

DRAFT MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
September 26, 2024

Committee Members

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

CHFA Participants: John Chilson, Senior Director, Portfolio Management
(In Person) Joyce Ciampi, Director, Internal Audit
Nandini Natarajan, Chief Executive Officer – Executive Director
Hazim Taib, Chief Financial Officer
Allison Murphy, Director, Financial Reporting and Control

Other Attendees: Brent Chandaria, JP Morgan
(In Person)

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 regarding the appointment of bond underwriters for CHFA's bond programs. Mr. Taib stated that, as required by State statute and our procedures, CHFA is to conduct and publish a Request for Proposal for bond underwriters every three years, that the last review was done in 2021 and that this appointment will be effective for calendar years 2025-2027. Mr. Taib reported that twenty-eight proposals were received, nine of which were from new firms and that staff, with the assistance of CHFA's financial advisor, reviewed and evaluated the responses. He outlined staff's recommendations for underwriters for CHFA's Housing Mortgage Finance Program Bonds, State-Supported Special Obligation Bonds and Housing Revenue Bonds. Discussion ensued regarding the recent enforcement action by the Office of the Comptroller of the Currency (OCC) against Wells Fargo and its impact on the staff's overall recommendation. Due to the OCC enforcement action, the committee decided that Wells Fargo should remain on the approved list as a senior manager for the Housing Mortgage Finance Program Bonds; however, CHFA will not utilize Wells Fargo as a senior manager until CHFA is satisfied that Wells Fargo has addressed the issues raised by OCC.

Upon a motion made by Mr. Perez, seconded by Mr. Perry, the Finance/Audit Committee members voted and were unanimously in favor of recommending the

Resolution, as modified with respect to Wells Fargo, Regarding the Appointment of Bond Underwriters to the Board of Directors for consideration.

Mr. Taib presented the resolution authorizing a list of broker-dealer firms for CHFA. CHFA's Financial Advisor, Caine Mitter, sent out an RFI to qualified programs and received 25 responses, 16 for mortgage-backed security sales through To-Be-Announced (TBA) and 9 for the selling group. After reviewing the responses with Caine Mitter, CHFA is recommending approval of a list containing 11 firms plus CHFA's bond underwriters for TBA sales and a list containing 24 firms for the selling group.

Upon a motion made by Mr. Abrahams, seconded by Mr. Hodges, the Finance/Audit Committee members were unanimously in favor of recommending the Resolution Authorizing Broker-Dealer Firms for the Authority to the Board of Directors for consideration.

Mr. Taib introduced Mr. Brent Chandaria of JP Morgan who summarized the results of the 2024 Series E bond sale outlining the key points of the transaction and highlighting the market conditions at the time of the sale. Mr. Chandaria noted that it was a very good sale.

Ms. Murphy presented the August financial reports stating that mortgage loan and investment interest revenue are \$18,000,000 above budget through August and \$24,400,000 higher than last year. The year-over-year revenue variances continue to be driven by the increase in investment interest income due to the current interest rate environment. The bond interest expense is \$8,700,000 above budget through August and \$19,400,000 higher than last year. The outstanding bonds as of August 31st are \$357,000,000 higher than the same time last year. Servicer fees are \$7,200,000 above budget through August and \$6,400,000 higher than the prior year. The increase in single family production is driving this variance. Administrative expenses are \$4,700,000 below budget and \$122,000 higher than last year. Excluding salaries and benefits of \$20,000,000, current year expenses are \$413,000 lower than last year. The change in net position is above target by \$12,300,000.

Mr. Chilson presented the August 2024 production and delinquency reports for the single-family and multifamily programs. He stated that loan production for the month of August remained very strong and summarized the single-family whole loans purchased and loans securitized for the month. The mortgage-backed security portfolio balance ended the month at \$3,200,000,000 which was a \$65,000,000 increase over July. The whole loan portfolio for July declined by 61 loans totaling \$8,000,000 and ended with a portfolio balance of \$1,100,000,000. The whole loan delinquency rate was a little over 5% which is in line with the national average and 18 basis points lower than the State of Connecticut's delinquency average. The carrying balance for loans in foreclosure year over year declined by roughly \$3,000,000 to \$11,000,000 with 20 fewer foreclosures than a year ago. Also for the month of August, the Authority funded 58 Downpayment Assistance loans totaling \$660,000 with an average loan size of about \$11,000 and 320 Time To Own forgivable loans totaling \$9,800,000 with an average loan size of just under \$31,000.

Mr. Chilson reported that for the multifamily loan portfolio, there were no new loan closings in August. The portfolio declined by five loans to 591 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 just under one half of 1%.

Ms. Ciampi provided an update on the 2024 internal audit plan summarizing the activities performed to date which included audits of the Homebuyer Mortgage Loan Purchases, Loan Pooling and Purchase and Accounting of Investments performed by Finance Portfolio Management, servicer compliance reviews, advisory service activities and department activities related to the evaluation of audit management software products for potential implementation.

Ms. Sanders requested a motion to approve the minutes of the July 25, 2024 Finance/Audit Committee meeting.

Upon a motion made by Mr. Perry, seconded by Ms. MacKinnon, the Finance/Audit Committee members were unanimously in favor of approving the July 25, 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 9:51 a.m.