

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
September 28, 2023

Committee Members

Present: (Virtually) Alexandra Daum, Commissioner of the Department of Economic and Community Development
Philip DeFronzo
Catherine MacKinnon
Jorge Perez, Banking Commissioner
Franklin Perry, II
Chelsea Ross
Sarah Sanders, Chairperson of Finance/Audit Committee and Deputy Treasurer, representing Erick Russell, State Treasurer

Committee Members

Absent: Jerry Abrahams
Timothy Hodges

CHFA Participants: Hazim Taib, Chief Financial Officer
(In Person) Pasquale Guliano, Managing Director, Multifamily
Wendy Moores, Senior Program Officer – Portfolio Management
(Virtually) Theresa Caldarone, General Counsel
John Chilson, Director, Portfolio Management
Allison Murphy, Director, Financial Reporting and Control

Deputy Treasurer Sanders, Chairperson of the Finance/Audit Committee (“the Committee”), called the meeting to order at 9:00 a.m. A roll call of committee members was conducted and a quorum was present.

Mr. Taib presented the Resolution for the Commencement of Necessary Preparations for the 2023 Series N Bond Sale authorizing CHFA to issue up to \$200,000,000 of housing mortgage finance program bonds to raise additional lendable proceeds for approximately 847 first-time homebuyers. He stated that, as of September 18th, CHFA has an aggregate net pipeline of about \$246,000,000. CHFA will utilize a fixed rate structure for the sale and expects to close in November. RBC Capital Markets has been assigned as the book running manager for the bonds.

Upon a motion made by Mr. Perez, seconded by Ms. MacKinnon, Finance/Audit Committee members voted by roll call and were unanimously in favor of recommending to the Board of Directors for consideration the Resolution for the Commencement of Necessary Preparations for the 2023 Series N Bond Sale Housing Mortgage Finance Program.

Mr. Taib summarized the proposed amendments to CHFA’s Finance Procedures. Discussion ensued and it was agreed that Section C-6. Broker-Dealer would be revised to add the language “or through the issuance of a request for proposal at least once every three years” at the end of the

following sentence: “The Authority shall procure such services on an as needed basis with assistance from its financial advisor through a review of each firm’s experience, qualifications and reputation.” It was also agreed that CHFA will add a provision to its agreement with the bond underwriters that the agreement will be terminated if the underwriter fails its CRA examination, where applicable.

Upon a motion made by Ms. MacKinnon, seconded by Mr. Perry, Finance/Audit Committee members voted by roll call and were unanimously in favor of recommending to the Board of Directors for consideration, the Resolution Authorizing Public Comment Period for Proposed Amendments to the Connecticut Housing Finance Authority Finance Procedures.

Ms. Moores summarized the State Auditor’s finding regarding CHFA’s Limited Equity Cooperative (LEC) Program, management’s review of CHFA’s internal LEC Program monitoring procedures and the corrective action plan developed to address the audit finding.

Ms. Murphy presented the financial reports for August 2023 stating that mortgage loan and investment interest revenue are \$11,800,000 above budget for the current year and \$33,200,000 higher than prior year. The revenue variances continue to be driven by an increase in interest rates on CHFA’s short-term investments. On the expense side, the bond interest expense is \$1,400,000 below budget through August and \$23,000,000 higher than prior year. Outstanding bonds are \$281,000,000 higher than the same time last year. Interest rates on variable rate bonds have increased compared to last year. Administrative expenses are \$4,400,000 below budget and \$1,800,000 higher than prior year. Excluding salaries and benefits of \$19,400,000, current year-to-date expenses are \$294,000 higher than last year. The change in net position is above target by \$16,600,000 through August.

Mr. Chilson presented the August 2023 production and delinquency reports for the single-family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for August noting that the month-end mortgage backed security balance was \$2,400,000,000, which is an increase of \$16,500,000 over July. The whole loan portfolio through July declined by 22 loans however the mortgage loan portfolio balance increased by \$1,700,000 ending the month of July at \$1,100,000,000. The carrying balance of loans in foreclosure year over year declined by \$11,300,000 to \$14,000,000 and the total number of loans in foreclosure decreased by 96 loans. The overall delinquency rate for single family portfolio was 1.62% which is 5 basis points higher than June. For the month of August, CHFA funded 236 Downpayment Assistance loans totaling \$3,900,000 with an average borrowing of \$16,600 per borrower and an additional 242 Time To Own forgivable loans totaling \$7,400,000 with an average loan size of \$30,700.

There were no new loan closings for the multifamily portfolio in August. The overall portfolio remained unchanged at 561 loans totaling \$1,340,000,000. Permanent loan and construction loan delinquencies were unchanged from the prior month with seven permanent loan delinquencies and one construction loan delinquency. The multifamily overall delinquency rate was less than 1%.

Ms. Sanders requested a motion to adopt the minutes of the July 27, 2023 Finance/Audit Committee meeting.

Upon a motion made by Ms. Ross, seconded by Mr. Perez, the Finance/Audit Committee members voted by roll call and were unanimously in favor of adopting the July 27, 2023 Finance/Audit Committee minutes.

Mr. Taib reported that on September 14th, he had the opportunity to speak to the Public Finance Abuse Unit staff of the Municipal Securities Enforcement arm of the Securities and Exchange Commission on issuer perspectives regarding disclosure and interactions with investors, bond counsel, bond underwriters and municipal advisors.

There being no further business to discuss, the meeting adjourned by unanimous consent at 9:53 a.m.