**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, May 9, 2019**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Tim McGourthy, Deputy Secy. of Housing & Economic Development, Acting Chair

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 James Chisholm

 Karen Courtney

 Grace Fey

 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

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Graeme Brown

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Tony Fracasso

 Kate Fraser

 Zach Greene

 Dena Kavanagh

 Jim Kenney

 Will Kidston

 Noah Koretz

 Julia Shimano Kuramochi, Intern

 Andrew Levine

 Alejandro Lopez

 RJ McGrail

 Dan Morais

 Lillian Munoz

 Leigh Natola

 Jan Nuzzolo

 Doug Robinson

 Kelsey Schiller

 Jessica Strunkin

 Cyndy Tonucci

 Ellen Torres

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, May 9, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Acting Chair welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:05 a.m. He asked if there were any guests in attendance and, if so, to please introduce themselves; there were no guests present.

**MINUTES**

**1. VOICE VOTE – Meeting Minutes (April 11, 2019)**

The Acting Chair asked if there were any comments on the draft minutes of the April 11, 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 April 11, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (April 11, 2019)**

The Acting Chair stated if there are any comments on the draft Executive Session Minutes of the April 11, 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 April 11, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss reported that staff is deep in the annual budget process; a vote on the FY2020 budget will come before the Board in June. The Agency’s strategy is to “level fund” its deficits from last year. She advised that, among other factors impacting the Agency’s finances, MassDevelopment did not receive a New Markets Tax Allocation in this year’s round of funding, and it took on the management of the New Bedford and Fall River State Piers. The Agency has begun to supply bottled water to customers in Devens in response to a notice from the Massachusetts Department of Environmental Protection (“DEP”) regarding potential health effects from contamination of drinking water supplies by a group of chemicals known as PFAS. The Agency will continue bottled water supplies until treatment facilities can be installed by the end of the calendar year. As the result of a recent series of requests for proposals, Blum, Shapiro & Co., P.C., has been selected and has actually begun an evaluation of the Agency’s risk management and will soon conduct a capital needs assessment, as well as a review of MassDevelopment’s Information Technology needs.

With respect to personnel, Ms. Liss stated that a new Sr. VP, Real Estate will begin at the end of May. Noting challenges in the recruiting environment, she advised that staff is still seeking a Human Resources Director.

**STRATEGIC PLANNING**

**3. 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.

**MARKETING / Communications**

**4.** **Media Report (April 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.

**Finance programs**

**Updates from Chief Financial Officer and Executive Vice President, Finance Programs**. Ms. Canter provided a brief overview of Finance Programs, noting there is a heavy pipeline of about 20 projects working toward closure by fiscal year-end (i.e., June 30). Staff anticipates a record-breaking year of about $62 million in direct lending and guarantees. Bond closings are down, however, as expected because of a dearth of larger projects plus, as Ms. Canter pointed out, many “smaller deals” are using conventional bank financing. Finally, she noted that three of the “top ten” bootstrapped technology companies have received Emerging Technology Fund loans from MassDevelopment. Mr. Gerlin reiterated what Ms. Liss advised in her President’s Report that staff is knee deep in the budget process, with one more round of reviews commencing. Particular attention is being given to examining General Fund cash, which has increased due to numerous pre-payments this fiscal year.

**BOND TRANSACTIONS**

**5. 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 advised of a change to the bond issuance for Chelsea Jewish Lifecare, Inc. in Chelsea, Peabody, and Swampscott (Tab 9), noting a revised resolution has been provided today; a borrower is being removed from the transaction.

The Acting Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 6 – 13, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Actions**

**Official Action Projects without Volume Cap Requests**

**6.** 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 Sunshine Village, Inc., in Agawam, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $1,220,000.

**Official Action Projects with Volume Cap Requests**

**7.** 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 137 Amory LLC, in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $15,560,000.

**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 that is attached and made a part of these minutes regarding:

a project of Atlantic Gardens, LLC, in Quincy, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $5,400,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**9.** 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”) resolution that is attached and made a part of these minutes regarding:

a project of Chelsea Jewish Lifecare, Inc., in Chelsea, Peabody, and Swampscott, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $57,000,000.

**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 OA/FA resolution that is attached and made a part of these minutes regarding:

a project of Young Men’s Christian Association of the North Shore, Inc., in Gloucester, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $16,000,000.

**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 OA/FA resolution that is attached and made a part of these minutes regarding:

a project of The Chestnut Hill School, in Newton (Chestnut Hill), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $7,600,000.

**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 revised resolution (provided today) that is attached and made a part of these minutes regarding:

a project of Lyman Terrace Phase II LLC, in Holyoke, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $23,393,000.

[*Secretary’s Note: Ms. Courtney advised the Board that she is involved in a challenge to the procurement process undertaken by the developer in connection with the Lyman Terrace project (above). Ms. Courtney, therefore, recused herself from the consideration of this matter; she left the room and did not participate in any discussion, deliberation, or vote on the matter. She returned to the meeting room after completion of the above vote.*]

**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 resolution that is attached and made a part of these minutes regarding:

a project of Historic Riviera LLC, in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $5,500,000.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Mr. Attia reported that the Audit & Administration Committee met this morning with the Agency’s Auditors and it was agreed to proceed with the Auditors’ Plan; an engagement letter will be executed to this effect.

**14. Minutes of Prior Meeting**. For informational purposes only, the minutes of the April 11, 2018 Audit & Administration Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

***Origination & Credit Committee***

Mr. Kavoogian reported that the Origination & Credit Committee met on Tuesday, May 7, 2019.

**15. Minutes of Prior Meeting**. For informational purposes only, the minutes of the April 9, 2019 Origination & Credit Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**16. Delegated Authority Report for Loan Approvals (March 2019)**. 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.

**17. VOTE – Algorex Health Technologies LLC (Boston) – $1,250,000 Emerging Technology Fund (“ETF”) Loan**

Mr. Kenney described this request for a $1.25 million ETF Loan to support the growth of this healthcare and analytics company and the salaries of new full-time employees (specifically, account managers). Algorex provides proprietary data science through subscription service plans that assist health systems’ revenue maximizations and/or cost reduction efforts and increase efficiency across social service functions within the subscriber organization. Simply stated, Algorex scrubs the data, then applies certain algorithms thereto, and generates a report for the client organization. These algorithms – covering five areas, including: individual factors; social/environmental; engagement and administration; clinical risk; and coverage and eligibility – provide feedback to the health organization, which it then uses to inform recommendations regarding behavioral changes to increase the quality of life of its patients. The Acting 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 $1,250,000 ETF Loan to Algorex Health Technologies LLC, as outlined in the memorandum and vote dated May 9, 2019, that are attached and part of the minutes of this meeting.

**Community Development**

**18. Delegated Authority Report for Community Development Approvals (March 2019)**. For informational purposes only, the Delegated Authority Report regarding Community Development Approvals is attached and made a part of the minutes of this meeting. No discussion of the Report took place.

**19. Approved Minutes of Cultural Facilities Fund (“CFF”) Advisory Committee Meeting (September 25, 2018)**. For informational purposes, the approved minutes of the September 25, 2018 CFF Advisory Committee Meeting are attached and made a part of the minutes of this meeting. There was no discussion of these Minutes.

**20. VOTE – CFF Grant Awards – Spring 2019 Round**

Reminding the Board that the Agency oversees this Fund and, more or less, simply blesses the decisions made by the CFF Advisory Committee, Ms. Munoz briefly described this request to approve 93 grants (of the 155 total applications received), as recommended by the CFF Advisory Committee in April, based on a selection process and guidelines for the current Round that were approved by the MassDevelopment Board in October 2018. If approved today, these grants will become part of the 963 grant awards in the program since its inception in 2007, totaling more than $119,500,000.

The Acting Chair asked if there were any recusals on the upcoming grant awards, and Ms. Fey noted she sat on the Board of Trustees for the Institute of Contemporary Art several years ago and, therefore, she will recuse herself from any discussion, deliberation, and vote on that proposed grant award and leave the room during the deliberation and vote on that matter. Accordingly, the Acting Chair asked for a vote on the remaining proposed 92 grants set forth in the vote in the Board materials for which there are no recusals and, upon motion duly made and seconded, the directors present, it was, unanimously

**VOTED:** That the Board approves the recommendations of the CFF Advisory Group and awards grants to 92 Applicants, as outlined in the memorandum and vote dated May 9, 2019, that are attached to and part of the minutes of this meeting, without voting at this time on the grant for the Institute of Contemporary Art.

Ms. Fey then left the room and there being no further deliberation, upon motion duly made and seconded, the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the recommendation of the CFF Advisory Group and awards a grant to the Institute of Contemporary Art, as outlined in the memorandum and vote dated May 9, 2019, that are attached to and part of the minutes of this meeting.

[*Secretary’s Note: Having recused herself from the grant to the Institute of Contemporary Art, Ms. Fey left the room and did not participate in any discussion, deliberation, or vote on that matter. She returned to the meeting room upon completion of the above vote.]*

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

The Real Estate Development & Operations Committee met on Tuesday, May 7, 2019.

**21. Devens and Devens Environmental Updates**. For informational purposes, the Devens Updates are attached and made a part of the minutes of this meeting. With regard to recent and ongoing water issues, Ms. Strunken reported that the Devens Water Division is putting measures in place in response to anticipated new guidelines from the Massachusetts DEP regarding Per- and Polyfluoroalkyl Substances commonly referred to as PFAS. She advised that all Devens water customers have been informed of the situation and that delivery of bottled water is underway and proceeding smoothly. Indeed, there is a favorable story in the *Harvard Press* today about these circumstances and the response(s) thereto.

In other Devens news, Ms. Strunken advised that the Super Town Meeting previously scheduled for June 10 – for a vote on potential rezoning of Vicksburg Square – has been postponed until at least the fall; meanwhile, staff is taking a closer look at feedback and concerns voiced by residents and others in connection with this effort. There has been a noticeable reduction in traffic in the Auman Street neighborhood stemming from a recent traffic study, a good meeting with residents on May 7, and mitigating efforts put in place by staff. Finally, a substantial amount of filming is going on in Devens at New England Studios.

**22. VOTE – Contract for Patton Road Sidewalk Project**

This item was removed from consideration today with no discussion thereof.

**23. VOTE – Transformative Development Initiative (“TDI”) – Strategic Update and New Districts Request**

In a lengthy presentation with much discussion, Mr. Koretz updated the Board on current, active TDI Districts and projects, early investments into the Program, success stories, and more. He described the request for approval of additional TDI Districts in accordance with previously approved TDI Program Guidelines, as well as the request to amend the TDI legislation. It was noted that the vote before the Board today also requests approval and authorization to restrict up to $500,000 of the Agency’s General Fund over the next two years ($250,000 per year, subject to Commonwealth reimbursement) to close an identified gap in funding. Mr. Koretz explained the difficulties in deploying certain investments, as well as structural issues and restrictions resulting from the Program’s legislation, as enacted. He described the suggested amendment to the existing legislation, stating the new language will give more flexibility to the Program and address certain timing and other issues. Noting that the Real Estate & Operations Committee had on Tuesday requested a general breakdown of where and how the funds in the overall TDI Program are being expended, Mr. Koretz called attention to the spreadsheet provided, that is attached and part of the minutes of this meeting. After discussion, the Acting 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 (i) approves the new or renewed TDI Districts and TDI Affiliates (as these terms are identified in the Program Guidelines); (ii) authorizes staff to take the necessary steps to amend the Program’s statutory language; and (iii) authorizes the restriction of $500,000 of the Agency’s General Fund over the next two years ($250,000 per year, subject to Commonwealth reimbursement) to close an identified funding gap, all as outlined in the presentation and vote dated May 9, 2019, that are attached and part of the minutes of this meeting.

**24. VOTE – TDI – Local Small Business Acceleration Grant Program Awards**

Mr. Levine briefly described this request to approve $270,000 in grant awards for small business acceleration through the TDI Local Program (in this third year of the Program) in TDI Districts in Brockton, Chelsea, Fitchburg, Lawrence, New Bedford, Pittsfield, and Worcester, noting that the memorandum describes how the Program works and where and how the dollars will be spent. the Acting 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 TDI Local Small Business Acceleration Grants in seven TDI Districts, as outlined in the memorandum and vote dated May 9, 2019, that are attached and part of the minutes of this meeting.

**25. Statewide Real Estate Projects Updates**. For informational purposes only, the Statewide Updates are attached and made a part of the minutes of this meeting. There was no discussion of the Updates.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**Litigation Matter / Real Estate Matter**

The Board Secretary advised, at 11:07 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 a litigation matter and a real estate matter, the discussion of either 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 11:34 a.m.