

MINUTES  
FINANCE/AUDIT COMMITTEE OF THE  
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)  
REGULAR MEETING  
July 25, 2024

Committee Members

Present: (Virtually) Jerry Abrahams  
Philip DeFronzo  
Catherine MacKinnon  
Franklin Perry, II  
Chelsea Ross  
Sarah Sanders, Chairperson of Finance/Audit Committee and Deputy  
Treasurer, representing Erick Russell, State Treasurer

Committee

Member Absent: Timothy Hodges  
Jorge Perez, Banking Commissioner

CHFA Participants: John Chilson, Director, Portfolio Management  
(In Person) Nandini Natarajan, Chief Executive Officer – Executive Director  
Hazim Taib, Chief Financial Officer

Virtually: Kayla Giordano, Senior Program and Data Analyst, Research Marketing  
and Outreach  
Lisa Hensley, Managing Director of Homeownership Programs  
Allison Murphy, Director, Financial Reporting and Control

Deputy Treasurer Sanders, Chairperson of the Finance/Audit 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 authorizing CHFA to issue up to \$500,000,000 of housing mortgage finance program bonds in multiple issuances to allow CHFA to raise additional lending proceeds for the second half of 2024 and fund about 2,000 first-time homebuyer loans. Based on the interest rate environment, CHFA will utilize a fixed rate structure and expects to close the first issuance as early as September. CHFA intends to supplement the issuance with taxable bonds.

Upon a motion made by Mr. Abrahams, seconded by Mr. Perry, Finance/Audit Committee members voted unanimously in favor of recommending to the Board of Directors for consideration the Resolution for the Commencement of Necessary Preparations for the 2024 Series J Bond Sale - Housing Mortgage Finance Program.

Ms. Murphy presented the June financial reports stating that mortgage loan and investment interest revenue are \$10,900,000 above budget through June and \$16,900,000 higher than last year. The year-over-year revenue variances continue to be driven by the increase in interest rates on the Authority's short-term investments. The bond interest expense is \$4,300,000 above budget through June and \$14,400,000 higher than last year. Driving this variance is the fact that the

Authority's outstanding bonds at the end of June are a little over \$500,000,000 higher than the same time last year. Servicer fees are \$4,800,000 above budget through the end of June and \$4,500,000 higher than last year. The increase in single family production is driving this variance. Administrative expenses are \$3,500,000 below budget and \$253,000 higher than last year. Excluding salaries and benefits of \$15,200,000, current year-to-date administrative expenses are \$351,000 lower than last year. The change in net position is above target by \$7,500,000.

Mr. Chilson presented the June 2024 production and delinquency reports for the single-family and multifamily programs. He summarized the single-family whole loans purchased and loans securitized for June. At the end of June, the mortgage backed security portfolio increased by \$65,000,000 over May putting the total MBS portfolio above the \$3,000,000,000 mark. The whole loan portfolio declined by 35 loans or just under \$5,000,000 ending with a portfolio balance of \$1,100,000,000. The combined single family asset related portfolio totaled \$4,100,000,000. The whole loan delinquency rate was 4.19% for May which is 59 basis points less than the national average but combined with the MBS portfolio securities, the overall exposure in single family assets had a delinquency of 1.14%. The carrying balance for loans in foreclosure year over year declined by \$3,600,000 to \$12,600,000 while the number of loans in foreclosure declined by 27. The Authority also funded 50 Downpayment Assistance loans in June totaling \$560,000 with an average loan balance of just over \$11,000 and 234 Time To Own forgivable loans totaling \$7,400,000 with an average loan size of about \$31,600.

Mr. Chilson reported that for the multifamily loan portfolio, there were four new loan closings in June increasing the overall portfolio to 598 loans with a total portfolio balance of \$1,400,000,000. The combined single family and multifamily loan portfolio totaled \$5,500,000,000. There were no construction loan delinquencies and seven permanent loan delinquencies. The multifamily overall delinquency rate was less than one half of 1%.

Mr. Taib presented the quarterly investment and swap report. The investment portfolio shows an overall decrease in book value by about \$25,400,000 to \$4,200,000,000 due to bond debt service payments and bond closings. Concurrently the Authority experienced a net increase in program assets by about \$151,000,000 to \$3,000,000,000 as a result of an increase in single family MBS production. The weighted yield to maturity increased by two basis points to 4.27%.

The swap portfolio shows a decrease in notional amount by \$47,000,000 to \$878,000,000 due to sinking fund and maturity. Forty-eight swaps with eight counterparties remain outstanding with a weighted pay rate of 2.93% and a mark-to-market value of \$49,320,000. Mr. Taib stated that, over the last 10 years, CHFA has been able to reduce its variable rate exposure by 10 percentage points, lower the pay rate by 1%, and lower the unhedged variable rate position by one percentage point.

Ms. Giordano presented an overview of the Homeownership Summary Report for the second quarter of 2024.

Ms. Sanders requested a motion to approve the minutes of the June 27, 2024 Finance/Audit Committee meeting.

Upon a motion made by Ms. MacKinnon, seconded by Mr. Perry, the Finance/Audit Committee members were unanimously in favor of approving the June 27, 2024 Finance/Audit Committee minutes.

There being no further business to discuss, upon a motion made by Ms. Sanders, the meeting adjourned by unanimous consent at 9:38 a.m.