Adopted: June 27, 2019

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
May 30, 2019

Committee Members Present:	Timothy Hodges David Kooris, representing David Lehman, Commissioner of the Department of Economic & Community Development Franklin Perry II Jorge Perez, Banking Commissioner Sarah Sanders, representing Shawn Wooden, State Treasurer
Committee Member Absent:	Jared Schmitt, Chairperson of Finance/Audit Committee Michael Cicchetti
Staff Present:	Joyce Ciampi, Director, Internal Audit John Chilson, Director, Portfolio Management Robert Hicks, Interim General Counsel Sherry Lambert, Manager I, Strategic Planning Allison Murphy, Director, Financial Reporting & Control Hazim Taib, Chief Financial Officer
Others Present:	Joseph Monitto, Bank of America Merrill Lynch Kathleen Orlandi, Hawkins, Delafield & Wood, Co-Bond Counsel Bill Veronda, Bank of America Merrill Lynch John Wagner, Kutak, Rock, Co-Bond Counsel

In the absence of the Chairperson of the Finance/Audit Committee (the "Committee"), Ms. Sanders called the Committee meeting to order at 9:01 a.m., in the Executive conference room of CHFA's offices, 999 West Street, Rocky Hill, Connecticut 06067.

Mr. Taib stated that CHFA priced its 2019 Series B bonds for the single-family program at the end of April and closed the bonds in the beginning of May. He introduced Mr. Monitto and Mr. Veronda, representatives from Bank of America Merrill Lynch, book running senior manager for the issue, who summarized the results of the issue. Mr. Monitto mentioned that the issue consisted of approximately $123,000,000 of fixed rates bonds and approximately $35,000,000 of variable rate bonds. He noted that the transaction was similar to transactions done the last several years with the exception of the alternative Planned Amortization Class ("PAC") bond structure. Mr. Monitto explained that the PAC structure provided the investors with more certainties and protections from prepayment risk. He described how CHFA utilized the PAC bond structure to its advantage, resulting in a significant reduction of interest expense and overall costs on the transaction. Mr. Monitto mentioned that CHFA took the lead with the PAC structure and stated that several other housing finance agencies followed shortly thereafter. Mr. Veronda discussed the market conditions during the sale and attributed CHFA's success to the strong market for municipal paper, CHFA's reputation in the market, the slope of the Municipal Market Curve and the flawless execution by the team. It was noted that orders significantly exceeded allotments. Mr. Monitto stated that the high demand for CHFA's bonds was astounding, and CHFA's bonds received the lowest yield in the market for housing bonds sold during the week. He discussed the Internal Revenue Service allowable spread on bond transactions and noted that CHFA was able to obtain more than the full spread which allows CHFA to adjust interest rates favorably in the future if needed when interest rates are not as advantageous.

Ms. Murphy discussed the financial reports for April, 2019. She highlighted some of the variances and explained the reasons for the variances. Ms. Murphy reviewed the change in net position and mentioned that the change is above target. In response to a question, Mr. Taib and Ms. Murphy explained that interest on mortgage loans and investments from mortgage-backed securities will increase as more loans are made during the year. It was noted that the large variance in personnel is due to recent retirements, other vacancies and fringe benefits related to the vacancies.

Mr. Chilson reported on the delinquencies, and reviewed the purchases for the month of April. The delinquency rate for the combined portfolios of mortgage-backed securities and whole loans went down from the previous month. For the month of April, Mr. Chilson stated that CHFA closed three new multifamily loans. He noted that permanent loan delinquencies decreased to five loans, and construction loan delinquencies remained at two loans. The combined multifamily permanent and construction delinquency rate is 4.57%. Mr. Chilson reiterated that the increase in the multifamily delinquency rate is due to the early stage delinquency of a project in Bridgeport which should get resolved.

Ms. Lambert discussed the monthly tracking report. She noted that there is no new multifamily funding being requested for May. However, the awards made at the April 2019 meeting for the 9% Low-Income Housing Tax Credits appear on the May monthly tracking report. Ms. Lambert mentioned that CHFA purchased 178 first mortgage loans and 77 downpayment assistance program (DAP) loans in April. First mortgage purchases remain the same and DAP loans are both lower than April 2018. Ms. Lambert explained the lag between reservations and purchases of loans and noted that the purchases recorded in May represent reservations from January/February, which are typically low. With respect to a question about the number of units recorded for funding for Ninth Square, Ms. Lambert stated that the number of units at Ninth Square was previously counted. However, the funding will include rehabilitation of units.

Ms. Sanders asked the Committee members to consider the minutes from the April 25, 2019 meeting.

> Upon a motion made by Mr. Perez, seconded by Mr. Kooris, the Committee members voted unanimously in favor of adopting the minutes from the April 25, 2019 meeting as presented.

There being no further business to discuss, upon a motion made by Mr. Perry, seconded by Ms. Sanders and unanimously approved, the meeting was adjourned at 9:32 a.m.