

DRAFT MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
October 31, 2024

Committee Members

Present: (In person) Jerry Abrahams
(Virtually) Philip DeFronzo
Timothy Hodges
Catherine MacKinnon
Jorge Perez, Banking Commissioner
Franklin Perry, II
Sarah Sanders, Chairperson of Finance/Audit Committee and Deputy
Treasurer, representing Erick Russell, State Treasurer

Committee Members

Absent: Chelsea Ross

CHFA Participants: John Chilson, Senior Director, Portfolio Management
(In Person) Ningyan Li, Capital Markets Operations Manager
Nandini Natarajan, Chief Executive Officer – Executive Director
Hazim Taib, Chief Financial Officer
Allison Murphy, Director, Financial Reporting and Control

Other Attendees: Nicholas Fluehr, Wells Fargo Securities, LLC
(Virtual) Mara Holly, Wells Fargo Bank

Deputy Treasurer Sanders, Chairperson of the Finance/Audit Committee, called the meeting to order at 9:03 a.m. A roll call of committee members was conducted and a quorum was present.

Ms. Murphy presented the September financial reports stating that mortgage loan and investment interest revenue are \$21,000,000 above budget through September and \$27,600,000 higher than last year. The year-over-year revenue variances continue to be driven by the increase in interest income due to the elevated interest environment. Fees and other income are \$7,100,000 above budget through September and \$7,700,000 higher than last year. The bond interest expense is \$11,900,000 above budget through September and \$23,200,000 higher than last year. The outstanding bonds as of September 30th are \$581,000,000 higher than the same time last year. Servicer fees are \$8,100,000 above budget through September and \$6,600,000 higher than last year. The increase in single family production is driving this variance. Administrative expenses are \$5,400,000 below budget and \$134,000 higher than last year. Excluding salaries and benefits of \$22,200,000, current year-to-date expenses are \$287,000 lower than last year. The change in net position is above target by \$11,500,000.

Mr. Chilson presented the September 2024 production and delinquency reports for the single-family and multifamily programs. He summarized the single-family whole loans purchased and

loans securitized for the month. The mortgage-backed security portfolio balance ended the month at \$3,250,000,000 which was an \$82,000,000 increase over August. The whole loan portfolio for August declined by 33 loans or approximately \$5,000,000 and ended with a portfolio balance of \$1,100,000,000. The whole loan delinquency rate was 5.2%, which is 9 basis points less than the state average. The carrying balance for loans in foreclosure year over year declined by \$2,700,000 to \$11,000,000 with 22 fewer foreclosures than a year ago. Also for the month of September, the Authority funded 90 Downpayment Assistance loans totaling \$1,000,000 with an average loan size of \$11,600 and 155 Time To Own loans totaling approximately \$5,000,000 with an average loan size of \$31,400.

Mr. Chilson reported that for the multifamily loan portfolio, there were two loan closings in September increasing the portfolio to 593 loans totaling \$1,400,000,000. There were 7 permanent loan delinquencies which was unchanged from last month and the overall delinquency rate for the multifamily portfolio was less than one half of 1%.

Ms. Li presented the Investment and Swap Reports for the third quarter. Ms. Li reported that the Authority's investment portfolio increased in book value by \$265,000,000 to \$4,430,000,000 and the program assets increased by \$199,000,000 to \$3,100,000,000. Quarter over quarter, the weighted yield to maturity for the investment portfolio decreased slightly from 4.27% to 4.24%.

On the swap side, Ms. Li reported that there is no change from last quarter. There is a total hedging position of \$878,000,000 notional. There are 41 swaps with 8 counterparties. The weighted pay rate remained the same at 2.934% and the mark-to market value decreased from \$49,000,000 to \$24,000,000.

Ms. Sanders requested a motion to approve the minutes of the September 26, 2024 Finance/Audit Committee meeting.

Upon a motion made by Mr. Abrahams, seconded by Mr. Hodges, the Finance/Audit Committee members were unanimously in favor of approving the September 26, 2024 Finance/Audit Committee minutes.

Mr. Taib introduced Nicholas Fleuhr of Wells Fargo Securities, LLC and Mara Holley, Executive Vice President, Wells Fargo, to update the Board on the agreement that was discussed at the September Board meeting between Wells Fargo Bank, N.A. and the Office of the Comptroller of the Currency.

There being no further business to discuss, upon a motion made by Mr. Hodges to adjourn the meeting, the meeting adjourned by unanimous consent at 9:41 a.m.