**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, February 14, 2019**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Mike Kennealy, Secy. of Housing & Economic Development, Chair

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 Grace Fey

 James Chisholm

 Karen Courtney

 Juan Carlos Morales

DIRECTORS ABSENT: James Blake

 Francesca Maltese

 Christopher Vincze

 Ellen Zane

Agency Staff: Lauren Liss, President & CEO

 Robert Ruzzo, SEVP, Deputy Director

 Ricks Frazier, General Counsel and Secretary

 Simon Gerlin, Chief Financial Officer

 Laura Canter, EVP, Finance Programs

 Richard Henderson, EVP, Real Estate

 Dena Kavanagh, Assistant Secretary

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Roy Angel

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Jesse Fox

 Tony Fracasso

 Kate Fraser

 Zach Greene

 Tonya Ingram

 Lisa Kalinowski

 Jim Kenney

 Will Kidston

 Andrew Levine

 Alejandro Lopez

 RJ McGrail

 Dan Morais

 Leigh Natola

 Jan Nuzzolo

 Patricia Perez, Legal Intern

 Doug Robinson

 Kelsey Schiller

 Ed Starzec

 Jessica Strunkin

 Cyndy Tonucci

 Benny Wong

Guests: Colleen Arons, Exec. Office of Housing & Economic Development

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, February 14, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Chair welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:04 a.m. He asked if there were any guests present and, if so, to please introduce themselves; there were none at the time he asked for guests. Ms. Aron arrived at approximately 10:45 a.m. and departed at 11:10 a.m.

**MINUTES**

**1. VOICE VOTE – Meeting Minutes (January 10, 2019)**

The Chair asked if there were any comments on the draft minutes of the January 10, 2019 Board meeting, and there were none. He asked for a vote to approve these minutes and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the minutes of its January 10, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (January 10, 2019)**

The Chair stated if there are any comments on the draft Executive Session Minutes of the January 10, 2019 Board meeting, they must be discussed in Executive Session. There were no comments. He asked for a vote to approve these minutes and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the Executive Session minutes of its January 10, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

With respect to personnel matters, Ms. Liss was delighted to announce that Jessica Strunkin, who came to the Agency from the 495/MetroWest Partnership and accepted the position of SVP Devens, began her work in that roll with MassDevelopment on Monday, February 11. In addition, the Agency welcomed Alejandro Lopez, as Assistant Program Manager for the Transformative Development Initiative. In other personnel news, Ms. Liss congratulated Ms. Delorier on her 18th anniversary with the Agency.

Ms. Liss reminded everyone that Requests for Proposals (“RFP(s)”) have been issued for various services, including risk management (BlumShapiro has been selected and a contract is being finalized); Information Technology (“IT”); and Strategic Capital Adequacy Study (“Cap Study”). The IT and Cap Study RFPs did not result in the wide breadth of responses the Agency had hoped for, so an addendum has been added to each and the RFPs have been reissued for targeted audiences. In addition, an RFP for Real Estate Services was issued yesterday. Ms. Liss reported that other Agency programs are proceeding, including Brownfields, Site Readiness, Community Health Centers – all of which appear on today’s Agenda.

The Conservation Law Foundation, which filed suit last year naming MassDevelopment and its Board members in their professional capacity, among others, and with which the Agency has been attempting to negotiate a settlement, finally served the Agency, formally, yesterday. The Agency and its Board are represented by counsel in this matter.

Ms. Liss was pleased to announce that MassDevelopment received $30 million more in Volume Cap than it used last year. She also noted that the Agency’s budget process for FY2020 will kick off soon.

In Devens, Ms. Liss advised that the rezoning of Vicksburg Square is anticipated to go to a Super Town Meeting in June; public information meetings have already taken place and more are scheduled. Additional meetings are taking place with residents and the Devens Enterprise Commission regarding certain traffic issues and the results of a related traffic study. Ongoing discussion with Devens stakeholders also includes ultimate jurisdiction, as directed by the Devens enabling legislation that lays out a process for final long-term governance.

Finally, Ms. Liss reported that the Agency remains involved in discussions regarding Joint Base Cape Cod (“JBCC”) and the water and wastewater treatment facilities located on JBCC, currently owned and operated by the U.S. National Guard. At a recent meeting, the National Guard reported that while it had been in exclusive negotiations with a Wampanoag Indian Tribe concerning a related community development center, these negotiations have terminated. In addition, it was reported that the five surrounding towns are not interested in taking the water supply.

**GENERAL**

**3. Finance Programs Update: FY2019 Finance Programs Closed Transactions (1st and 2nd Quarters)**. Ms. Canter confirmed her recent update about bond revenues being down for the year, advising that $5.4 in bond revenues is more like the “new normal.” She called attention to the Closed Transactions Report, noting 14 loans have closed so far this year, exceeding budget. She noted loan repayments are up (five unanticipated loans repaid) and advised that big swings in numbers can be caused by a single loan. Mr. Morales wanted to know if there were any changes to the mix of loans and Ms. Canter said there were no significant changes. The Finance Programs Closed Transactions Report is attached and made a part of the minutes of this meeting. There was no further discussion of this Report.

**4. VOTE – $2,000,000 Grant to Massachusetts Manufacturing Extension Partnership, Inc. (“MassMEP”)**

Mr. Gerlin briefly described this request for approval to issue a grant in the amount of $2 million to MassMEP, noting that approximately $1.4 million will come from the Advanced Manufacturing Futures Fund (a good use for its remaining funds, thereby closing this Fund and satisfying one of its statutory directives) and the balance will come from the General Fund. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the $2,000,000 grant to MassMEP, as outlined in the memorandum and vote dated February 14, 2019, that are attached and made a part of the minutes of this meeting.

**5. VOTE – Contract Extensions with Technology Partnership Group, Inc. (“TPG”) and ADP, Inc.**

Mr. Gerlin briefly described this request for approval to extend two contracts: the first is for payroll services with ADP, Inc.; and the second is for a web-based loan management system as well as a customer relationship management application with TPG. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the contract extensions with ADP, Inc. and TPG, as outlined in the memorandum and vote dated February 14, 2019, that are attached and made a part of the minutes of this meeting.

**6. CFO Update: Six-Month Agency Financial Update**. Mr. Gerlin then presented a review of the Agency’s finances for the six month period ended December 31, 2018, including: revenue and expenses; a discussion of “new normal” numbers following three very strong years; economic trends for non-profits versus for profits; run-rate issues; advanced refinancings; the unpredictability of projections (commenting on the five loans that repaid unexpectedly); external funding; investment income; status of the New Markets Tax Credits application; the impact of the General Electric (“GE”) project on the Agency’s budget overall; and more. He confirmed the Agency is comfortable with its loan portfolio, and is always bottom-line focused. He said the actual budget (for FY2020) will be presented in June for approval. The Financial Update presentation is attached and made a part of the minutes of this meeting. There was no further discussion of this presentation.

**STRATEGIC PLANNING**

**7. Annual Business Plan (FY2019)**. For informational purposes only, the summary of the Agency’s Strategic Themes and Business Plan Goals is attached and made a part of the minutes of this meeting. No discussion of this item took place.

**8. FY2019 Mid-Year Agency Performance Report**. For informational purposes, the Mid-Year Performance Report is attached and made a part of the minutes of this meeting. Mr. McGrail acknowledged the level of details throughout, in particular, the high level summary (p. 8 of the presentation). With respect to Access to Capital, he noted this is a “moment in time” versus a “year over year” analysis, and job numbers are driven by large projects. Mr. McGrail reported the Agency is behind where it planned to be with respect to the State Piers, but Regional Development Sites are on target.

**MARKETING / Communications**

**9.** **Media Report (January 2019)**. For informational purposes only, the Selected Press Clips, Media Report, and Web Statistics for the previous month are attached and made a part of the minutes of this meeting. No discussion of these items took place.

**BOND TRANSACTIONS**

**10. Bond Detail Memorandum**. For informational purposes, the Bond Memorandum and Summary are attached and made a part of the minutes of this meeting. Mr. Chilton confirmed there are no changes to the February Board materials.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 11 – 17, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Action Approval**

**Official Action Projects with Volume Cap Requests**

**11.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Roosevelt Towers Family LLC, in Cambridge, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $25,600,000.

**12.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Peace Properties, Inc., in Boston (East Boston), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $11,500,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**13.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the revised resolution that is attached and made a part of these minutes regarding:

a project of VinFen Corporation, in numerous locations in Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and/or Taxable Bond(s) to finance such project in an amount not to exceed $42,900,000.

**14.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of The Skating Club of Boston, in Norwood, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $25,000,000.

**15.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the Official Action / Final Approval resolution that is attached and made a part of these minutes regarding:

a project of Governor Dummer Academy, in Byfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $23,500,000.

**16.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Coastline Elderly Services, Inc., in New Bedford, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $5,030,000.

**17.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Hampden Charter School of Science West, in West Springfield, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $4,350,000.

**Standing Board Committee Reports**

***Origination & Credit Committee***

The Origination & Credit Committee did not meet this month.

**Lending**

**18. Delegated Authority Report for Loan Approvals (December 2018)**. For informational purposes only, the Delegated Authority Report regarding Loan Approvals is attached and made a part of the minutes of this meeting. No discussion of the Report took place.

**19. VOTE – First Light Diagnostics, Inc. (Chelmsford) – $2,500,000 Emerging Technology Fund (“ETF”) Term Working Capital Loan**

Mr. Kenney described this request for a $2.5 million ETF loan to support the salaries of new full-time First Light employees, as well as growth of the company, which has developed a testing platform that rapidly determines the type of and appropriate therapy to treat more than 200 types of pathogens. The so-called “multipath analyzer” can make a diagnosis in 2 – 4 hours versus current methods that can take 2 – 4 days. Clinical trials are ongoing and the company expects FDA approval for the device by year-end. Mr. Kenney advised this transaction involves a typical structure for a Leverage Term Loan from the ETF. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the $2,500,000 ETF Loan to First Light Diagnostics, Inc., as outlined in the memorandum and vote dated February 14, 2019, that are attached and part of the minutes of this meeting.

**20. VOTE – Northgate Meadows, LLC (Leominster) – $5,000,000 Construction to Permanent Real Estate Loan**

Mr. Angel described this request for a $5 million participation with Fidelity Bank in an approximately $13 million loan for the Phase I development of a 72 unit Chapter 40B market rate and affordable rental housing project in Sterling, Massachusetts; Phase II will be developed in the future into 86 townhouse-style condominium units. Mr. Angel noted the developer – J. Whitney Development LLC, with whom the Agency has worked in the past and maintains a good relationship – has an excellent track record and is known for high quality projects. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the $5,000,000 Loan to Northgate Meadows, LLC, as outlined in the memorandum and vote dated February 14, 2019, that are attached and part of the minutes of this meeting.

**21. VOTE – Brownfields Redevelopment Fund – Brownfields Capital Budget Recoverable Grants**

Mr. Calnan described this request to approve ten FY2019 Brownfields applications, totaling $2,562,430, as well as a priority project designation for a site/project in Fitchburg. He noted these are hard to develop sites that will add definition to the Brownfields pipeline. Mr. Calnan described the history of this round of competitive solicitations, which he noted opened in October 2018, and he advised that fourteen applications were received. He confirmed that staff will continue to work with the four applicants not chosen, and these four projects will remain in the pipeline. He called attention to certain repayment provisions under the guidelines, noting that partial or full repayment of certain projects could occur. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves ten grant awards to FY2019 Brownfields Redevelopment Fund applications, as outlined in the memorandum and vote dated February 14, 2019, that are attached and part of the minutes of this meeting.

**22. VOTE – MassDevelopment/HEFA Trust – Community Health Center Grants, 2019 Round – Grant Awards**

Ms. Ingram described this request to recommend that the Trustees of the MassDevelopment/HEFA Trust approve ten grants, totaling $483,924, to be made out of the Community Health Center Grant program for FY2019. Ms. Ingram described the application process, evaluation criteria, and results, noting this is an important program for Community Health Centers around the Commonwealth, often used for much needed deferred maintenance issues, etc. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment recommends that the Trustees of the MassDevelopment/HEFA Trust approve ten Community Health Center grants for FY2019, totaling $483,924, as outlined in the memorandum and vote dated February 14, 2019, that are attached and part of the minutes of this meeting.

***Real Estate Development & Operations Committee***

The Real Estate Development & Operations Committee met on Tuesday, February 12, 2019.

**23. Minutes of Prior Meeting**. For informational purposes only, the minutes of the January 8, 2019 Real Estate Development & Operations Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**24. Devens and Devens Environmental Updates**. For informational purposes only, the Devens Updates are attached and made a part of the minutes of this meeting. There was no discussion of these Updates.

**25. VOTE – Site Readiness Program – Approval of FY2019 Program Awards (excluding land acquisition applications)**

Mr. Starzec described this request to approve 7 grant awards totaling $1,286,250 (including administration and management costs totaling $61,250), as follows: *15 Broad Street Demolition* (***Hudson***): $400,000; *Route 138 Corridor Study* (***Canton***): $75,000; *Upper Hilldale Industrial Park Expansion* (***Haverhill***): $50,000; *Riverfront Business Park Roadway Design* (***Freetown***): $150,000; *Good Samaritan Life Science Center Urban Renewal Plan* (***Brockton***): $150,000; *I-91 Industrial Park Expansion Roadway Design* (***Greenfield***): $250,000; and *Turnpike Industrial Park Final EIR* (***Westfield***): $150,000. Mr. Starzec advised that the owner in the Haverhill project will not agree to pay back any recoverable grant proceeds, but the City has agreed to do so; therefore, a waiver of certain Program guidelines is being also sought on this project. The Site Readiness Program is now in its third year and Mr. Starzec said the quality of applications has improved over time; seventeen applications were received in this round seeking in excess of $4.25 million. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves seven grant awards from the Site Readiness Program for the FY2019 round, as outlined in the memorandum and vote dated February 14, 2019, that are attached and part of the minutes of this meeting.

**26. Statewide Real Estate Projects Updates**. For informational purposes, the Statewide Updates are attached and made a part of the minutes of this meeting. Mr. Henderson advised that the repair project to the northeast corner of the ***New Bedford Pier*** has continued through the winter season. The parties have come to an agreement regarding lease terms, specifically, rent, in connection with ***1550 Main Street, Springfield***.

In ***Devens***, the developers of the next phase of Devens Village Green are on track to close next week. A Super Town Meeting addressing potential rezoning of Vicksburg Square is being targeted for June 10, and informational meetings with regard thereto are ongoing. The Women’s Institute project – affordable senior housing – is well on the way to closing on April 15.

**Miscellaneous: Old Business / New Business**

The Chair asked if there was any new or old business to consider, and there was none.

**Executive Session**

**27. VOTE – Site Readiness Program – Approval of FY2019 Program Awards (land acquisitions only)**

Due to components involving valuation of real property in various Massachusetts communities, and potential purchase and lease terms, the discussion of this item occurred in Executive Session.

**Real Estate Matter – Discussion & Vote**

Due to components involving valuation of real property in Boston, Massachusetts, and potential purchase and lease terms, the discussion of this item occurred in Executive Session.

The Board Secretary advised, at 11:16 a.m., that, pursuant to Mass. General Laws Chapter 23G, Section 2(l), and Chapter 30A, Sections 21 & 22, the Board of Directors of MassDevelopment was going into Executive Session, following a roll call vote, which was taken and unanimously voted in favor, to discuss matters involving valuation of real property in Massachusetts and potential purchase and lease terms, the discussion of which in Open Session would have a detrimental effect on the negotiating position(s) of the Agency. The Board Secretary instructed all persons who are not Board members or staff involved in these matters to leave the room. He noted that the Board will not reconvene in Open Session following Executive Session.

[*Executive Session held*]

There being no further business before the Board of MassDevelopment, the Board Meeting and the Executive Session were adjourned in Executive Session at 12:00 noon.