

DRAFT MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
November 29, 2018

Committee Members

Present: Jared Schmitt, Chairperson of Finance/Audit Committee
Timothy Hodges
David Kooris representing Catherine Smith, Commissioner, Department
of Economic & Community Development
Catherine LaMarr representing Denise Nappier, State Treasurer
Jorge Perez, Banking Commissioner

Committee Members

Absent: Michael Cicchetti

Staff Present:

Theresa Caldarone, Assistant Director, Legal
Joyce Ciampi, Director, Internal Audit
John Chilson, Director, Portfolio Management
William Dickerson, General Counsel
Sherry Lambert, Manager, Research and Analysis
Allison Murphy, Director, Financial Reporting and Control
Edward Myskowski, Investment & Debt Management
Hazim Taib, Chief Financial Officer

Others Present:

Kathleen Orlandi, Hawkins, Delafield & Wood, Co-Bond Counsel
John Wagner, Kutak Rock, Co-Bond Counsel

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 presented the 2019 Annual Budget and Plan of Operations, noting that a presentation was provided to the Board in October. He stated that since the October meeting no questions were presented to staff. Mr. Taib reviewed the changes made to the budget materials since the October meeting and stated that Exhibit 5 “2019 Summary of Available Funding Sources and Lending Plan” has been amended to reflect all available lending sources, including the Internal Revenue Source updated revenue projections. He pointed out that a new Exhibit 6 “Bond Rate Differential Between Tax Exempt and Taxable” has been added to show interest expense differentials based on different assumptions with issuing taxable and tax-exempt bonds. Mr. Taib stated that the State Bond Commission will be meeting before the end of the year to reallocate any unused 2018 private activity bond volume cap; and if CHFA receives an additional allocation, the lending plan will be revised accordingly. He mentioned that staff will continue to carefully monitor fringe benefit expenses, private activity bond volume cap, and interest expenses from issuing taxable bonds.

There was a discussion about the high fringe benefit costs, and Mr. Taib noted that the percentage is dictated by the State Comptroller. In response to a question about pension carrying costs, Mr. Taib and Ms. Murphy explained that the formula is dictated to CHFA based on covered payroll and does not necessarily reflect the population of retirees.

Upon a motion made by Ms. LaMarr, seconded by Mr. Perez, the Finance/Audit Committee members voted unanimously in favor of recommending to the Board for consideration the resolution regarding the adoption of the Annual Budget and Plan of Operations for 2019.

Mr. Taib reviewed the financial and delinquency reports. He stated that the change in net position reported on the first page of the report should be \$2.9 million rather than \$6.9 million. Mr. Taib noted that CHFA's single-family delinquency rate is lower than the state average, and the multifamily delinquency rate is below 2 percent.

Ms. Lambert discussed the monthly tracking report. She stated that there is no affordable rental housing activity this month. Under the homeownership program, CHFA purchased 305 first-time homebuyer loans in October, and CHFA anticipates ending the year with approximately 3,000 purchases in 2018.

Mr. Schmitt asked the Committee members to consider the minutes from the September 27, 2018 meeting.

Upon a motion made by Mr. Perez, seconded by Ms. LaMarr, the Committee members voted unanimously in favor of adopting the minutes from the September 27, 2018 meeting as presented.

There being no further business to discuss, upon a motion made by Mr. Hodges, seconded by Ms. LaMarr, and unanimously approved, the meeting was adjourned at 9:18 a.m.