



**Community Development Finance Authority
Finance Committee Meeting**

**14 Dixon Avenue, Suite 102
Concord, NH 03301**

**December 13th, 2022
9:15 AM**

CDFA FINANCE COMMITTEE PRESENT: Cynthia Harrington, *Acting Chair*, Mike Claflin, and Robert Tourigny.

STAFF: Katherine Easterly Martey, *Executive Director*, Ian Hart, *Chief Financial Officer*, and Maureen Quinn, *Board Relations Manager*.

A. Welcome

Ms. Harrington opened the meeting at 9:22 AM and noted that in the absence of the Committee Chair, she would serve as acting chair for this meeting. Ms. Harrington stated there were no members of the public in attendance. There was no public comment.

Ms. Easterly Martey stated that the Committee Chairman, Mr. Richard Wyman, retired from Meredith Village Savings Bank and wanted to retire from his commitment to CDFA's Board of Directors at the same time. Ms. Easterly Martey noted the Finance Committee needs to identify a new Chair for the Committee. She suggested that while Mr. Manning would be a good option, his appointment term is expired and he is not seeking reappointment. Mr. Claflin is committed to CDFA's Board of Directors through September 2023 and is well versed with the work of the organization and the various Committee's which support the greater work of the Board of Directors. Ms. Easterly Martey noted Mr. Claflin has expressed willingness to chair this Committee through the end of his appointment term.

The Committee asked whether retirees can continue to serve on CDFA's Board of Directors. Ms. Easterly Martey noted Directors do not have to be actively employed and they may continue to represent the sector affiliated with their appointment.

Ms. Harrington called for a motion.

Motion – 9:25 AM

Mr. Tourigny moved to appoint Mr. Michael Claflin as the Finance Committee Chairperson. Ms. Harrington seconded and the motion carried by a unanimous vote of the Committee.

Ms. Harrington called for a motion to approve the agenda, as presented.

Motion – 9:26 AM

Mr. Tourigny moved to approve the meeting agenda, as presented. Mr. Claflin seconded, and the motion carried by a unanimous vote of the Committee.

B. November 8th, 2022 Finance Committee Minutes

Ms. Harrington called for questions or comments on the November 8th, 2022 minutes. None were offered. Ms. Harrington and Mr. Clafin noted they would abstain from the vote as they were not present at the November meeting.

Motion – 9:28 AM

There being no questions or comments, Mr. Tourigny moved to approve the Finance Committee minutes, as presented. Mr. Hart seconded, and the motion passed with two (2) yea votes and two (2) abstentions of the Committee.

C. CDFA Credit Management Policy – 9:30 AM

Mr. Hart discussed the proposed Base Lending Rate. He noted the proposed rate, effective January 1, 2023, is seven percent (7%), which is equal to the Market Rate as of December 8, 2022. The rate will be reviewed quarterly, with consideration of the Market Rate, cost of capital, and estimated impact on potential borrowers. Mr. Hart also noted potential borrowers could receive one or more discounts, aligned with CDFA's mission and values. A one percentage point reduction for each of the following criteria may be applied: nonprofits and municipalities, disadvantaged businesses, target communities, and projects serving CDFA's target population. The Committee asked whether multiple discounts may be applied. Mr. Hart stated borrowers may qualify for multiple discounts, but the floor is two percent (2%); this ensures administrative costs are covered. The Committee suggested it would be appropriate to factor critical risk to the business and ensure lending rates are sufficient to cover contingency costs. Mr. Hart said he would review critical risks to the business in consideration of possible further updates to the Credit Management Policy.

The Committee asked if the rate discounts are permissible; Ms. Easterly Martey noted CDFA lending practices were previously reviewed with Counsel. The Committees suggested the lending policy be documented to ensure CDFA can satisfy possible questions from borrowers, and Mr. Hart noted that the rates and discounts would be added to the website so that potential borrowers would understand borrowing rates. The Committee requested two amendments to the policy: (1) add "low-and moderate-income borrowers" to the definition of "target populations," and rename "disadvantaged communities" to "target communities." It was agreed that further revisions will be brought to the Board for consideration in early 2023.

Motion – 9:44 AM

Mr. Clafin moved to approve the Credit Management Policy, with amendments as proposed, to change the CDFA interest rates, with the interest rate aligned to be consistent with prevailing market rates. Mr. Hart seconded the motion and it passed by a unanimous vote of the Committee.

D. Bank of New Hampshire – Insured Cash Sweep (ICS) – 9:46 AM

Mr. Hart stated CDFA engaged counsel regarding insured cash sweep accounts; counsel did not flag any risks or otherwise object to the change. Mr. Hart noted that there has been a significant improvement in the yield by using the sweep account; currently CDFA has \$6.3

million earning 3.25%, an increase from 0.74% in September. Additional funds are available to move and this will further improve the favorable interest rates. Mr. Hart shared the current sweep arrangement moves funds into banks outside of New Hampshire and New England; the Board supported CDFA's interest in shifting the accounts to New Hampshire banks not currently working with CDFA.

E. Investments – Objectives, Planning, and Opportunities – 9:53 AM

Mr. Hart briefly discussed CDFA's investments. He noted the CD Market has improved rates, and some yields greater than 4% would be beneficial to CDFA, and could also help diversify the organizations accounts. Under Board policies, CDFA can only invest operating reserve and Board Designated Funds. The Committee asked Mr. Hart to provide additional information about investment options in February 2023. Ms. Easterly Martey noted CD investments with a strong yield can have a very positive impact on the budget as it provides a good revenue stream and potential for more stability. Investment interest, however, should not be relied upon in the long-term.

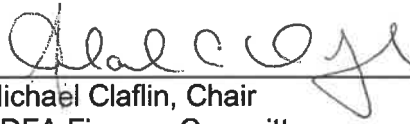
F. Adjourn

Motion – 9:58 AM

Mr. Tourigny moved to adjourn the meeting. Mr. Clafin seconded, and the motion carried by a unanimous vote of the Committee.



Maureen Quinn, Board Relations Manager



Michael Clafin, Chair
CDFA Finance Committee