
MASSACHUSETTS HOUSING PARTNERSHIP

BOARD OF DIRECTORS MEETING

Tuesday, August 31, 2021

160 Federal Street, 2nd Floor

Boston, Massachusetts

Members Present: Jack P. Clancy, Jr. (Chair), Mark Attia, Jennifer Maddox, Alicia Modestino, Carolyn Ryan, Denis Sheahan, Matthew Sosik

Participating Staff: Clark Ziegler (Executive Director), Alma Balonon-Rosen, Lisa Braxton, LaQuisa Burke, Lori Cain, Callie Clark, Isabel Cruz, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, Tom Hopper, Matija Jankovic, Deepti Kamma, Danielle Kinkel, Anne Lewis, Stephen Lucien, Emma McGurran, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathy Riley, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong

CALL TO ORDER

The Chair, Jack P. Clancy, Jr., called the meeting to order at 2 pm. The Board met without staff to review the Compensation and Human Resources Committee report from 2 pm until 2:27 pm when staff rejoined.

COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

The Compensation and Human Resources Committee then presented its report, which had been circulated to board members in advance of the meeting. The committee report outlined a recommended range of variable compensation based on MHP's performance in FY21, recommended compensation for the Executive Director, and reported on the compensation of MHP's other senior managers. As part of its annual review process the committee had met on August 12 to finalize its recommendations to the board, including a discussion of job performance by the Executive Director and other senior managers.

The committee had noted in its report that MHP fully complies with state regulations requiring the compensation committee to meet independently of management at least once annually, recommend/approve the compensation of the Executive Director and senior managers, and establish policies for the Executive Director to apply in establishing the compensation of other agency employees.

Mr. Clancy reported that the members of the Compensation Committee felt that Clark Ziegler's performance over the past year had been superlative as reflected by goal attainment, his decisiveness in steering MHP's operations through COVID, his visibility to the MHP team, his and MHP's visibility with key state affordable housing decision-makers, and organizational change and succession planning initiatives. Several members of the board also commented on Mr. Ziegler's and MHP's outstanding performance including how MHP has very much stepped up to support and manage several COVID-related state and other programs including the Homeowner Assistance Fund that will be discussed later in the meeting.

Mr. Clancy also reported that Mr. Ziegler had been adamant about not receiving a merit increase a year earlier, that the compression between his and several members of the executive team's compensation had tightened over the years, and that considering his long-term performance and tenure he is not as high within his salary grade range as the committee feels is appropriate. These factors were reflected in the committee's recommendation for Mr. Ziegler's salary adjustment and variable compensation.

In the absence of staff, upon motion duly made by Mr. Sosik and seconded by Mr. Sheahan, it was

VOTED: To approve the compensation proposal as set forth in the report of the Compensation and Human Resources Committee.

Mr. Clancy polled the directors. Mr. Clancy, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively and Ms. Maddox and Mr. Attia abstained.

APPROVAL OF MINUTES

Upon a motion made by Ms. Ryan and seconded by Ms. Modestino, it was:

VOTED: To approve the minutes of the June 29 and July 27, 2021 meetings.

Upon polling, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively. Mr. Attia abstained.

Mr. Ziegler introduced Peter Hollands who leads the community development group at Boston Private Bank and attended to learn more about MHP's work.

MHP MANAGEMENT AND FINANCE

The Executive Team report and goals reports were submitted in writing in advance of the meeting.

Ms. Tyson went through the year-end financial report, stating that MHP is in excellent financial condition. Cash flow of \$3.6 million exceeded the three-year goal, with \$11.5 million in cash flow at year end. Capital expenditures in FY21 were higher than normal due to the new space buildout.

The lending team met or exceeded its targets for three-year goals. It fell short of its goal to stabilize 400 units, ending the year at 329 units (primarily reflecting the Salem Heights development).

Mr. Ziegler introduced MHP's new Communications Coordinator, Lisa Braxton, to provide the communications report in Mr. Lodi's absence. She reported that the communications team is responsible for producing content to raise awareness about MHP's work as measured via click-throughs, impressions and other metrics. The team was on track to meet its one million impressions goal, though numbers had decreased in the spring due to a staff shift and workload. IHeartMedia ads drove many new customers to MHP and those marketing efforts are part of an overall strategy to increase homeownership, especially in communities of color.

The homeownership team was able to exceed its primary goal of reaching more underserved households. Loan performance has been very strong even during the pandemic. Delinquency and foreclosure rates are low at 2.43% and 0.4% respectively.

The board and staff discussed the implications of recent barriers to development of affordable housing on public land. In particular, some advocates are arguing that prevailing wage and public construction laws apply to affordable housing developments built on public (or formerly public) land. Ms. Ryan indicated that the Greater Boston Chamber of Commerce would be willing and interested in providing support and has an advisory board focused on issuing amicus briefs. Ultimately the legal issues may need to be determined through litigation in superior court.

Massachusetts Homeowner Assistance Fund (HAF)

Massachusetts received \$178 million in federal funding from the Homeownership Assistance Fund (HAF). The allowable uses are broad, and the most effective strategy will be to have a statewide platform that allows homeowners to apply for assistance, backstopped by nonprofit homeownership counseling agencies. Through several discussions among the agencies, it became clear that MHP was best positioned to implement the program given its existing homebuyer support programs and historical work with lenders to resolve problem loans. Mr. Ziegler asked for the board's authorization to enter into a contract with the Executive Office for Administration and Finance to administer the HAF Program.

Mr. Attia offered full support of the vote and highlighted MHP's early work in developing the program to date.

Mr. Sheahan acknowledged that the engagement would be a big lift, likening it to how the banking industry experienced standing up Paycheck Protection Program (PPP).

The Commonwealth's experience with providing COVID-related rental assistance has demonstrated the need to be over-prepared for any level of demand. Modeling and assessment of the current financial condition indicates that the HAF team and proposed portal can handle the volume. Based on current data, the team expects to receive approximately 18,000 applications, and MHP would be providing assistance to around 1,500 to 2,000 homeowners a month over the next year.

Ms. Modestino asked if other agencies could forward interested households to HAF to create an even bigger funnel. She was concerned because, in other states, emergency rental assistance appeared to get caught in red tape. The proposed Massachusetts HAF Program will not cap the amount of assistance per household, but appropriate checkpoints must be implemented to ensure program administration complies with applicable rules and minimum eligibility requirements.

The Massachusetts Bankers Association has provided early feedback on the proposed HAF program, and the Division of Banks will provide direct notifications to lenders and servicers statewide. Around the country, getting a nationwide view about how best to engage with servicers is still an evolving question.

Mr. Curtiss recognized Mr. Schmiedl, Mr. Worsham and others on staff for their hard work, saying that the HAF effort is a very big lift for MHP and it took a lot of work to issue a request for proposals.

The board discussed how MHP's involvement in this program might interfere with the ability to advance other goals and opportunities. The program will provide administrative fees to fund new hiring and other capacity building for the HAF program, although Mr. Ziegler noted that MHP would need to remain mindful of the impact on other FY22 organizational goals. MHP would ideally like to have a HAF project manager under contract by October 1.

Upon a motion made by Mr. Sosik and seconded by Ms. Maddox, it was

VOTED: To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board, to execute and deliver contracts, agreements and other documents and to grant approvals and take such other actions that are reasonable and necessary to implement the Massachusetts Homeowner Assistance Fund. This authorization includes, but is not limited to, a program administration contract with the Executive Office for Administration and Finance, a contract with the selected service provider, and contracts with selected homeownership counseling agencies. The Executive Director may delegate this authority in whole or in part to the Managing Director, Chief Financial and Administrative Officer and/or General Counsel.

Mr. Clancy polled the directors, with Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voting affirmatively.

Mr. Ziegler flagged that borrower survey results were in the board materials, and they are even more positive than usual. Lowering the credit score requirements has increased the number of households of color that we are serving.

LOAN PROPOSALS

Tavernier Place, Acton

Mr. Clancy abstained from the discussion because Community Teamwork Inc. (CTI) is a substantial customer of Enterprise Bank.

Ms. O'Neil presented the loan proposal for this \$2.4 million loan for 30 one-bedroom units for seniors and people with disabilities. Common Ground Development Corp. is a repeat sponsor for MHP. This is a Chapter 40B development with services including meal deliveries, transportation, visiting nurses, events. CTI is the sponsor and has a long history with MHP.

Upon a motion made by Mr. Sheahan and seconded by Mr. Sosik, it was

VOTED: To authorize a first mortgage loan of up to \$2,350,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements with banks, for the Tavernier Place Project in Acton (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Tavernier Place Credit Analysis dated 8/31/2021 including all special conditions contained therein, and presented in the 08/31/2021 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. MHP commitment for the Loan shall expire if the loan closing does not occur by 4/30/2024.

Ms. Kinkel polled the directors. Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively, with Mr. Clancy abstaining.

9 Leyland Street, Boston

Ms. Balonon-Rosen presented the loan proposal on behalf of Mr. Hanifin. The \$3.45M loan will finance new construction of senior housing in Upham's Corner. The development is cosponsored by Dorchester Bay Economic Development Corporation and Hebrew Senior Life, the latter of which will handle lease-up and building operations.

In response to a question from Mr. Sosik on whether the 37% loan-to-value ratio was realistic, the team noted that the loan is sized assuming market rents. If the property could not be preserved as affordable in a foreclosure scenario, it could become a market rate property (which has never happened in MHP's history). From an underwriting standpoint, however, the property is not encumbered by a deed restriction. Additionally, MHP would be able to re-syndicate the tax credits to another purchaser.

Upon a motion made by Mr. Sosik and seconded by Mr. Attia, it was

VOTED: To authorize a first mortgage loan of up to \$3,450,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements with banks, for the 9 Leyland Project in Boston (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the 9 Leyland Credit Analysis dated 8/31/2021 including all special conditions contained therein, and presented in the 08/31/2021 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. MHP commitment for the Loan shall expire if the loan closing does not occur by 4/30/2024.

Mr. Clancy polled the directors. Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

Mr. Ziegler introduced new staff. In addition to Lisa Braxton, he introduced Emma McGurren, Stephen Lucien, and Matija Jankovic.

BANK TRANSACTIONS

Vote corrections for Eastern Bank acquisition of Century Bank and Silicon Valley Bank acquisition of Boston Private Bank & Trust Company

Ms. Kinkel explained that the votes previously taken on June 29, 2021, failed to include the formal authorization for MHP to enter into loan documents with Eastern Bank and Silicon Valley Bank, respectively, and ratifying votes were necessary for full signatory authorization.

Upon motion made by Mr. Attia and seconded by Mr. Sheahan, it was

VOTED: To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board ("MHP") to: (1) execute and deliver any and all agreements, documents, certificates or other instruments that he and MHP's legal counsel deem necessary and appropriate, including but not limited to a loan agreement, promissory note, loan participation agreement and limited agency agreement (the "Loan Documents") in order to make \$65,603,916.00 available for call by MHP from Eastern Bank and Eastern Bankshares, Inc. (collectively, "Eastern") pursuant to M.G.L.c.167A

and guidelines adopted by MHP; and (2) upon execution of the Loan Documents, to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP by Eastern in conjunction with its application to acquire Century Bank and Trust Company and Century Bancorp, Inc., in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP; and to ratify all prior actions taken by the Executive Director in furtherance of the foregoing.

VOTED: To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”) to: (1) execute and deliver any and all agreements, documents, certificates or other instruments that he and MHP’s legal counsel deem necessary and appropriate, including but not limited to a loan agreement, promissory note, loan participation agreement and limited agency agreement (the “Loan Documents”) in order to make \$59,101,966.96 available for call by MHP from Silicon Valley Bank and SVB Financial Group (collectively, “SVB”) pursuant to M.G.L.c.167A and guidelines adopted by MHP; and (2) upon execution of the Loan Documents, to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP by SVB in conjunction with its application to acquire Boston Private Bank & Trust Company and Boston Private Financial Holdings, Inc., in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP; and to ratify all prior actions taken by the Executive Director in furtherance of the foregoing.

Mr. Clancy polled the directors. Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

Adams Community Bank reorganization

Adams Community Bank will be converting from a mutual savings bank ownership structure into a mutual holding company. Since this transaction does not include the acquisition of any assets located in the Commonwealth, there is no loan obligation to MHP.

Upon motion made by Ms. Ryan and seconded by Mr. Attia, it was

VOTED: To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”), to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP in accordance with M.G.L.c.167A by Adams Community Bank in conjunction with its application to establish a mutual holding company.

Mr. Clancy polled the directors. Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

ADJOURNMENT

The board meeting was adjourned at 3:59 pm.

The documents listed in the Table of Contents in the briefing materials for the Directors of MHP for this meeting are incorporated herein by reference.

Denis K. Sheahan
Secretary/Treasurer
Massachusetts Housing Partnership