Minutes of the Meeting
of the Members of
MassHousing
held on
March 16, 2017

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on March 16, 2017 at MassHousing's offices located at One Beacon Street in Boston, Massachusetts. (The regular meeting did not occur on the second Tuesday of the month – which would have been March 14, 2017 – due to the winter storm that hit the Commonwealth that day.) In attendance were:

Members	Michael Dirrane, Chair Mark Attia, Designee of Kristen Lepore Sue Terrey, Designee of Chrystal Kornegay Lisa Serafin Andy Silins
Members Not Present	Ping Yin Chai, Vice Chair Carolina Avellaneda Mary Nee Marc Cumsky
Staff	Tim Sullivan Beth Elliott Frank Creedon Karen Kelleher Chuck Karimbakas Tom Lyons Laurie Bennett Maureen Burke Sarah Hall Kathleen Evans Josiah Madar Jill Lavacchia Zan Bross Stephen Vickery Paul Scola Paul Hagerty Sergio Ferreira Tom Farmer Monte Stanford Cynthia Lacasse Eric Gedstad Carol McIver

Daniel Staring
Kaitlyn Mulcahy
Chris Burns
David Keene
Deb Morse
Leanne McGinty
Carmen Beato
George O'Toole
John McCormack
Christina Keophannga
Deepak Karamcheti
Paul Garrity

Guests

Guy Nagahama, Jeffries
Colin McNiece, Mintz Levin
Brandon Wolanski, Barclays
Geoff Proulx, Morgan Stanley
Jeff Sula, RBC
Lori Hindle, PFM
Sawyer Middeleer, Mullins Company
David Reeser PFM

Chairman Dirrane convened the meeting to order at 10:00 a.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was

VOTED: That the minutes of the meeting held on February 14, 2017 are hereby approved and placed on record.

Chairman Dirrane then presented a recommendation that Ping Yin Chai, the Vice Chair of the Board, replace him as the Board's elected representative to the Board of the Massachusetts Housing Finance Agency Employees' Retirement System. The Chairman added that Agency Member Andris J. Silins will continue to serve on that Board given his role as MassHousing's Treasurer. Upon a motion duly made and seconded, it was

VOTED: That Ping Yin Chai is appointed to replace Michael J. Dirrane and serve as a Member of the Massachusetts Housing Finance Agency Employees' Retirement System.

Chairman Dirrane then appointed Carolina Avellaneda to the Board's Loan Committee noting that she will join Agency Members Kornegay and Serafin on that committee. No vote was necessary to effectuate this change.

Chairman Dirrane then called for a Vote Clarifying Delegations of Authority for the Home Ownership Business Lines. Agency General Counsel Beth Elliott addressed the Board noting that the Board voted to revise the general delegations of authority to the Executive Director and staff for the conduct of MassHousing's Home Ownership business line on March 12, 2013. Recent organizational changes, however, require revisions to the section of the vote specifying the staff positions that are authorized to act pursuant to the delegations of authority. The powers delegated to staff by the previous delegation vote are not being changed by the proposed vote. Ms. Elliott added that the vote at hand will supersede the March 12, 2013 vote. Upon a motion duly made and seconded, it was

VOTED: To approve the delegations of authority set forth in Attachment A hereto for the Home Ownership business line and to thereby replace any existing votes pertaining to delegations of authority in this area.

Solemar at South Dartmouth, Dartmouth

Sarah Hall presented a proposal to: (1) Accept the assignment of a HUD-issued Firm Commitment for FHA-insurance; (2) Make the first mortgage loan described therein (the "New Loan"); and (3) Finance the New Loan through the issuance of a Ginnie Mae MBS.

Solemar at South Dartmouth (formerly known as Solemar Apartments) is a 200-unit, mixed-income elderly apartment complex consisting of 25 buildings on 35 acres constructed in 1977. The development contains 150 one-bedroom units and 50 two-bedroom units. There is also a community building on site.

Ms. Hall then described the financing for the project. The Borrower is seeking MassHousing's commitment for the New Loan of approximately $17,600,000 or such other amount as evidenced in the HUD Firm Commitment in permanent first mortgage financing under the MAP/Ginnie Mae Program provided, however, that the New Loan shall not be more than $26,400,000 nor less than $8,800,000. The New Loan will be insured by the Federal Housing Administration under the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act and the Regulations thereunder now in effect. MassHousing's credit risk, Ms. Hall added, will be approximately 1% of the new loan amount. A portion of the proceeds of the New Loan will be used to prepay the Borrower's existing mortgage loan obligations to MassHousing, as authorized under and subject to the conditions set forth in the vote taken by the Board on November 8, 2016, providing early prepayment approval for such existing mortgage loan obligations. The New Loan will also be subject to the General Conditions for the MAP/Ginnie Mae Program approved by the Board on November 12, 2014, and MassHousing and the MAP Lender Partner will at all times comply with the terms of HUD's identity-of-interest guidance provided in HUD's letter to MassHousing dated June 13, 2014. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $17,600,000 or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $26,400,000 nor less than $8,800,000 to Solemar at South Dartmouth Limited Partnership for Solemar at South Dartmouth and (2) to make the FHA-insured first mortgage loan to Solemar at South Dartmouth Limited Partnership for Solemar at South Dartmouth in the approximate amount of $17,600,000 subject to the limitation that the final amount of such loan shall not be more than $26,400,000 nor less than $8,800,000 on terms acceptable to MassHousing, in compliance with the terms of the prepayment approval granted by the Board on November 8, 2016, and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by MassHousing on March 12, 2013, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to Solemar at South Dartmouth Limited Partnership for Solemar at South Dartmouth.

Burbank Gardens, Boston - Fenway

Kathleen Evans presented a proposal for Official Action Status for Burbank Gardens. Burbank Gardens is an existing 52-unit residential property consisting of one-, two-, and three-bedroom units in one brick masonry building in the Fenway neighborhood of Boston. All of the units currently benefit from a Section 13A subsidized mortgage that will be prepaid at the time of acquisition closing, and ten of those units are further assisted by a project-based Massachusetts Rental Voucher Program (MRVP) contract that will stay in place following the new financing. The building has been well-maintained, but is in need of masonry work, elevator repairs, site work, and both in-unit and common area accessibility improvements.

In February 2017, the Fenway Community Development Corporation submitted an application for Official Action Status in connection with its planned future application for tax-exempt construction and permanent loan financing. The developer is currently seeking OAS to demonstrate progress to other funders and tax credit investors, and to protect its ability to reimburse any appropriate project expenditures with proceeds of a future tax exempt-financing. The expected future financing will allow the Fenway CDC to make improvements that include, but are not limited to, the following items:

- Construction of an accessible entry ramp and installation of a groundwater recharge system.
- Repair and replacement of exterior balconies, windows, and doors.

- Repair and replacement (including accessibility upgrades) of interior stairs, walkways, elevators and common areas including the trash room, laundry room, mail room, and kitchen.
- Repair and replacement (including accessibility upgrades) of unit kitchens, bathrooms, and flooring.
- Life and safety improvements including fully-compliant fire alarm and sprinkler systems.
- Plumbing, electrical, and mechanical improvements.

Upon a motion duly made and seconded, it was

VOTED: (i) that the Agency grant Official Action Status and consider the application for a permanent loan commitment for Burbank Gardens at such time as it is submitted; (ii) that this vote serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund Burbank Gardens; (iii) that the issuance of debt by the Agency not be in excess of $17,000,000 in principal amount for Burbank Gardens; (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Code or Treasury Regulations promulgated thereunder.

JAS Consolidation, Cambridge

Deb Morse presented a recommendation for Just-A-Start Corporation ("JAS"), a not-for-profit community development corporation established in 1971 with housing and job training as its two major areas of focus. Just-A-Start's Housing Development Department is a five-person team working to develop affordable rental housing and housing for sale to first-time homebuyers. Through direct ownership or subsidiary corporations, JAS owns 570 rental apartments in 18 sites across Cambridge. These range in size from a single condominium unit to a 273-unit residential tower. JAS development activities have included renovation, new construction, adaptive re-use and the provision of consultant services to other developers. All of JAS's housing development activities are undertaken to further the availability of affordable housing to low- and moderate-income households.

Ms. Morse stated that in November 2016, JAS submitted an application for Official Action Status in connection with its planned future application for tax-exempt construction and permanent loan financing. The developer is currently seeking OAS to demonstrate progress to other funders and tax credit investors, and to protect its ability to reimburse any appropriate project expenditures with proceeds of a future tax-exempt financing. The ten sites will be consolidated into one project as part of this transaction. The expected future financing will allow Just-A-Start to complete a full renovation of the properties. The initial scope for this project has been developed based on input from the property management staff in addition to assessments by Winslow Architects and will be further refined by a MassHousing-commissioned capital needs assessment and information from resident surveys. Based on preliminary assessments, the scope of work currently consists of improvements in the units (flooring, kitchen and bathroom replacements); conversion of three new ADA-compliant units; significant structural repairs, building envelope improvements (window replacement; roof replacement; repointing); upgrades to heating and electrical systems and the addition of fire suppression systems. One building in the portfolio, 50 York Street, was severely damaged in the East Cambridge neighborhood fire in December of 2016 and a replacement building is being constructed with the same number of units. Upon a motion duly made and seconded, it was

VOTED: (i) that the Massachusetts Housing Finance Agency (the "Agency") grant Official Action Status and consider the application for a construction and permanent loan commitment for the multifamily development known as JAS Consolidation, in Cambridge, Massachusetts (the "Development"); (ii) that this vote serve as a declaration of official intent under Treasury Regulations Section 1.150-2 for the Agency to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency is not in excess of $23,000,000 in principal amount for the Development; and (iv) that issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulators Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Sustainability and Healthy Housing

Karen Kelleher presented a series of recommendations for advancing MassHousing's Sustainability and Healthy Housing Agenda. She began by stating that MassHousing believes that fostering and supporting environmental sustainability in housing is a fundamental aspect of responsible lending and asset management. Energy and water conservation, air quality and climate change resiliency address critical aspects of the cost of operating housing, quality of life for residents and environmental imperatives. Ms. Kelleher added that these topics also raise important issues related to the cost/benefit analysis of additional initial capital costs, reliable data on cost and savings, and sorting through the evolving science of environmental sustainability and regulation. MassHousing's commitment to these issues reflects one of the key strategic directions that emerged from the Agency's recent strategic planning process. MassHousing has advanced this agenda in five primary ways:

(1) **Sustainable Underwriting.** MassHousing flexibly underwrites sustainability measures in its rental lending work, often providing a mechanism for underwriting cost savings anticipated to be realized as a result of sustainability measures included in rehabilitation scope. All MassHousing capital needs studies include a review of potential sustainability measures, and our design review process includes a review of

potential opportunities to green properties during construction and rehabilitation projects.

(2) **Promoting Sustainable Asset Management Practices.** MassHousing promotes utility benchmarking, water and energy savings, resilience planning and other sustainability measures within its rental portfolio. The proposed initiative described below would provide the support necessary to increase our investment in this part of our agenda.

(3) **Funding of the Massachusetts Green Retrofit Initiative (MAGRI).** Through a 2015 investment of $200,000 in LISC's Green Retrofit Initiative, MassHousing partnered with LISC to drive green asset management planning and to identify sustainability and cost savings opportunities available to nonprofit owners in Massachusetts. MassHousing's engagement with LISC-funded green asset management plans for 20 nonprofit organizations with portfolios containing, in the aggregate, 29,000 units. Each owner committed to prioritizing at least one retrofit, and LISC estimates that these owners will complete retrofits on approximately 2,896 units of housing. Of the more than 3,500 units that have completed a retrofit under the larger LISC program, more than half saw greater than 20% savings on energy costs.

(4) **Green Corner Panel Discussions.** MassHousing organizes and hosts a series of workshops and roundtable discussions about sustainability topics. Past workshops have focused on Case Studies in Energy and Water Conservation, Utility Benchmarking, Water Conservation Through Site Infrastructure and Landscaping, Proactive Planning for Resilience and Sustainability and microunits as a platform for reducing development cost as well as energy and utility costs.

(5) **Joint Advocacy.** Joining with other public, private and nonprofit stakeholders to advocate for adjustments to the utility company-funded LEAN program to make such funds easier to deploy in conjunction with the rehabilitation of affordable housing.

Ms. Kelleher stated that MassHousing now seeks to expand and support this work through an extension of its existing partnership with LISC. MassHousing proposes to engage LISC with an expanded scope of work that includes the following measures:

- **Promoting Sustainability at Recapitalization.** Technical support for MassHousing borrowers approaching recapitalization, and pass-through financing of $12,500 to each of four (4) MassHousing borrowers who commit to one energy or water savings retrofit, at least one healthy housing measure and the creation of a case study to highlight results.

- **Supporting Deeper Energy Savings.** Capacity-building support to drive deeper energy savings through comprehensive energy audits for 24 Massachusetts projects approaching rehabilitation, including some MassHousing-financed recapitalizations, as well as work to increase savings on underperforming renewable energy technologies. This support will be highly leveraged by a $600,000 grant LISC has already received for this initiative from the Massachusetts Clean Energy Center. Our support will enable LISC to track results and share lessons learned, and the data produced by this project will be available to us and to other housing finance agencies to inform policy direction and underwriting.

- **Promoting Sustainable Property Management Practices.** Assistance developing a scalable initiative to drive sustainability measures throughout MassHousing's rental portfolio, leveraging and refining LISC's Green Asset Management guide and the expertise of LISC's staff; and

- **Promoting Healthy Property Management Practices.** Assistance promoting and supporting healthy housing management practices in MassHousing's rental portfolio, such as healthy pest management and cleaning practices, smoke-free housing policies and property modifications that facilitate a more active lifestyle, leveraging and refining LISC's Green and Healthy Neighborhoods toolkit and the expertise of LISC's staff.

MassHousing proposes to enter into a contract with LISC for up to $250,000 from the Opportunity Fund to provide services related to the foregoing initiatives.

Connecting our Healthy Housing Work. MassHousing is also in discussion with medical and housing organizations seeking to demonstrate the critical impact that housing availability, quality and absence of rent burden have on measurable resident health indicators. We hope to connect this work with our other sustainability and healthy housing initiatives, and to inform our community services programs focused on preventing homelessness, stabilizing tenancy and addressing resident mental health issues.

Upon a motion duly made and seconded, it was

VOTED: To authorize the Agency to enter into a contract or other agreement with LISC in an amount up to $250,000 from the Opportunity Fund to provide further technical and financial assistance for green asset management and retrofit projects in affordable and mixed income housing developments and to promote energy efficiency and healthy housing best practices into asset management practices within MassHousing's portfolio and in other developments in the Commonwealth.

FURTHER
VOTED: To authorize the Executive Director, Deputy Director, and General Counsel, each acting singly, to execute and deliver on behalf of the Agency such agreements necessary or appropriate to implement the foregoing.

Chairman Dirrane asked if there was any other old or new business for the Members' consideration.

Hearing none, Chairman Dirrane made a motion to adjourn the meeting. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 10:15 a.m.

A true record.

Attest.

Beth M. Elliott
Secretary

Francis P. Creedon
Assistant Secretary