



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

TEL: 617.854.1000 | FAX: 617.854.1091  
VP: 866.758.1435 | [www.masshousing.com](http://www.masshousing.com)

## Investment and Audit Committee Meeting Minutes

Meeting Date and Time: September 13, 2016 at 1:00 p.m.  
Meeting Location: MassHousing, One Beacon Street, Boston, MA

Members Present: Michael Dirrane (joined at 1:10 p.m.)  
Ping Yin Chai

Members Not Present: Rachel Madden

MassHousing Staff Present: Timothy Sullivan  
Karen Kelleher  
Charles Karimbakas  
Beth Elliott  
Stephen Vickery  
Craig Merry  
Kenneth Penta  
Paul Hagerty

PriceWaterhouseCoopers (PwC)  
Staff Present: Paul Hanley, by telephone  
Michael Amato  
Joseph Rocco

*The meeting began at 1:02 p.m.*

Mr. Karimbakas began the discussion by providing an overview of the audit of the Agency's FY16. He identified three important issues for the Committee: (1) a significant increase in the Agency's pension liability, (2) the use of a new multifamily loan loss model, and (3) the creation of the Agency's Opportunity Fund as a Board-designated fund within the Working Capital Fund.

Mr. Hanley began discussion of two documents that were provided to the Committee members, the Agency's draft financial statements for FY16 and an outline from PwC regarding the status of the audit.

*Mr. Dirrane joined the meeting at 1:10 p.m.*

Mr. Hanley described the progress of the Agency's financial statements for FY16, indicating that there was a very short list of open items and that PwC expected to complete the Agency audit on September 23, 2016, before the statutory deadline. Mr. Hanley described the open items and confirmed that he expected PwC to deliver the final financial statements in substantially the form provided in draft. He also indicated that the other audits were proceeding on schedule. Mr. Hanley commented that the PwC team had received full and timely responses from management.

Mr. Rocco then described the communications required from the Agency in connection with delivering the audited financials on September 23, 2016. Mr. Dirrane asked Mr. Rocco for clarification regarding the scope of these deliverables, which Mr. Rocco provided.

Mr. Hanley asked the Committee members if they had any questions for the PwC team. Mr. Chai asked if the audit team had looked into any fraud or illegal acts, and Mr. Hagerty confirmed that no such acts were reported during the fiscal year. Mr. Hanley commented that PwC had also consulted Ms. Elliott as General Counsel regarding any possible fraud, and she had nothing to report.

Mr. Haggerty updated the Committee regarding an audit of the Agency's information technology control practices by the state auditor. He stated that the state auditor's draft report had seven (7) findings, including findings related to disaster recovery and strategic planning.

*At approximately 1:25 p.m., all members of MassHousing's staff departed the meeting, with the exception of Ms. Elliott, who remained in her capacity as the Secretary of MassHousing.*

Mr. Hanley informed the Committee that he had nothing additional to report. He commented that the change in loan loss reserve methodology had been implemented relatively late in the year, but that he was confident that the team would finish its work on time. Mr. Hanley and Mr. Chai discussed the adequacy of the loan reserves, with Mr. Hanley commenting favorably on the reserves in general.

Mr. Dirrane commented that the Committee was pleased with PwC's work.

Mr. Chai asked if there was anything to note with respect to the recent personnel changes at the Agency. Mr. Hanley responded that he saw the personnel changes as reflecting the significant changes in the Agency's business and that he believed the Agency was moving in the right direction. He noted Mr. Vickery in particular as making great contributions and praised the good risk management among the entire management team.

Mr. Chai thanked Mr. Hanley for an excellent report.

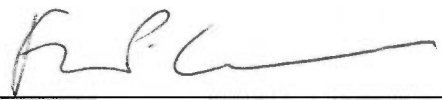
Mr. Hanley concluded the meeting by noting that he would inform the Committee if there were any significant changes to the Agency's final audit report for FY16 and, more generally, that he would reach out directly to the Committee if significant issues arose in the future.

*The meeting concluded at 1:36 p.m.*

A true record.

Attest.

  
\_\_\_\_\_  
Beth M. Elliott  
Secretary

  
\_\_\_\_\_  
Francis P. Creedon  
Assistant Secretary