

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
October 29, 2020

Committee Members

Present: Jerrold Abrahams
 Timothy Hodges
 Catherine MacKinnon
 Jorge Perez, Banking Commissioner
 Sarah Sanders, representing Shawn Wooden, State Treasurer, Nominated as
 Chairperson in absence of Jared Schmitt
 Glendowlyn Thames, representing David Lehman, Commissioner of the
 Department of Economic & Community Development

Committee Members

Absent: Franklin Perry II
 Jared Schmitt, Chairperson of Finance/Audit Committee

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, Sarah Sanders called the meeting to order at 9:06 a.m.

Mr. Taib presented the Resolution to Enter into a Master Securities Forward Transaction (MFSTA) Agreement. Mr. Taib stated that the Agreement is to provide an ability for CHFA to engage in an alternative product for its single family first-time homebuyer program. Mr. Taib summarized the reasoning behind the Authority exploring this as an alternative to tax-exempt bonds.

A discussion ensued regarding a memo dated October 29, 2020 regarding the MSFTA Resolution that was part of the Finance/Audit Committee meeting packet. It was agreed to replace the word “necessary” with the word “desirable” within sentence two as a clarification.

Upon a motion made by Mr. Hodges, seconded by Mr. Perez, the members voted by roll call and were in favor of recommending to the Board the adoption of the Resolution to

enter into a Master Securities Forward Transaction Agreement. The item passed unanimously.

Mr. Taib provided a brief report regarding the 2020 Series D Bond sale which was led by Morgan Stanley. Mr. Taib indicated that the Authority conducted a two-day pricing due to the amount of supply in the market and to allow the syndicate to work the account. Mr. Taib stated that even though the Authority was facing direct competition from two other housing finance agencies, the bookrunner and the syndicate were able to bring in orders over \$300 million from both retail and institutional investors. Mr. Taib introduced Geoff Proulx of Morgan Stanley who provided a summary presentation of the transaction.

Ms. Murphy presented the financial reports for September, 2020. She stated that mortgage loan and investment interest revenue shortfalls continue to be driven by the reduction in single-family loan production and increase in single-family loan prepayments. Investment interest revenue shortfalls are also being driven by the decrease in short-term investment rates. Ms. Murphy outlined the expenses through September, highlighting the areas with variances.

Mr. Chilson reported on the single-family whole loans purchased for the month of September, as well as the loans securitized. He stated that the average loan size was approximately \$195,200. The Authority saw a month-end mortgage security portfolio decrease from the previous month as well as a decrease in the whole loan portfolio. Mr. Chilson indicated that the overall delinquency rate for month over month increased by .36% to 3.06%. Mr. Chilson reported that the Authority funded 49 downpayment assistance loans with an average of \$6,600 per borrower for the month of September. Mr. Chilson indicated that as of the end of August, whole loan borrowers in forbearance declined from the prior month, and for the month of September the number of forbearances further declined.

Mr. Chilson stated the Authority closed five new multifamily loans in the month of September. The portfolio increased to 546 loans, and the permanent loan delinquencies decreased by two loans to seven loans; construction loans remained unchanged at one loan. Mr. Chilson stated that there were no new multifamily forbearances signed in September.

Mr. Myskowski provided a quarterly update of the investment and swap reports. He stated that the investment report reflects an increase in investments by approximately \$173 million to \$3.39 billion. Mr. Myskowski stated that the increase is mainly due to an accumulation of funds to pay November debt service and an increase in prepayments. Mr. Myskowski stated that the swap report shows a hedging position (40 swaps with 9 counterparties) totaling \$1.0 billion, which is an increase from last quarter. The weighted pay rate by the Authority decreased to 3.079% from 3.135%

Adopted: November 19, 2020

Ms. Lambert reported the monthly tracking report for October. She announced that one multifamily development was on the October Board agenda for financing. Ms. Lambert announced that the Authority purchased 128 first mortgage loans and 49 Downpayment Assistance loans in September, both a decrease from the same reporting period last year. Ms. Lambert stated that for both first mortgage and DAP loans, prepayments have increased from the same reporting period last year.

Ms. Sanders requested a motion to approve the minutes of the September 24, 2020 Finance/Audit Committee meeting.

Upon a motion made by Mr. Hodges, seconded by Mr. Abrahams, the members voted by roll call to adopt the minutes from the September 24, 2020 meeting. Motion passed unanimously.

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 9:46 a.m.