

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
July 27, 2017

Committee Members

Present: Jared Schmitt, Chairperson of Finance/Audit Committee
Catherine LaMarr representing Denise Nappier, State Treasurer (by phone)
Jorge Perez, Banking Commissioner
Tim Sullivan, representing Catherine Smith, Commissioner, Department of Economic & Community Development

Committee Members

Absent: Michael Cicchetti
Nuala Droney

Staff Present:

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
Ed Myskowski, Director, Investment & Debt Management
Diane Smith, Director, Planning, Research & Evaluation
Hazim Taib, Chief Financial Officer

Others Present: John Wagner, Kutak Rock, Co-Bond Counsel

Jared Schmitt called the meeting of the Finance/Audit Committee to order at 9:05 a.m., in the Executive conference room of CHFA's offices, 999 West Street, Rocky Hill, Connecticut 06067.

Mr. Taib summarized the financial and delinquency reports, noting the variance on interest revenues and interest expenses. He explained that bonds are sold to support programs, and the collateral financed with the bond proceeds are expected to generate sufficient income to support the debt. Mr. Taib stated that one of the main reasons for the discrepancy between the interest on loans versus interest on investments is because CHFA continues to securitize its single-family program loans to mortgage-backed securities. When combined with the whole loan portfolio, the delinquency rate is 5.13 percent. He mentioned that Administrative expenses are below budget; and with the exception of personnel expenses, the current year to date expenses are lower than the prior year's expenses for the same reporting period. Mr. Taib mentioned that the ratio of borrowers utilizing Downpayment Assistance for the month of May was about 61.3 percent. He reported that no multifamily loans closed in June. There are two projects in moratorium or forbearance, and the delinquency rate for multifamily loans for May was approximately 1.90

percent. In response to a question, Mr. Taib stated that recognizing CHFA is unique from many other states, delinquencies are comparable with states that follow the judicial process.

Mr. Taib provided highlights from the quarterly investment report and swap report. He spoke about CHFA's interest rates in comparison with 30-year U.S. Treasury rates.

Ms. Lambert provided highlights from the monthly tracking report. She stated that the report shows a request for tax-exempt bonds and 4 percent low-income housing tax credits for the Housing Authority of New Haven RAD program. Ms. Lambert mentioned that CHFA purchased 240 first-time homebuyer loans in June 2017 which is higher than June 2016. She stated that there were 141 first mortgage prepayments and 72 DAP prepayments in June.

Upon a motion made by Ms. LaMarr, seconded by Mr. Sullivan, the Committee members voted in favor of adopting the minutes from the May 25, 2017 Finance Authority Committee meeting as presented (Mr. Perez and Mr. Schmitt abstained from the vote).

Upon a motion made by Mr. Perez, seconded by Ms. LaMarr, the Committee members voted in favor of adopting the minutes from the June 29, 2017 Finance Authority Committee meeting as presented (Mr. Schmitt and Mr. Sullivan abstained from the vote).

There being no further business to discuss, upon a motion made by Ms. LaMarr, seconded by Mr. Perez and unanimously approved, the meeting was adjourned at 9:20 a.m.