

CHFA 290-Request for Proposals (“RFP”)—Swap Valuation as of February 6, 2026:

Question: *Will the selected party to provide these services be considered a “municipal advisor” under the SEC/MSRB definition (Will appointment in this role remove [an underwriting firm] from the ability to serve as an underwriter for future bond issues?)*

Answer: Selected party will need to determine for itself whether the role meets the definition of “municipal advisor” under SEC/MSRB. Per Section VIII(4), a proposal from an underwriting firm will not be considered.

Question: *Is Exposure Table in the RFP Document exhaustive of all instruments and instrument types in the valuation scope as of current moment? In other words,*

- a. Are these or similar types of swaps always expected to be entered into, and,*
- b. Is the likely average number of swaps to be exposed to around 42 swaps?*

Answer:

- a. CHFA expects future swaps to look similar to recently executed swaps, however CHFA cannot provide any assurance due to market conditions.*
 - b. CHFA entered into a new swap on January 27, 2026 totaling \$64 million and may enter into additional swaps if it is in its best interest.*
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Question: *Section II.1.c mentions “Option value” as information, required for inclusion into monthly derivative valuation report. Based on this:*

- a. Does this “Option value” relate to “Optional Early Terminations,” mentioned in the Swap Table (p.8 of the RFP document)?*

Answer: Yes, and other options, if any, incorporated in such swap.

Question: *Section II.2.b mentions “Measurement and effectiveness...” There are different approaches and methods an authority might select for Hedge Effectiveness testing based on GASB 53. Based on this:*

- a. Would a prospective, retrospective, or both hedge effectiveness testing types be required?*
- b. Do you perform cashflow or fair value hedges?*
- c. Which of the methods described by GASB 53 is requested (synthetic instrument, dollar-offset, regression analysis)?*
- d. Would there be specific reporting requirement for presentation of Hedge Effectiveness results?*
- e. Is the Effectiveness measurement required only once annually?*

Answer:

- a. Both*
- b. Both*
- c. Regression analysis and synthetic instrument method*
- d. The report should include the analysis by swap contract, evaluation method used, GASB 53 result as to effectiveness.*

- e. Yes, effectiveness measurement is only required annually as of December 31st.
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Question: *Section II.1 references monthly valuations, but Section II.5 references daily valuations and payment projections. Based on this:*

- a. *Is the requested valuation frequency monthly with daily access to such valuations, or*
- b. *Are daily re-valuations required along with monthly ones?*

Answer: Only monthly formal valuation reports are required. However, firm should be able to produce end-of-day projections at CHFA's request.

Question: *Section IV.14 indicates that firms not currently registered with the Connecticut Secretary of State's Office would be required to register upon award of the contract. Please confirm whether this requirement applies to all firms awarded this project. Could you provide more detail on what this registration would entail? Would using a registered agent with an office in the state be sufficient, or would we be required to register ourselves?*

Answer: Firms not currently registered with the Connecticut Secretary of State may register the firm using a registered agent with an office in the State of Connecticut.

Question: *CHFA requests potential Firms to produce monthly derivative valuation reports with information including or satisfying mark-to-market value and fair value. Will CHFA please describe its interpretation of the difference between mark-to-market value and fair value as referenced?*

Answer: Fair Value should be based on GASB Statement number 72: Fair Value Measurement and Application. The mark-to-market value of the transaction includes the value of any options and accrued interest.

Question: *Will CHFA describe its collateral arrangements with counterparties, including posting thresholds, initial margin, minimum transfer amount, frequency of collateral posting, and whether a master netting agreement is in place?*

Answer: CHFA will share such information to the firm it selected for the engagement.

Question: *Will CHFA please clarify what is meant by "other relevant data" in the context of the monthly derivative valuation report?*

Answer: At a minimum, a list of each counterparty, a list of each swap, pay/receive formula, expiration date, bond hedged, outstanding notional, principal value(excluding option value, option value, accrued interest,

mark-to-market value, credit valuation adjustment, GASB72 Fair Value, counterparty credit ratings (S&P/Moodys/Fitch)

Question: Will CHFA please explain the purpose and users of daily valuations?

Answer: CHFA requests such information for risk management purposes.

Question: Will CHFA please explain who are the intended users of the client portal?

Answer: CHFA finance staff would use the portal. Among other things, the expectation is to be able to validate the accuracy of the amounts being billed from swap counterparties before making or receiving payments.

Question: Will CHFA please describe the current assessment methodology used for hedging since CHFA is not eligible for Consistent Critical Terms (CCT)?

Answer: Please refer to CHFA's audited financial statements for more information.

Question: Would CHFA be open to changing its hedging methodology or hedge documentation as part of a transition to a new provider, if warranted?

Answer: Unless it is for new swaps, CHFA will retain its methodology for the existing swaps.

Question: Will CHFA please describe the methodology it uses for calculating credit valuation adjustment (CVA), and is CHFA open to alternative approaches?

Answer: Please refer to Note 8 of CHFA's December 31, 2024 financial statements (which can be obtained from our website at CHFA.org).

Question: Will CHFA please confirm that the "Swap Table" for the Authority's bond Official Statements is the same table shown on page 113 of the Official Statement related to the New Issue of Housing Mortgage Finance Program Bonds \$350,000,000 2025 Series C, dated June 12, 2025? If so, will CHFA please confirm the expected frequency that the Swap Table must be updated?

Answer: It is the same Swap Table. CHFA requires such Table be updated every 6 months or June 30 and December 31.

Question: Will CHFA please provide expectations on the timing, frequency and method of notifications of any rating changes related to derivative counterparties?

Answer: Notifications should be made via e-mail and should be made within 3 days of counterparty rating changes.

Question: Will CHFA please describe security requirements or standards for the client portal, particularly regarding data integrity and access controls?

Answer: CHFA will request a SOC1 report or the like, as evidence of the client portal meeting data integrity and control standard best practices.

Question: Will CHFA please provide any guidance or estimates regarding the budget for this engagement?

Answer: CHFA cannot provide any guidance or estimates regarding a budget for this engagement. Interested firms should provide its own estimates based on the required services.

Question: Will CHFA please confirm the name of the incumbent for this engagement?

Answer: BLX Group, LLC is the incumbent for this engagement.