



Massachusetts Housing Finance Agency  
One Beacon Street, Boston, MA 02108

TEL: 617.854.1000  
FAX: 617.854.1091 | [www.masshousing.com](http://www.masshousing.com)

Videophone: 857.366.4157 or Relay: 711

## Investment and Audit Committee Meeting Minutes

Meeting Date and Time: September 11, 2018 at 1:00 p.m.  
Meeting Location: Massachusetts Housing Finance Agency  
One Beacon Street, Boston, MA 02108

Members Present: Mark Attia (designee)  
Ping Yin Chai

Member Not Present: Michael Dirrane

MassHousing Staff Present: Chrystal Kornegay  
Charles Karimbakas  
Stephen Vickery  
Paul Scola  
Craig Merry  
Belmira Fallon  
Paul Hagerty  
Beth Elliott  
Rachel Madden

PricewaterhouseCoopers (PwC)  
Staff Present: Paul Hanley  
Joseph Rocco  
Charles Cornish

*The meeting began at 1:00 p.m.*

The first order of business after commencement of the meeting was approval of the minutes of the June 12, 2018 meeting of the committee.

Following such approval, Mr. Karimbakas provided an overview of the results of MassHousing's FY18 annual financial audit. He reported that lending volume for FY18 was high, at over \$1 billion in production. He also commented on MassHousing's investment and fee income, as well as MassHousing's interest and administrative expenses. Mr. Karimbakas concluded by discussing non-cash events reflected in MassHousing's financial statements: (1) mark-to-market of MBS, (2) GASB 75's requirement to include the OPEB liability in MassHousing's financials, (3) a special item related to certain swap transactions, and (4) the allowance for loan losses. Mr. Vickery then presented additional information on the allowance for loan losses. Mr. Chai asked to be provided with background

information regarding the accounting treatment for the swap special item, and it was agreed that this information would be provided to the Committee members. Mr. Chai also inquired about MassHousing's use of hedges.

Mr. Hanley then began his presentation regarding the FY18 audit. He reported that the audit was proceeding on schedule and was largely completed. He also agreed with Mr. Karimbakas's overview of the high-level results of the audit and commented that review of the loan loss reserve would hopefully proceed more quickly in the future. Mr. Cornish then noted for the Committee the various items that remained to be completed before the audit could be finalized. Mr. Rocco then delivered the communications that PwC is required to provide to the Committee. Mr. Hanley completed PwC's report by stating that no limits had been placed on the auditors' inquiries and that the management team had provided their full cooperation. Mr. Chai then asked a number of questions related to the accounting treatment of various items, to which Mr. Hanley and Mr. Cornish responded.

With the exception of Ms. Elliott, who remained as Secretary of MassHousing, MassHousing staff then departed the meeting at approximately 1:35 p.m.

Mr. Chai and Mr. Hanley then proceeded to have a further discussion of the non-cash special item related to certain swap transactions. Mr. Chai emphasized the importance of Mr. Hanley affirmatively bringing such items to the Committee's attention. The Committee then discussed MassHousing's approach to loan loss reserves with Mr. Hanley, with Mr. Attia also inquiring about MassHousing's multifamily workout processes. Mr. Chai asked for Mr. Hanley's view on how well MassHousing is hedged, and Mr. Hanley replied that MassHousing is generally well-hedged. The Committee concluded its discussion with PwC by considering what types of additional risk analysis may be advisable.

The members then voted to adjourn.

*The meeting concluded at approximately 1:55 p.m.*

A true record.

Attest.



Carol McIver  
Assistant Secretary

*Meeting Materials:*

- Minutes of the June 12, 2018 Meeting
- Draft Management's Discussion and Analysis and Notes to FY18 Annual Financial Report
- PwC Letter to the Investment and Audit Committee, dated September 11, 2018