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
Timothy Hodges

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
Hazim Taib, Chief Financial Officer

Others Present: Sharon Brown, Hawkins, Delafield & Wood, Co-Bond Counsel
Susan Jun, Morgan Stanley
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, Chief Financial Officer, discussed the recommendation to authorize the commencement of necessary preparations for the 2017 Series H bond issue in an amount of up to $200,000,000 for the single-family program. He stated that this is the fourth issuance for the program, and as of September 18, 2017 CHFA reserved and committed about $161,900,000 of loans with a weighted average mortgage rate of 3.32 percent. He mentioned that for the year, CHFA has sold approximately $626,000,000 of bonds, including refundings. Mr. Taib mentioned that this program is intended to generate approximately $125,000,000 of lendable proceeds to purchase approximately 731 single-family loans and refund previously issued bonds in an amount of about $75,000,000. The resolution designates RBC Capital Markets as the book running senior manager for the issue. Depending on market conditions, Mr. Taib stated that
CHFA expects to issue the bonds on November 14. He mentioned that since the bonds will include a replacement refunding component, CHFA anticipates using the remainder of the 2016 carryforward of private activity bond volume cap and 2017 current year allocation to generate lendable proceeds.

In preparation for budget discussions that will be occurring, Mr. Taib briefly explained how the private activity bond volume cap is distributed by statute. He discussed some of the challenges CHFA is faced with when determining how to allocate and utilize the finite amount of volume cap between multifamily and single family. He noted the need to find creative ways to continue to access lower cost of capital but cautioned that certain options may have more associated risks.

Upon a motion made by Mr. Sullivan, seconded by Mr. Hodges, the Committee members voted unanimously in favor of recommending to the Board the adoption of the resolution authorizing the commencement of necessary preparations for the 2017 Series H bond sale.

Ms. Jun provided highlights from the sale of the 2017 Series D bond issue. She mentioned that the sale of the fixed rate portion, subseries D-1 and D-2, was held the week of July 24, and the sale of the variable rate bonds, subseries D-3 was held the week of August 7. Ms. Jun described the market conditions at the time of the sale. She mentioned that Mr. Taib provided a presentation to the brokers prior to the sale to talk about the strengths of CHFA’s program, portfolio and credit.

Ms. Jun discussed the retail and institutional order periods noting that the bonds were sold on one day because of the significant investor demand; and Morgan Stanley was able to tighten interest rates for select serial bonds and for the PAC bond. She stated that the investor demand for the variable rate bonds was also high. Ms. Jun reviewed the orders and allotments. In response to a question, Ms. Jun attributed the success of the sale to the presentation provided to the brokers and also due to being in the market at the right time.

Mr. Taib summarized the financial reports, noting the variance on interest loans and investments due to an increase in loan securitization. He discussed the variances with interest revenues, interest expenses and administrative expenses. Mr. Taib reviewed the delinquency reports and mentioned that when combined with the whole loan portfolio, the delinquency rate for the single-family program is 5.03 percent. He mentioned that no multifamily loans closed in August, and permanent loan delinquencies remained steady at 6 loans. In response to a question, Mr. Taib stated that CHFA’s delinquency rates are comparable with other housing finance agencies that follow the judicial process.

Ms. Lambert provided highlights from the monthly tracking report. She stated that there are no requests for funding from the multifamily program this month. Ms. Lambert mentioned that CHFA purchased 224 first-time homebuyer loans in August 2017 which is lower than purchases in August 2016. She stated that there were 152 first mortgage prepayments and 52 downpayment assistance prepayments in August.
Mr. Schmitt asked the Committee members to consider the minutes from the July 27, 2017 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 July 27, 2017 Finance Authority Committee meeting as presented.

There being no further business to discuss, upon a motion made by Mr. Perez, seconded by Mr. Sullivan and unanimously approved, the meeting was adjourned at 9:32 a.m.