, the Finance/Audit Committee members voted unanimously in favor of approving the November 21, 2024 Finance/Audit Committee minutes.

There being no further business to discuss, upon a motion to adjourn made by Deputy Treasurer Sanders, the meeting adjourned by unanimous consent at 9:57 a.m.