

Minutes of the
Loan Committee of MassHousing
Held on
October 3, 2017

The regular meeting of the Loan Committee was held at 2:00 p.m. on Tuesday, October 3, 2017 at MassHousing's offices at One Beacon Street in Boston, Massachusetts.

In attendance were:

Members: Rebecca Frawley-Wachtel, designee for C. Kornegay; Carolina Avellaneda, Lisa Serafin

Staff: Deb Morse
Meaghan McCarthy
Antonio Torres
Sarah Hall
Daniel Staring
Henry Mukasa
Sergio A. Ferreira
Matthew Deych
Beth Elliott
Carol McIver
Kelly Johnson
Bill Dunn
Anne Marie MacPherson
Ricky Ochilo
Kathleen Evans
Hanna Schutt
Rachel Carlson
Josiah Madar
LaVergne Randolph
Susan Lynch
Kathleen Lynch
Mike Carthas
John W. McCormack
Tom Farmer
Kaitlyn Mulcahy
Doug O'Brien
Chris Burns
John Collins
Jonny Burgin
Casey Baines
Daniel Barbanell
Lee Ann Fiorenza
Lee-Ann Brooks
Jill Lavacchia
Cynthia Lacasse
Katrina Holman

The meeting began at 2:00 pm.

1. Summary of the September 5, 2017 Loan Committee Meeting

The summary of the September 5, 2017 Loan Committee meeting was presented to the Loan Committee Panel. The members approved the summary. Ms. Serafin did not participate as she did not attend the September meeting.

2. Cohen Residences, Brookline – Commitments of Tax-Exempt Construction/Permanent Loan, Syndication Bridge Loan and Official Action Status presented by Deborah Morse:

Cohen Residences is a 98-unit residential multifamily development located in the Town of Brookline. An affiliate of Hebrew Senior Life, Inc. is seeking construction and permanent financing of up to \$28,390,000.00 for the acquisition and rehabilitation of this low-income elderly-restricted property. The proposal presents a transaction that includes 4% LIHTC, MassHousing construction/permanent financing with the permanent loan insured under the HUD/HFA Risk-Sharing Program and a taxable syndication bridge loan of up to \$9,790,000.00.

3. Symphony Plaza, Boston – MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative and FHA Tax Credit Program presented by Antonio Torres:

Symphony RHF Partners, LP requests approval to refinance with MassHousing under the MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative with Rockport Mortgage as MassHousing's MAP Lender Partner. Rockport Mortgage will work directly with the borrower to underwrite the \$74,500,000 mortgage loan and apply to the HUD office for FHA mortgage insurance under Section 223(f) of the National Housing Act. MassHousing's credit risk exposure for loans insured by FHA under this program will be approximately one percent (1%) of the loan amount. MassHousing will enter into an agreement with Rockport Mortgage to accept the assignment of the HUD Firm Commitment at loan closing, and MassHousing will at closing make the FHA-insured loan to the Borrower.

MassHousing will issue the tax-exempt construction loan notes to fund the uninsured tax-exempt Bond Loan of \$65,000,000 or the minimum amount necessary to pass the 50% test. The tax-exempt construction loan notes will be secured by a cash collateral account, funded at the Borrower's obligation, for the full amount of the tax-exempt debt issued by MassHousing. The tax-exempt construction loan notes will be repaid by the proceeds of the cash collateral account after the placed-in-service date, and the Borrower's obligations under the loan will be satisfied simultaneously. Rockport Mortgage has determined that the proposal is eligible under the FHA Tax Credit Pilot Program and will include 4% Low Income Housing Tax Credits generated by the issuance of tax-exempt bond proceeds.

4. Meadowbrook, Northampton – MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative presented by Sarah Hall:

Meadowbrook Preservation Associates Limited Partnership, a Massachusetts limited partnership, requests approval to refinance with MassHousing under the MAP/Ginnie Mae

Multifamily Joint Venture Lending Initiative with CBRE, Inc. as MassHousing's MAP Lender Partner. CBRE, Inc. has worked directly with the borrower to underwrite a \$11,125,400 mortgage loan and apply to the local HUD office for FHA mortgage insurance under Section 223(f) of the National Housing Act. MassHousing's credit risk exposure for loans insured by FHA under this program will be approximately one percent (1%) of the loan amount. MassHousing will enter into an agreement with the CBRE, Inc. to accept the assignment of the HUD Firm Commitment at loan closing, and MassHousing will at closing make the FHA-insured loan to the Borrower. MassHousing will issue a Ginnie Mae Mortgage Backed Security to fund this loan

5. 98 Essex, Haverhill – Commitments of Taxable Permanent Loan and Subordinate Opportunity Fund Loan presented by Meaghan McCarthy:

98 Essex will be an adaptive reuse of the former Shoe and Leather Association Building in the Gateway City of Haverhill. Affordable Housing and Services Collaborative, Inc., in partnership with Peabody Properties, has presented a proposal to redevelop this historic building into a 62-unit mixed-income rental development. The proposal presents a transaction that includes 9% LIHTC, a MassHousing permanent loan using the FHLB Helping to House New England funds in a principal amount of up to \$1,000,000, and a Workforce Housing subordinate loan in an amount of \$600,000.

6. The Chocolate Factory, Mansfield – Commitment of Subordinate Opportunity Fund Loan presented by Deborah Morse:

MCFA Chocolate Factory Developer LLC seeks an allocation of up to \$800,000 in Opportunity Funds for the adaptive reuse and construction of 130 residential units in an existing chocolate factory in Mansfield. Through a correspondent agreement with MassHousing, CBRE Capital Markets, Inc. will arrange first mortgage financing for the Development. MassHousing will provide subordinate financing through the Opportunity Fund's Workforce Housing Program.

7. Academy Hill School, Nantucket – Commitments of Taxable Permanent Co-First Mortgage Loan, Taxable Permanent Co-First Restructured Existing Principal Loan, Re-Subordination of Existing Debt, Approval of Replacement General Partner and Loan Default Workout and Resolution of Legal Dispute presented by Daniel Staring:

Academy Hill School is a 27-unit senior apartment building on Nantucket, currently in MassHousing's portfolio. The development was declared to be in default in 1995, and has been on the MassHousing delinquency list since that time.

HallKeen Management Inc. has been the management agent since 2000. HKAHA LLC, an affiliate of HallKeen Management Inc., seeks to replace the General Partner, Keen Development Corporation, and refinance the development. The Ownership entity is and will continue to be Academy Hill Associates Limited Partnership. There is no sale of the Property being proposed.

The proposal recommends the approval of a new co-first mortgage loan in the amount of \$1,528,000, along with a co-first restructured existing principal loan in the amount of \$1,160,765. The two loans will total \$2,688,765. The MassHousing loans, together with existing reserves, and \$700,000 of funding from the Town of Nantucket will recapitalize this development and provide for much-needed capital improvements. No funds from this recapitalization will be go to finance distributions to existing or new general or limited partners.

The committee members asked Mr. Staring several questions regarding the history of the property and the options available to the Agency to resolve the on-going dispute and preserve the development as affordable. Mr. Staring provided detailed responses to their questions.

8. Boott Mills Apartments, Lowell – Re-Commitment of Taxable Permanent Loan presented by Meaghan McCarthy:

Boott Mills Apartments is a 154-unit family apartment community in Lowell. The Owner, a WINN affiliate, is requesting a new permanent loan. The property has been in the MassHousing portfolio since 2005, when MassHousing provided a \$13.8 million tax exempt first mortgage loan (as part of a tax credit financing) and a \$2.32 million PDF loan. The proposal was previously approved by the Board in March 2016, and this re-commitment is for a higher loan amount.

The purpose of the new MassHousing permanent loan in the amount of \$21,625,000 is to secure a lower interest rate, and address current and future capital needs. No equity take-out is proposed. The existing MassHousing PDF loan will need to be re-subordinated.

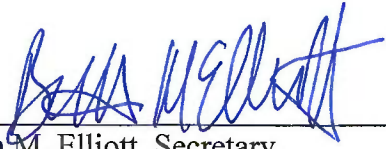
9. Utility Allowance Overview presented by William Dunn:

William Dunn gave an overview of the purpose of the utility allowance in affordable housing transactions and how it is used during the underwriting process. The purpose is to ensure that the cost of tenant-paid utilities is factored into the calculation of the resident's total rental payment amount. Under HUD subsidy programs and the Low-Income Housing Tax Credit program, the intent is to have households pay only 30% of their adjusted monthly income for rent and utilities.

The meeting concluded at approximately 3:00 pm.

A true record.

Attest:



Beth M. Elliott, Secretary

Materials:

- Proposed Agenda
- Draft Meeting Summary for September 5, 2017
- Proposed MAP/Ginnie Mae Joint Venture and FHA Tax Credit Program Commitments for Symphony Plaza
- Proposed MAP/Ginnie Mae Joint Venture Commitment for Meadowbrook Apartments
- Proposed Loan Commitments for Cohen Residences, 98 Essex, The Chocolate Factory, Academy Hill School and Boott Mills Apartment
- Utility Allowance Overview