

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

Committee Members

Present: (In Person) Jerold Abrahams

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

Absent: Alexandra Daum, Commissioner Designate of the
Department of Economic & Community Development

CHFA Participants: Hazim Taib, Chief Financial Officer
(In Person)

(Virtually) John Chilson, Director, Portfolio Management
Joyce Ciampi, Director, Internal Audit
Allison Murphy, Director, Financial Reporting and Control

Other Participants: Thomas Goldfuss, Whittlesey
(Virtually) Lindsay Tessler, Whittlesey

Ms. Sanders, Chairperson of the Finance/Audit Committee, called the meeting to order at 9:04 a.m. A roll call of committee members was conducted and a quorum was present.

Mr. Taib presented the Resolution for the Commencement of Necessary Preparations for the 2023 Series A Bond Sale which authorizes CHFA to issue up to \$150,000,000 of housing mortgage finance program bonds to raise lending proceeds for the first-time homebuyer program. As of January 17th, CHFA has an aggregate net pipeline of about \$180,000,000. CHFA intends to utilize a fixed rate structure for the sale and expects the issuance to close around March. Bank of America has been assigned as the book running manager for the bonds.

Upon a motion made by Mr. Abrahams, seconded by Ms. MacKinnon, Finance/Audit Committee members voted by roll call and were in favor of recommending to the Board of Directors for consideration the Resolution for the Commencement of Necessary Preparations for the 2023 Series A Bond Sale Housing Mortgage Finance Program. Mr. Perez abstained from voting.

Mr. Taib presented the Resolution Regarding Carryover of State Bond Allocation stating that in December, the State Bond Commission awarded CHFA \$87,646,268 of unused 2022 Private Activity Bond Volume Cap. To preserve the award, the internal revenue code requires CHFA to file its carryforward application by February 15th. The recommendation is for approval to carryforward 100% of the award for multifamily. In addition, on December 22nd, the Census Bureau announced that the State experienced an increase in population of 20,608 residents. This increase impacts CHFA's 2023 tax exempt volume cap allocation and the 9% Low-Income Housing Tax Credit calculation. The 2023 Lending Plan has been updated accordingly.

Upon a motion made by Ms. MacKinnon, seconded by Mr. Perez, the Finance/Audit Committee members voted by roll call and were unanimously in favor of recommending the Resolution Regarding the Carryover of State Bond Allocation to the Board of Directors for consideration.

Mr. Taib introduced Mr. Thomas Goldfuss and Ms. Lindsay Tessler from Whittlesey who provided an overview of the 2022 Audit Plan for CHFA's financial statements.

Ms. Murphy presented the preliminary financial reports for December 2022 stating that mortgage loan and investment interest revenue are \$10,700,000 over budget for the year and \$9,300,000 higher than last year. The current year variance is due in large part to the increase in interest rates on CHFA's short-term investments. The State's STIF rate at the end of December was 4.7% compared to less than 1.0% for the same time last year. The bond interest expense is below budget by \$4,600,000 through year-end and \$4,900,000 lower than the prior year. Ms. Murphy also reported that, excluding salaries and benefits of \$27,100,000, current year-to-date expenses are \$421,000 lower than last year's administrative expenses. The change in net position is above target by \$22,900,000.

Mr. Chilson presented the December 2022 delinquency and forbearance reports for the single-family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for December and noted that the month-end mortgage backed securities portfolio balance was \$2,160,000,000, which is an increase of \$16,700,000 from the prior month. The whole loan portfolio through November 2022 declined by 32 loans or \$1,900,000 with a total portfolio balance at the end of November of \$1,100,000,000. The overall delinquency rate declined to 2.31% and the carrying balance for loans in foreclosure year over year decreased by \$8,500,000 to \$22,000,000. For the month of December, CHFA funded 191 Downpayment Assistance loans totaling \$2,750,000 with 98.5% of December borrowers seeking Downpayment Assistance. CHFA also funded 197 Time To Own forgivable loans totaling \$6,000,000 with an average loan size of \$30,500.

Mr. Chilson reported that there were 2 multifamily loan closings in December increasing the portfolio size to 564 loans with a total portfolio balance of \$1,340,000,000. There were 6 permanent loan delinquencies, 1 construction loan delinquency and the overall delinquency rate was 1.2%.

Ms. Murphy presented the quarterly investment and swap reports, stating that the book value of the investment increased by approximately \$51,000,000 to \$3,400,000,000. The weighted yield

to maturity increased from 2.77% to 3.49%. The swap portfolio increased by 1 swap from last quarter to a total of 42 swaps with 8 counterparties bringing the total notional balance up to \$947,000,000. The quarter over quarter weighted average pay rate showed a slight decrease to 3.02% and the market value of the swap increased by \$6,800,000 to \$26,400,000.

Ms. Ciampi summarized internal audit activities for the second half of 2022. Activities included a review of internal controls over the servicing of escrow accounts for multifamily properties and follow-up audits of underwriting and construction loan advance processes for multifamily housing. Audit results revealed that the majority of the recommendations from follow-up audits have been implemented. Internal Audit also performed two single family loan servicer compliance reviews and provided various consulting services. Ms. Ciampi also presented committee members with an overview of the 2023 Internal Audit Plan, which will focus on the homeownership business.

Ms. Sanders requested a motion to approve the minutes of the November 17, 2022 Finance/Audit Committee meeting.

Upon a motion made by Ms. MacKinnon, seconded by Mr. Hodges, the Finance/Audit Committee members voted by roll call and were in favor of adopting the November 17, 2022 Finance/Audit Committee minutes. Ms. Sanders abstained from voting.

There being no further business to discuss, the meeting adjourned at 9:46 a.m.