

DRAFT MINUTES  
FINANCE/AUDIT COMMITTEE OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)  
REGULAR MEETING  
November 21, 2019

Committee Members

Present: Jared Schmitt, Chairperson of Finance/Audit Committee  
Michael Cicchetti  
Timothy Hodges  
Sarah Sanders, representing Shawn Wooden, State Treasurer (by phone)  
Jorge Perez, Banking Commissioner

Committee Members

Absent: David Kooris, representing David Lehman, Commissioner of the  
Department of Economic & Community Development (by phone)  
Franklin Perry II

Other Board Member

Present: Seila Mosquera-Bruno, Chairperson of CHFA and Commissioner of the  
Department of Housing

Staff Present:

Joyce Ciampi, Director, Internal Audit  
Theresa Caldarone, Interim General Counsel  
John Chilson, Director, Portfolio Management  
Sherry Lambert, Manager I, Strategic Planning  
Ed Myskowski, Director, Investment & Debt Management  
Allison Murphy, Director, Financial Reporting & Control  
Hazim Taib, Chief Financial Officer

Others Present:

Kevin Barney, Kutak Rock  
Robert Lamb, Lamont Financial Services  
Kathleen Orlandi, Hawkins, Delafield & Wood

Mr. Schmitt, noting the presence of a quorum, called the Finance/Audit Committee (the "Committee") meeting to order at 9:00 a.m., in the Executive conference room of CHFA's offices, 999 West Street, Rocky Hill, Connecticut 06067.

Mr. Taib explained that since there is no December Board meeting and to provide sufficient time to prepare documentation, staff is recommending the authorization of the commencement of necessary preparations for the 2020 Series A Bond Issue for the single-family program which is anticipated to occur in the first quarter of 2020. Mr. Myskowski presented the resolution, noting that the sale will generate approximately \$125,000,000 of lendable proceeds to finance and purchase approximately 690 single-family whole loans and/or mortgage-backed securities. He stated that CHFA anticipates having four bond sales in 2020 for the single-family program, and it is anticipated that each of the four senior managers will have the opportunity to be the book

running senior manager. The resolution for the 2020 Series A Bond Issue designates Citigroup Global Markets as the book running senior manager.

Upon a motion made by Mr. Perez, seconded by Mr. Cicchetti, the Committee members voted unanimously in favor of recommending to the Board for consideration the resolution authorizing the commencement of necessary preparations for the 2020 Series A Bond Issue.

Mr. Taib presented the 2020 Annual Budget and Plan of Operations, noting that a draft package was provided to the Board in October. He stated that while there were no questions or comments presented to staff since the October meeting, the package was updated to reflect current information on the Housing Capital Reserve Fund and the federal tax credits rate. He mentioned the Secretary of the Office of Policy and Management and the State Treasurer's office have been notified by the Chairperson of CHFA that for calendar year 2020, the Housing Capital Reserve Funds are sufficiently funded and satisfy the Housing Capital Reserve Fund requirements. He mentioned that Exhibit 5, "2020 Summary of Available Funding Sources and Lending Plan" has been updated to reflect an increase in the per capita rate from 2.75 to 2.81 and the corresponding impact of an increase in the allocation of 9 percent low-income housing tax credits. Mr. Taib noted that US Census data will be completed in December, and if the state population remains the same, the per capita increase will result in an increase of 9 percent low-income housing tax credit allocation for CHFA. In response to a question, Mr. Taib explained the trend between program assets and operating expenses, noting that while production has grown over the last 5 years, expenses have essentially remained flat. A question arose as to whether CHFA will be impacted by steps being taken by the current administration to have more oversight with quasi-public agencies. Ms. Mosquera-Bruno noted that CHFA has sufficient internal controls, checks and balances and a sufficient internal auditing process and she does not foresee any major changes to CHFA. She stated that CHFA may be able to help other quasi-public agencies.

Upon a motion made by Mr. Cicchetti, seconded by Mr. Perez, the Committee members voted unanimously in favor of recommending to the Board for consideration the resolution adopting the Annual Budget and Plan of Operations for 2020.

Ms. Murphy discussed the financial reports for October 2019. She stated that revenues through October 31 were below budget but higher than the same time period for 2018. Ms. Murphy mentioned that fees and other income were over budget, and she explained the main drivers behind the variances. Ms. Murphy highlighted the expenses through October 2019 as well as the variances. She stated that the change in net position was above target for the reporting period.

Mr. Chilson reported on the delinquencies, and reviewed the purchases for the month of October. He stated that CHFA purchased 210 loans totaling \$38,500,000, with a loan average of \$183,114. He reviewed the percentages of whole loans versus mortgage-backed securities and mentioned that the delinquency rate for the combined portfolios went down slightly from the previous reporting period. For the month of October, Mr. Chilson stated that CHFA did not close any new multifamily loans. He stated that permanent loan delinquencies decreased by

three loans to three, and construction loan delinquencies remained at one. The combined multifamily permanent and construction delinquency rate was .96%.

Ms. Lambert provided highlights from the monthly tracking report. She mentioned that staff will be presenting to the Mortgage Committee and Board three multifamily funding requests—two for funding to be allocated in 2020 and one request for the use of Financing Adjustment Factor funds. Ms. Lambert stated that CHFA purchased 210 first mortgage loans and 98 downpayment assistance program (DAP) loans in November which are lower than November 2018. She mentioned that prepayments were higher than previous months, noting that this could be attributed to lenders advertising refinancing tools since Connecticut is lagging with new home purchases.

The Committee members discussed how to proceed with the calendar of Committee meetings for 2020 and Committee/Board education on specific areas of interest, including swaps. Staff will provide a presentation on swaps to the Committee and any other Board members interested at the January meeting, and the calendar will be discussed further at the Board meeting.

Mr. Taib mentioned that he will be providing information to a reporter who will be writing about the Temple Street development located in Hartford.

Mr. Schmitt asked the Committee members to consider the minutes from the October 31, 2019 meeting.

Upon a motion made by Mr. Perez, seconded by Mr. Hodges, the Committee members voted in favor of adopting the minutes from the October 31, 2019 meeting as presented (Mr. Cicchetti and Mr. Schmitt abstained from the vote).

There being no further business to discuss, upon a motion made by Mr. Hodges, seconded by Mr. Perez and unanimously approved, the meeting was adjourned at 9:23 a.m.