

MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
June 29, 2017

Committee Members

Present: Michael Cicchetti
Catherine LaMarr representing Denise Nappier, State Treasurer (by phone)
Jorge Perez, Banking Commissioner

Committee Members

Absent: Jared Schmitt, Chairperson of Finance/Audit Committee
Nuala Droney
Catherine Smith, Commissioner, Department of Economic & Community Development

Staff Present:

Joyce Ciampi, Director, Internal Audit
William Dickerson, General Counsel
Sherry Lambert, Manager, Research and Analysis
Allison Murphy, Director, Financial Reporting and Control
Ed Myskowski, Director, Investment & Debt Management
Hazim Taib, Chief Financial Officer

Others Present:

Robert Lamb, Lamont Financial Services, Financial Advisor
Kathleen Orlandi, Hawkins, Delafield & Wood, Co-Bond Counsel
John Wagner, Kutak Rock, Co-Bond Counsel

The meeting of the Finance/Audit Committee was called 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 discussed the recommendation to authorize the issuance of Housing Mortgage Finance Program Bonds 2017 Series F in an amount not to exceed \$200,000,000 to continue providing financing for the single-family program. He stated that this will be the third issue of the year for the single-family program; and to date this year, CHFA has issued about \$450,000,000 of bonds for the program. Mr. Taib summarized that the bond issue will provide about \$125,000,000 of lendable proceeds, refund approximately \$75,000,000 of previously issued bonds, acquire previously financed single-family loans or mortgage backed securities, fund the capital reserve fund if required, and fund the cost of issuance if required. He reviewed the anticipated timing of the sale and closing of the bonds. Morgan Stanley & Co. will act as the book running senior manager for the bonds. In response to a question, Mr. Taib stated that the state budget issues did not impact the last bond sale. He noted that CHFA has a separate bond rating, and the buyers and syndication group have a good understanding that CHFA's bonds are separate from the state.

There was a brief discussion on the rotation of bond counsel for the Housing Mortgage Finance Program Bonds. Mr. Taib mentioned that Kutak Rock will be the bond counsel for the 2017 Series F issue. He explained that Hawkins, Delafield & Wood and Kutak Rock were selected by the Board in 2015 to act as bond counsel for CHFA's Housing Mortgage Finance Program Bonds; and approximately 10 other firms were selected to act as bond counsel for other conduit issues. Ms. LaMarr recommended that CHFA consider spreading the business and/or developing more expertise in the state, particularly to women and minority-owned businesses. Mr. Taib noted that CHFA will consider the recommendation during the Request for Proposals process in 2018.

Mr. Taib reviewed the financial and delinquency reports, noting that the net variance on bond revenues is above budget. 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. Overall, the change in the net position is above target. Mr. Taib reported that the whole loan portfolio declined, but the mortgage-backed securities increased. The delinquency rate for the combined portfolio is 5.28 percent. Mr. Taib mentioned that the ratio of borrowers utilizing Downpayment Assistance for the month of April was about 44 percent with an average loan of \$11,000 per borrower. He reported that one multifamily loan closed in May. There are two projects in moratorium or forbearance, and the delinquency rate for multifamily loans for May is 3.14 percent.

Ms. Lambert provided highlights from the monthly tracking report. She stated that there are no new multifamily projects requesting funding this month. However, the June report shows an allocation of \$1,000,000 in Investment Trust Account funds for the Community Development Financial Institution program. Ms. Lambert mentioned that CHFA purchased 186 first-time homebuyer loans in May 2017 which is lower than May 2016. She stated that prepayments are about the same as reported for the same period last year. In response to a question, Ms. Lambert explained the lag in time between making reservations and reporting the purchases of the loans. She noted that the numbers reported for single-family purchases reflect reservations made earlier in the year. Ms. Lambert stated that there is still a problem in the state with a lack of affordable housing stock.

Since there was not a quorum, the minutes from the May 25, 2017 meeting will be considered at the July meeting.

There being no further business to discuss, upon a motion made by Mr. Cicchetti, seconded by Mr. Perez and unanimously approved, the meeting was adjourned at 9:17 a.m.