



Massachusetts Housing Finance Agency
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Investment and Audit Committee Meeting Minutes

Meeting Date and Time: March 9, 2021 at 1:00 p.m.

Meeting Location: In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the meeting was conducted remotely through a publicly accessible Zoom meeting.

Members Present: Michael Dirrane
Mark Attia (designee)
Ping Yin Chai

MassHousing Staff Present: Charles Karimbakas
Colin McNiece
Stephen Vickery
Paul Scola
Belmira Fallon
Nancy Slaney
Lisa Levine
Cynthia Fernandes
Qihong Li
Laurie Bennett

CliftonLarsonAllen LLP (CLA)
Staff Present: Jim Piotrowski
Chris Rogers

PFM: David Reeser

The meeting began at 1:01 p.m.

After Mr. Dirrane called the meeting to order, Mr. Dirrane noted the first order of business is the approval of the minutes of the December 8, 2020 meeting. Upon a motion duly made and seconded, the members voted unanimously, via roll call of the members present, to approve the minutes of the December 8, 2020 meeting.

Following such approval, Ms. Fernandes reviewed the Investment & Audit Committee Report for the second quarter of 2021. Ms. Fernandes reviewed the progress of the FY2021 Audit Plan and confirmed that there were no instances of fraud reported through the hotline. Ms. Fernandes reviewed the changes to the audit plan, noting that the Finance and Mortgage Insurance Fund engagement was cancelled, as

Fannie Mae and Freddie Mac announced two separate engagements occurring in the business area. Ms. Fernandes reviewed the two findings identified during those reviews; the two findings related to minor updates to the HomeOwnership Quality Control plan to conform with Private Mortgage Insurance Eligibility Requirements (PMIERS). Ms. Fernandes noted that no risk ratings were assigned to these findings and that HomeOwnership subsequently closed the findings. Ms. Fernandes then reviewed the work completed by the other assurance providers. There were no questions and comments.

Mr. Karimbakas then reviewed the updated MassHousing Investment Policy. Mr. Karimbakas noted that MassHousing engaged a financial advisor, PFM, to review MassHousing's policy and provide recommendations. Mr. Karimbakas highlighted that the most significant change was extending authorized investments to include three new categories: U.S. instrumentalities in the highest rating category, corporate debt in the highest three rating categories, and asset-backed securities in the highest rating category. In response to a question from Mr. Dirrane regarding whether MassHousing's role as a finance housing agency limits the types of investments that MassHousing can make, Mr. Karimbakas stated that the change will help MassHousing diversify its investments and potentially produce a higher yield. Mr. Dirrane then followed up with a question on whether this change will impact MassHousing's rating with the rating agencies, and Mr. Karimbakas noted that there is no impact. Mr. Attia requested a red lined version of the document. Upon a motion duly made and seconded, the members voted unanimously, via roll call of the members present, to submit the updated policy, with red line changes, to the Board of Directors during the April meeting.

Mr. Chai joined the meeting at 1:14 p.m.

Following Mr. Karimbakas' presentation, Mr. Piotrowski and Mr. Rogers of CliftonLarsonAllen LLP (CLA) presented the audit result of the fiscal year 2020 Schedule of Expenditures of Federal Award (SEFA) Audit. Mr. Piotrowski reviewed the terms of the engagement, noting that an unmodified opinion was issued for the SEFA audit and compliance with Major Federal Programs. Mr. Piotrowski also noted that one significant deficiency and noncompliance finding where a confirmation was not sent timely to the property owner for one of the forty vouchers sampled. Mr. Rogers then discussed the significant accounting policies and that all significant transactions were recognized and in line with authoritative guidance. Mr. Rogers noted that there were no difficulties encountered during the engagement and that there were no misstatements, corrected or uncorrected. Mr. Rogers also noted that there were no disagreements with management. Mr. Piotrowski concluded by providing an update on Financing Adjustment Factor Refunding Agreements (FAF) Audit. Mr. Piotrowski noted that CLA is engaged over a three-year term, from July 1, 2019 through June 30, 2022 to perform the engagement and that CLA performs a portion of the work each year. Mr. Piotrowski stated that CLA did not identify any issues in the first year and confirmed that the final report will be provided in 2022.

At approximately 1:19 p.m. members of MassHousing staff left the room so that the Committee could speak independently with CLA, after which the meeting concluded at approximately 1:26 p.m.

A true record.

Attest,


Colin M. McNiece

Secretary

Meeting Materials:

- Minutes of the December 8, 2020 Meeting
- Investment and Audit Committee Quarterly Internal Audit Report (Q2 2021)
- Institute of Internal Auditor's 2021 On Risk Report
- Massachusetts Housing Finance Agency Investment Policy
- CliftonLarsonAllen LLP (CLA) Required Communications RE: FY20 SEFA Audit
- Schedule of Expenditures of Federal Awards and Uniform Guidance Reports for the Year Ended June 30, 2020