**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, February 16, 2017**

**9:30 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Jay Ash, Secretary of Housing & Economic Development, Chair

 Brian Kavoogian, Vice Chair

 James Chisholm

 James Blake

 Karen Courtney

 Grace Fey

 Lauren Liss

 Rachel Madden, Designee for Secretary of Administration & Finance

 Juan Carlos Morales

DIRECTORS ABSENT: Patricia McGovern

 Christopher Vincze

Agency Staff: Marty Jones, President and CEO

 Simon Gerlin, Chief Financial Officer

 Patricia DeAngelis, General Counsel and Secretary

 Richard Henderson, EVP, Real Estate

 Laura Canter, EVP, Finance Programs

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Roy Angel

 Deb Boyce

 Sean Calnan

 Rob Carley

 Steve Chilton

 Zach Dovitz

 Zach Greene

 Joe Grivers

 Anne Haynes

 Tonya Ingram

 Dena Kavanagh

 Jim Kenney

 Thatcher Kezer

 RJ McGrail

 Victoria Maguire

 Paul Moran

 Leigh Natola

 Aiden O’Garro

 Meggie Quackenbush

 Deb Rosser

 Simmee Silton

 Mark Sternman

 Larry Wang

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, February 16, 2017, at MassDevelopment’s offices, 99 High Street, 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 9:40 a.m. He asked if there were any guests present and there were none.

**Minutes**

**1. VOICE VOTE – Approval of Minutes (January 12, 2017)**

The Chair asked if there were any comments on the draft Minutes of the January 12, 2017 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 12, 2017 Board Meeting, attached and part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (January 12, 2017)**

Noting that the matters in the January 12, 2017 Executive Session Minutes are not completed matters and, therefore, any comments regarding these Minutes must be made in Executive Session, the Chair asked if there were any questions or comments on these Executive Session Minutes, and there were none. He asked for a vote to approve these Executive Session 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 12, 2017 Board Meeting, attached and part of the minutes of this meeting.

**President/CEO’s Report**

[*Secretary’s Note: At this time, Ms. Quackenbush commenced a video recording of the President’s Report and noted that a link to the recording would be made available to staff on the Agency’s internal Intranet.*]

Commencing her Report, Ms. Jones advised that she and other staff members attended a Boston Chamber breakfast this morning featuring Gov. Baker. She also attended recently an interagency meeting with various housing colleagues to discuss Chapter 40B and what’s happening around the Commonwealth with respect thereto (for example, Brookline). She attended a legislative briefing at the renovated Hanover Theatre in Worcester regarding central Massachusetts and jointly sponsored by MassDevelopment and the Worcester Business Development Corporation. Ms. Jones attended a business/industry day in Lowell hosted by the Massachusetts Military Task Force and MassDevelopment, which included, among others, presentations from Hanscom AFB, the Natick Soldier Systems Center, and members of the National Guard.

As a member of the Urban Land Institute, Ms. Jones participated in a Trustees Meeting in Washington, DC, which featured a panel discussion with Rich Florida and Ed Glazer regarding challenges of small cities and working cities and the need for addressing the prosperity divide in the nation. While in Washington, she also met with staff of Rep. Richard Neal, who chairs the Ways & Means Committee, to discuss projects in the Congressman’s district and prospects for tax reform in the current session. She continues to work with the Advanced Manufacturing Collaborative and advised that Ira Moskowitz will be the guest at AMC’s meeting next month. Ms. Jones stated that MassDevelopment attended a graduation celebration at Valley Venture Mentors in Springfield. The event was the culmination of a program funded by the Advanced Manufacturing Futures Fund. The program provided skills building to the leaders of seven companies employing about 100 people emphasizing entrepreneur skills and strategies for business growth. She made a presentation to a meeting of the Suburban Edge Communities Commission, which focuses on growth communities in the 495/MetroWest area; this meeting took place at Tufts Veterinary School in Grafton. Ms. Jones advised that members of the New Bedford delegation are supportive of the Agency working with the City of New Bedford to convert an 18 hole golf course in New Bedford into a 9 hole golf course and industrial park.

Ms. Jones informed the Board that the Agency has formed an internal Diversity Council, which has already met a few times for some interesting discussions and is hosting a number of brown bag lunches featuring speakers. Finally, she advised that MassDevelopment received another $42,000 in connection with the final bankruptcy settlement involving Evergreen Solar.

[*Secretary’s Note: Ms. Quackenbush terminated the video recording of the President’s Report at this time.*]

[*Secretary’s Note: Ms. Liss arrived at the meeting during the President’s Report (above) at 9:41 a.m.*]

**General Matters**

**3. MassDevelopment FY2017 2nd Quarter Financial Results**. Mr. Gerlin presented highlights of the Agency’s 2nd quarter financials, noting that the biggest impact thereon was the acquisition of two buildings in connection with the General Electric transaction; this created a large increase in MassDevelopment’s fixed assets, but the Agency had to borrow money for the purchase as well. Regarding the Income Statement, he advised that Investment Banking is doing well, and regarding Revenue and Expenses, he noted a spike in interest rates. With respect to Other Income, Mr. Gerlin indicated there had been a significant return in connection with an Emerging Technology Fund (“ETF”) loan, and he pointed out timing issues in connection with Project Expenses. When asked about MassDevelopment’s current headcount, Mr. Gerlin advised the Agency employs about 180 people.

**4. Reference Materials for Bonds and Loans**. For information purposes only, background information regarding the Agency’s Lending and Brownfields delegated authority limits, Risk Rating System, and Bond Fee Schedule are attached and part of the minutes of this meeting. No discussion of these items took place.

***Walk-in*. Electronic Board Book Presentation**. Mr. Gerlin referred to the handout provided today, attached and part of the minutes of this meeting, noting that the current process of distributing hardcopies of Board materials is cumbersome, inefficient, and costly, among other inconveniences. Accordingly, staff has been investigating electronic Board Books and has narrowed the search down to two prospective service providers; the Agency hopes to begin providing Board materials electronically to Board members soon. By way of a legal disclaimer, Ms. DeAngelis informed Board members that any MassDevelopment related documents, including Board materials, that are emailed to a Board member’s (or an Agency employee’s) personal electronic device in a *printable* format subject that device to review in the event that a public records request from a member of the public or a subpoena requests/orders disclosure of the document(s). However, she advised that it is highly unlikely that a Board member’s device would be subject to review because these materials are otherwise available through the Board Secretary. It was noted that any Board members who wish to continue receiving their materials in the current hardcopy format may request to do so, of course.

[*Secretary’s Note: Mr. Morales arrived at the meeting during the presentation (above) at 9:48 a.m.*]

**VOICE VOTES – Committee Appointments**

The Chair advised that Mr. Morales is recommended to be appointed to the following committees: the Audit & Administration and the Compensation Committees, which meet as needed or quarterly; and the Origination & Credit and the Manufacturing & Defense Sectors Committees, which meet monthly. In addition, Ms. Fey is recommended to be appointed to the Origination & Credit Committee. Accordingly, the Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment appoints Mr. Morales to the Audit & Administration, Compensation, Origination & Credit, and Manufacturing & Defense Sectors Committees and appoints Ms. Fey to the Origination & Credit Committee.

**VOICE VOTE – ETF Advisory Committee Appointment**

It was noted that the MassDevelopment Board appoints a member to serve as its representative on the ETF Advisory Committee, and Mr. Morales has volunteered to serve in this capacity. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment appoints Mr. Morales to serve as its representative on the ETF Advisory Committee.

Noting, further, that the Origination & Credit Committee on Tuesday appointed Mr. Blake to serve as its Chair and the Manufacturing & Defense Sectors Committee appointed Mr. Chisholm to serve as its Chair, the Chair congratulated these Board members on the appointments noted above, and he thanked them all for their service.

**Strategic Planning**

**5. MassDevelopment FY2017 Strategic Themes and Business Plan Goals**. For information purposes only, the summary of the Agency’s Strategic Themes and Business Plan Goals is attached and part of the minutes of this meeting. No discussion of this item took place.

**MARKETING / Communications**

**6.** **Media Report (January 2017)**. For information purposes only, the Selected Press Clips, Media Report, and Web Statistics for the prior month are attached and part of the minutes of this meeting. No discussion of these items took place.

**Bond Transactions**

**7. Bond Detail Memorandum**. For information purposes only, the Bond Memorandum is attached and part of the minutes of this meeting. There was no discussion of this item.

The Chair then asked if there were any recusals on the upcoming bond votes, and Ms. Liss disclosed to the Board that the law firm of Rubin and Rudman, of which she is a partner, represents Suffolk University (Tab 11) in other matters and, therefore, she will recuse herself from any discussion, deliberation, and vote on that bond issuance and leave the room during the deliberation and vote on that matter.

The Chair advised that the Board would vote on the approvals and findings for the matters in Tabs 8 – 18, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Action Approvals**

**Official Action Projects without Volume Cap Request**

**8.** 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 attached and part of these minutes regarding:

a project of Edgewood Retirement Community, Inc., in North Andover, Massachusetts, for the issuance of a Tax-Exempt Non-Profit Housing Bond to finance such project in an amount not to exceed $57,900,000.

**9.** Ms. Courtney asked if the Appalachian Mountain Club owns its existing space at 5 Joy Street (Beacon Hill), Boston, which it has outgrown, and Mr. Morales answered affirmatively. 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 attached and part of these minutes regarding:

a project of the Appalachian Mountain Club, in Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $7,000,000.

**10.** 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 attached and part of these minutes regarding:

a project of Argosy Collegiate Charter School Foundation Incorporated, in Fall River, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $3,560,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**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 Official Action / Final Approval (“OA/FA”) resolutions attached and part of these minutes regarding:

a project of Suffolk University, in Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt and Taxable Bond to finance such project in an amount not to exceed $345,000,000.

[*Secretary’s Note: Having recused herself from this matter, Ms. Liss left the room and did not participate in any discussion, deliberation, or vote on this matter. She returned to the meeting room after completion of the above vote.*]

**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 OA/FA resolutions attached and part of these minutes regarding:

a project of Merrimack College, in North Andover, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $30,000,000.

**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 attached and part of these minutes regarding:

a project of Covenant Health, Inc., in several Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $16,000,000.

**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 OA/FA resolutions attached and part of these minutes regarding:

a project of Lowell Catholic High School, Inc., in Lowell, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $10,650,000.

**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 resolution attached and part of these minutes regarding:

a project of Foxborough Regional Charter School in Foxborough, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $10,000,000.

**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 OA/FA resolutions attached and part of these minutes regarding:

a project of The Sizer Foundation, Inc., in Devens, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $3,000,000.

**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 OA/FA resolutions attached and part of these minutes regarding:

a project of Child & Family Services, Inc. and 1843 Corporation, in New Bedford, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $2,900,000.

**18.** 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 OA/FA resolutions attached and part of these minutes regarding:

a project of The Somerville Community Corporation, Inc., in Somerville, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $1,125,000.

**Standing Board Committee Reports**

***Manufacturing & Defense Sectors Committee***

Noting that at its meeting he was appointed to Chair this Committee, Mr. Chisholm advised that the Committee met briefly on Tuesday, February 14, 2017 for an abbreviated discussion of the Advanced Manufacturing Collaborative and military operations. There were no votes on the Committee’s agenda.

***Origination & Credit Committee***

It was reported that the Committee met on Tuesday, February 14, 2017.

**19. Minutes of Prior Meeting**. For information purposes only, the minutes of the January 10, 2017 Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**20. Delegated Authority Report for Loan Approvals (December 2016)**. For information purposes only, the Delegated Authority Report regarding Loans is attached and part of the minutes of this meeting. No discussion of the Report took place.

**21. Minutes of Charter School Loan Guarantee Fund Advisory Board Meeting**. For information purposes only, the minutes of the July 12, 2016 Charter School Loan Guarantee Fund Advisory Board Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**22. VOTE – Springfield Redevelopment Authority (Union Station, Springfield) – Update on Bank Participant and Sources/Uses**

Ms. Rosser described this request for approval of loan amendments, including the replacement of a previous financing partner (The Life Initiative) with new participant partners (Freedom Credit Union – a Springfield based credit union, and Berkshire Bank), as well as a reduction in the amounts to be remitted in the first two years of the loan. Union Station has been closed since the 1970s, but has been undergoing redevelopment and rehabilitation for many years. The project is nearing completion and operations in connection with the train station are expected to begin in early 2017, with office space opening at a later date. Loan proceeds will be used for tenant improvements for the commercial space projected to be leased, which is in addition to and not part of the overall improvements to Union Station. 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 loan amendments noted above regarding loan(s) to the Springfield Redevelopment Authority in connection with Union Station, subject to the terms of the memorandum and vote dated February 16, 2017, attached and part of the minutes of this meeting.

**23. VOTE – Amastan Technologies LLC (North Andover) – $2,000,000 ETF Loan**

Mr. Kenney described this request for an ETF loan to support capital equipment acquisition associated with initial system builds for rapid material process development and enhancements for larger continuous volume production. Referring to this disruptive manufacturing process and commenting that it is a “game changer,” Mr. Kenney described the high heat plasma reduction system being developed by Amastan, which takes raw material and converts it to a useable product through a shortened production cycle and at substantially reduced costs. Mr. Kenney described certain terms of this transaction, noting also that it has a typical structure for an EFT deal associated with advanced manufacturing. 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 ETF loan up to $2,000,000 to Amastan Technologies LLC, subject to the terms of the memorandum and vote dated February 16, 2017, attached and part of the minutes of this meeting.

**24. VOTE – ModuForm, Inc. (Fitchburg) – Renewal of $500,000 Working Capital Guarantee**

Mr. Angel briefly described this request to renew a $500,000 working capital guarantee through December 31, 2018, which will support and enhance ModuForm, Inc.’s access to additional working capital under its expanded borrowing base formula under a $6 million line of credit with People’s United Bank. Mr. Angel briefly described certain terms of this transaction, noting too the history of this family owned and operated furniture manufacturing company, which employs 80 people. 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 request to renew a $500,000 Working Capital Guarantee, as outlined in the memorandum and vote dated February 16, 2017, attached and part of the minutes of this meeting.

**Community Development**

**25. VOTE – MassDevelopment/HEFA Trust: Community Health Center Grants, 2016 Round – Grant Awards**

Mr. Calnan described this request for approval and recommendation to the Trustees of the MassDevelopment/HEFA Trust of 11 grants totaling $496,604 (as identified on Exhibit A to the memorandum) to be made to Community Health Centers in FY2017 under the Community Health Centers Grant Program, noting this is an annual request that arose out of the 2010 merger between MassDevelopment and the Massachusetts Health & Educational Facilities Authority (HEFA). He briefly described the application and selection process, noting that 28 Community Health Centers in Massachusetts submitted applications, and he thanked staff, specifically Ms. Ingram, for their efforts and hard work. 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 and recommends to the Trustees of the MassDevelopment/HEFA Trust the 11 grants totaling $496,604 to be made to Community Health Centers under the Community Health Centers Grant Program in FY2017, as outlined in the memorandum and vote dated February 16, 2017, attached and part of the minutes of this meeting.

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

Mr. Kavoogian reported that the Committee met on Tuesday, February 14, 2017, where it held discussions and at which an in-depth review of the Real Estate Portfolio occurred; there were no votes on the Committee’s agenda.

**26. Minutes of Prior Meeting**. For information purposes only, the minutes of the January 10, 2017 Real Estate Development & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

**27. Devens and Devens Environmental Updates**. For information purposes only, the Devens and Devens Environmental Updates are attached and part of the minutes of this meeting. No discussion of the Updates took place.

**28. Statewide Real Estate Projects Updates**. For information purposes, the Statewide Updates are attached and part of the minutes of this meeting. Mr. Henderson referred to the Portfolio Review presentation that took place on Tuesday and stated that details thereof can be found in Tab 29. He noted that the ***Site Readiness Program*** is about to launch through an online, interactive process. He advised of a recent site visit to the Myles Standish Industrial Park expansion project in ***Taunton*** and noted that MassHistoric has advised it will allow MassDevelopment to apply for historic tax credits in connection with the state school project in ***Belchertown***. In ***Devens***, he mentioned ongoing discussions regarding the establishment of a regional shuttle service, and he noted that a unit in Emerson Green recently sold for $600,000+. Ms. Jones advised there may exist in Devens an opportunity regarding home ownership and veterans home mortgage programs offered by MassHousing and that a brainstorming meeting is scheduled. With respect to Municipal Services, Mr. Henderson referred to the anticipated transfer of a site in ***Grafton*** from DCAMM to the Agency, noting that staff will begin to work to obtain appropriate zoning and permits; he referred to new real estate services projects in ***Gardner*** and ***Malden***, and noted staff participated recently in a Technical Assistance Panel (TAP) in ***Quincy*** with Urban Land Institute regarding code upgrades.

[*Secretary’s Note: Mr. Blake arrived at the meeting during the above presentation at 10:26 a.m.*]

**29. Real Estate Portfolio (December 2016)**. For information purposes only, the Real Estate Portfolio (as of December 31, 2016) is attached and part of the minutes of this meeting. No discussion of the Portfolio took place. Mr. Henderson noted that this Portfolio review occurs every six months.

Noting that the business portion of this Board meeting is complete, the Chair suspended the meeting at 10:30 a.m. for a short break until commencement of the strategy session at 10:40 a.m.