

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
July 30, 2020

Committee Members

Present: Jerrold Abrahams
 Timothy Hodges, Nominated as Chairperson in absence of Jared Schmitt
 Catherine MacKinnon
 Jorge Perez, Banking Commissioner
 Sarah Sanders, representing Shawn Wooden, State Treasurer

Committee Members

Absent: Jared Schmitt, Chairperson of Finance/Audit Committee
 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
Ed Myskowski, Director, Investment & Debt Management
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, Timothy Hodges called the meeting to order at 9:04 a.m.

Ms. Murphy presented the financial reports for June, 2020. She stated that the mortgage loan and investment interest revenue are below budget for the six months ended June 30, 2020 and are lower than the prior year. Revenue shortfalls continue to be driven by the reduction in Single Family (SGLF) loan production. The amount of SGLF first mortgages originated during the period of January through June of 2020 is lower compared to the previous year for the same period. SGLF prepayments have increased over the same period in 2019. Ms. Murphy outlined the expenses through June, reporting that the bond interest expense is below budget and lower than the previous year; a variance that continues to be due to the acceleration of the amortization of bond premiums. Additionally, the Authority issued less in bonds in May than originally planned. Ms. Murphy indicated that Administrative expenses are under budget year-to-date and lower than fiscal year 2019.

In responding to a question about prepayments, Mr. Chilson stated that there is a much larger increase in the number of payoffs resulting in refinancing than in the past. Ms. Lambert added that there has been increased activity in the home-buying market recently with an increase in non-state

residents moving to Connecticut. Ms. Lambert added that interest rates are low and the market is moving quickly.

Mr. Chilson reported on the single-family whole loans purchased for the month of June, as well as the loans securitized. He stated that the average loan size was approximately \$183,000. He also reviewed the delinquency rate, which decreased by .24% to 2.07%. Mr. Chilson reported that the Authority funded 57 Downpayment Assistance loans with an average of \$6,269 per borrower, for the month of June. Through the end of May, 1,580 whole loan borrowers had requested and received forbearance for their May payment. Mr. Chilson noted that 42% of those borrowers made their May payment despite being granted a forbearance. For the month of June, the number rose by 67 to 1,647 whole loan borrowers who received forbearance for the June payment.

Mr. Chilson stated the Authority closed two new multifamily loans for the month of June. Permanent loan delinquencies increased by three loans to ten loans and construction loan delinquencies remained at one loan. Mr. Chilson stated that since April, the Authority has received 24 requests for forbearance of which 18 have either been withdrawn or have been denied. The remaining six have either signed forbearance agreements or are in the process of signing. A discussion ensued as to the potential impact on forbearance requests and housing in general when the \$600 unemployment benefit ends. It was agreed that having financials and an analysis on this topic in future meetings would be helpful.

Mr. Myskowski provided a quarterly update of the investment and swap reports. He stated that the investment report reflects a decrease in investments by approximately \$82 million to \$3.21 billion. The decrease is mainly due to paying May debt service and redeeming outstanding bonds. The swap report shows a hedging position (39 swaps with 9 counterparties) totaling \$970.67 million notional amount, which is an increase from last quarter. The weighted pay rate by the Authority decreased to 3.135% from 3.281%.

Ms. Lambert stated that there was no multifamily activity for the month of June. In response to a question, Ms. Lambert discussed where the housing market has been active in Connecticut.

Mr. Hodges asked the Committee members to consider the minutes from the June 25, 2020 meeting.

Upon a motion made by Mr. Abrahams, seconded by Ms. Sanders, the members voted by roll call to adopt the minutes from the June 25, 2020 meeting. Motion passed.

There being no further business to discuss, upon a motion made by Ms. Sanders, seconded by Mr. Abrahams and unanimously approved, the meeting was adjourned at 10:32 a.m.