**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**(*conducted entirely by Remote Participation*)**

**Thursday, June 11, 2020**

**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

 James Chisholm

 Joan Corey

 Francesca Maltese

 Juan Carlos Morales

 Kristina Spillane

 Christopher Vincze

 Ellen Zane

DIRECTORS ABSENT: James Blake

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, Deputy Director and COO

 Ricks Frazier, General Counsel and Secretary

 Simon Gerlin, Chief Financial Officer

 Jeff Fuhrer, Chief Strategy Officer

 Laura Canter, EVP, Finance Programs

 Cassandra McKenzie, EVP, Real Estate

 Jessica Strunkin, EVP, Devens

 Dena Kavanagh, Deputy General Counsel

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

Kelly Arvidson

Graeme Brown

Denise Callow

Sean Calnan

Robert Carley

Steve Chilton

Laura Christopher

Mike Galligan

Nick Giaquinto

Zach Greene

Amanda Gregoire

Greer Hamilton, Summer Intern

Roy Herzig

Julian Huertas, Summer Intern

Lisa Kalinowski

William Kidston

Noah Koretz

Andrew Levine

Christine Madore

Jim Moore

Leigh Natola

Claire O'Neill

Rick Pass

Christine Peterson, Summer Intern

Doug Robinson

Kelsey Schiller

Bob Seega

Pat Sluder

Ed Starzec

Rebecca Sullivan

Cythnia Tonucci

Benny Wong

Guests: None

A Meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, June 11, 2020, by Remote Participation (See Secretary’s Note, below), pursuant to notice duly given.

The Chair welcomed everyone and, confirming the presence of a quorum on the videoconference, he called the meeting to order at 10:01 a.m. The Chair welcomed everyone and immediately introduced the newest member of the MassDevelopment Board, Joan Corey. He said Ms. Corey is currently the Business Agent for the Teamster’s Local 25 in Boston. She joined the Teamster’s board in 2012 after 15 years as an appraiser and assessor for the City of Woburn.

[*Secretary’s Note: It was noted that this Board Meeting was taking place entirely remotely – via videoconference – due to emergency procedures in connection with the COVID-19 pandemic (see Gov. Baker’s Declaration of a State of Emergency, dated March 10, 2020, and subsequent Order Suspending Certain Provisions of the Open Meeting Law, dated March 12, 2020), pursuant to the Agency’s Remote Participation Policy. Access codes for general public use were included in the Public Notice for this meeting.*]

**MINUTES**

**1. VOICE VOTE – Meeting Minutes (May 14, 2020)**

The Chair asked if there were any comments on the draft minutes of the May 14, 2020 Board meeting, and there were none. He asked for a vote to approve these minutes and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOICE VOTED:** that the Board of Directors of MassDevelopment approves the minutes of its May 14, 2020 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (May 14, 2020)**

The Chair stated if there are any comments on the draft Executive Session Minutes of the May 14, 2020 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 a roll call of the directors on the videoconference, it was, unanimously

**VOICE VOTED:** that the Board of Directors of MassDevelopment approves the Executive Session minutes of its May 14, 2020 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Reiterating the Chair’s comments, Ms. Liss also welcomed Joan Corey to the MassDevelopment Board of Directors, noting this is her first Board meeting. Ms. Liss pointed out that Ms. Corey’s area of expertise is organized labor, and the Agency is pleased to be informed by her wisdom on this topic. She encouraged Ms. Corey and all Directors to ask any questions at any time. In addition, Ms. Liss also welcomed Cassandra McKenzie as MassDevelopment’s new EVP, Real Estate; she also welcomed four summer interns: Westerly Goreyeb and Christine Peterson (from Harvard/Kennedy School of Government); Greer Hamilton (from Boston University); and Julian Huertas (from Harvard University).

With respect to the COVID-19 pandemic, Ms. Liss reported that the Agency has applied for $2.7 million in COVID response assistance. MassDevelopment has approved funding of three projects through the Metropolitan Area Planning Commission – for the municipalities of Quincy, Egremont and Revere – through the emergency Transportation Infrastructure Enhancement Fund under the agreement approved by the Board in late March. The Agency has established a Return to the Office Committee to consider protocols to apply when a formal return to MassDevelopment offices occurs. Ms. Liss advised that working parents seem to be having the most difficulty and suffering the most stress points during the ongoing pandemic, and she offered appreciation for the great job that all the working parents on the Agency’s staff and elsewhere are doing.

Ms. Liss then read an excerpt by Gov. Baker at a recent press conference regarding racism. She advised that MassDevelopment is making efforts to use its resources to address the economic impacts of racial and ethnic discrimination in the Commonwealth. Jeff Fuhrer will spearhead a new Diversity, Equality & Inclusion Committee that will, among other things, work toward molding the Agency into an anti-racist organization.

Finally, Ms. Liss advised that the annual budget process begins in late winter. By the time the COVID-19 pandemic placed everyone in lockdown this year, development of the annual budget numbers had already begun and it was necessary to revise all the projections in order to bring a projected FY2021 budget to the Board for approval today.

**GENERAL**

**3. VOTE – Appointment of Francesca Maltese to the New Markets Tax Credits Advisory Board**

Noting the requirement of an Agency Board member to serve on the New Markets Tax Credits Advisory Board as its representative, Mr. Frazier advised that Ms. Maltese had volunteered. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, except Ms. Maltese who abstained, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment appoints Francesca Maltese as its representative on the New Markets Tax Credits Advisory Board, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**Finance programs**

**Updates from Executive Vice President, Finance Programs**. Ms. Canter noted receipt of only three requests for loan payment deferrals in May, each for additional 30-day extensions of previously approved 60 day deferrals. A total of 31 loans have been given deferrals to date, comprising 14 percent of the General Fund portfolio. Ms. Canter remarked the Agency is beginning to see the effects of the economic downturn. She advised that loan losses could increase in the future, although the Agency has no incentive to foreclose on distressed loans that are otherwise providing jobs or housing. Further, she noted that collateral for 80 percent of the General Fund loan portfolio consists of real estate, and in a downturn those collateral values may be impaired. Staff is closely monitoring the loan portfolios.

**STRATEGIC PLANNING / Budget**

**4. VOICE VOTE – FY2021 Agency Operating and Capital Budget**

Mr. Gerlin called attention to the challenging budget process for FY2021, as presented. He related some history – noting, for example, the sale of 100 Cambridge Street in 2015 and the many uses to which Agency put the sale proceeds in the past five years, including new programs and program expansions.

Stating that the General Fund supports the Agency’s core activities, Mr. Gerlin reminded everyone of MassDevelopment’s $10 million contribution to an emergency fund to assist small businesses at the onset of the COVID-19 pandemic. He later described peaks and valleys of the General Fund Cash Flow spreadsheet and, when Mr. Morales pointed to a 3-year decline in General Fund cash flow, Mr. Gerlin confirmed that he and Jeff Fuhrer are analyzing this trend.

Mr. Gerlin described the impacts of COVID-19 on the Agency’s Profit & Loss statement, noting that revenue from bonds has declined by nearly 40 percent, with reduced interest income of 10 percent. When describing potential long-term impacts of the pandemic, Mr. Gerlin said the Agency is a patient investor, preferring to work with its borrowers than pressure them.

With respect to assumptions, Mr. Gerlin noted that Devens Operations revenue will be increasing. He confirmed there will be some land sales in Devens, but said there are significant capital needs in Devens as well. In addition, he noted that two recent land sales at Village Hill, Northampton, will be realized in FY2021.

With regard to expenses, Mr. Gerlin noted a 7.3 percent increase in salary and fringe, due mainly to the hiring of two high level executives (in FY2020). He also noted that the budget includes a provision for salaries to increase (in FY2021) by a modest 1.6 percent. Among other expenses, Mr. Gerlin called attention to dramatically rising education costs that the Agency paid the Town of Harvard for Devens public school students over the last five years.

A brief discussion identified the need for a structured, deep analysis, including identification and examination of long-term deficits and more, if decline of the General Fund continues, and for a plan in place to stem such decline. Mr. Gerlin advised that a review of such analyses is being planned for the August Board meeting, with updates to follow every 3 – 4 months thereafter.

The Chair asked for a vote to approve the Agency’s proposed FY2021 operating and capital budget and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOICE VOTED:** that the Board of Directors of MassDevelopment approves the Agency’s proposed FY2021 Operating and Capital Budget, as presented and as attached and made a part of the minutes of this meeting.

**MARKETING / Communications**

**5.** **Media Report (May 2020)**. 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**

**6. Bond Detail Memorandum**. For informational purposes, the Bond Memorandum is attached and made a part of the minutes of this meeting. Mr. Chilton stated there are no changes to the materials provided.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 10, 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**

**7.** Upon motion duly made and seconded, by a roll call vote of the directors present on the videoconference, 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 Notre Dame Health Care Center, Inc., in Worcester, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $35,000,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**8.** Upon motion duly made and seconded, by a roll call vote of the directors present on the videoconference, 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 the Trustees of Deerfield Academy, in Deerfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $61,000,000.

**9.** Upon motion duly made and seconded, by a roll call vote of the directors present on the videoconference, 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 Brookline Community Mental Health Center, Inc., in Brookline, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $2,000,000.

**Final Approval Projects with Volume Cap Requests**

**10.** Upon motion duly made and seconded, by a roll call vote of the directors present on the videoconference, 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 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $17,200,000.

**Standing Board Committee Reports**

***Origination & Credit Committee***

Mr. Kavoogian reported that the Origination & Credit Committee met on Tuesday, June 9.

**11. Minutes of Prior Meeting**. For informational purposes only, the minutes of the May 12, 2020 Origination & Credit Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**12. Delegated Authority Report for Loan Approvals (April 2020)**. 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.

**13. VOTE – EB Associates, LLC (Lawrence) – $2,437,500 Real Estate Loan Participation**

Mr. Galligan explained this request to participate with The Savings Bank of Wakefield in a construction to permanent real estate loan to support the purchase and renovation of two adjacent properties in Lawrence that have been vacant for 15 – 20 years into retail units and 35 apartments, including 30 market rate units. Mr. Galligan described the borrower as “experienced with a strong approval,” the loan to value as “reasonable,” and the debt service coverage as “favorable.” The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the loan participation for EB Associates, LLC, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**Community Development**

**14. Delegated Authority Report for Community Development Approvals (April 2020)**. 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.

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

Mr. Kavoogian reported that the Real Estate Development & Operations Committee met on Tuesday, June 9.

**15. Minutes of Prior Meeting**. For informational purposes only, the minutes of the May 12, 2020 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.

**16. VOTE – Devens – FY2021 Water Rate Adjustments**

No presentation was given regarding this request to approve the proposed water utility rate adjustment. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the proposed water utility rate adjustment, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**17. VOTE – Devens – FY2021 Sewer Rate Adjustments**

No presentation was given regarding this request to approve the proposed sewer utility rate adjustment. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the proposed sewer utility rate adjustment, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**18. VOTE – Devens – FY2021 Electric Rate Adjustments**

No presentation was given regarding this request to approve the proposed electric utility rate adjustment. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the proposed electric utility rate adjustment, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**19. VOTE – Devens – Wright-Pierce Contract Increase**

Mr. Moore briefly described this request to approve a $250,000 increase in the Agency’s contract with Wright-Pierce for additional engineering services as needed related to water and wastewater utility systems in FY2021. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the contract increase with Wright-Pierce, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**20. VOTE – Devens – PFAS Filter Vessels Purchase**

Mr. Moore reminded the Board that MassDevelopment’s lease of four filtration vessels from Calgon Corporation for temporary PFAS treatment at the McPherson Well includes an option to purchase those vessels. Mr. Moore recommended that the Agency now exercise the option to purchase. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment authorizes the option to purchase four pressure filtration vessels from Calgon Corporation, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**21. VOTE – Devens – Haley & Aldridge, Inc. Environmental Services Contract**

Mr. Herzig briefly explained this request to enter into an agreement with Haley & Aldrich for environmental support services for a three year period with two option years, at a base value not to exceed $450,000. He reminded everyone of Haley & Aldridge’s long involvement and familiarity with Devens’ extensive environmental and Super Fund issues. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment authorizes the environmental services contract with Haley & Aldridge, Inc., as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**22. VOTE – Devens – P.J. Albert, Inc. Paving Contract Amendment**

Ms. Strunkin briefly described this request to approve the amendment of an existing contract with P.J. Albert, Inc. for road pavement and treatment services, including resurfacing projects scheduled for FY2021, noting that this contract was entered into through a regional bid process (with Shirley, Harvard and Ayer) at significant cost savings. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the paving contract amendment with P.J. Albert, Inc., as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**23. VOTE – Transformative Development Initiative (“TDI”) – Transfer of Funds to MassHousing in Support of Neighborhood Stabilization Initiative**

Mr. Koretz briefly explained this request for approval to transfer $500,000 to the Massachusetts Housing Finance Agency (“MassHousing”) to fund a new Neighborhood Stabilization Initiative, which has been the subject of discussion between the parties for some time. An initial suite of programs for Gateway Cities is already in development. Mr. Koretz advised that $750,000 in TDI funding had already been allocated for this purpose, and the remaining dollars will stay at MassDevelopment to fund a Project Manager position to oversee the program. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the transfer of $500,000 to MassHousing, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**24. VOTE – Commonwealth Places Program – Adjustments to the Use of Funding**

Ms. Christopher described this request for approval to authorize the use of previously-awarded grant funds to address emergency needs related to the COVID-19 pandemic. The grant recipients and amounts of funding have not changed, although the timing and approved uses of funds may change. Ms. Christopher explained that 20 of the 21 grant recipients have applied to move forward with efforts that will align with and support the reopening of their communities. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the funding adjustments for the Commonwealth Places Program, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**25. VOTE – Extension of Contract with Direct Energy Services, LLC, d/b/a Direct Energy**

Mr. Greene briefly described this request for approval to extend for two more years at a discounted rate the existing contract with Direct Energy Services, LLC, d/b/a Direct Energy, for electricity supply acquisition for four properties owned or managed by MassDevelopment. The Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors on the videoconference, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the contract extension with Direct Energy, as outlined in the memorandum and vote dated June 11, 2020, that are attached and made a part of the minutes of this meeting.

**26. Devens and Devens Environmental Updates**. For informational purposes, the Devens Updates are attached and made a part of the minutes of this meeting. Ms. Strunkin reported that Fire Chief Kelly is in contact with all Devens facilities and the surrounding communities to keep informed of COVID-19 cases. Devens DPW revenues continue to decline as recreation events are canceled due to the pandemic. There is a new battalion of Marines at Ft. Devens, which helps the area hotels (as well as the coffee shops, pizza places, dry cleaners, etc.). UMass/Donahue Institute is preparing a 5-year follow-up to its Economic Study of 2015. The draft shows positive numbers, including 1,000 new employees. The Farmers Market is scheduled to reopen in less than two weeks as produce becomes available. The Super Town Meeting scheduled to take place in October to consider the proposed rezoning of Vicksburg Square will be postponed. Recent land sales in Devens are encouraging.

**27. Statewide Real Estate Projects Updates**. For informational purposes, the Statewide Updates are attached and made a part of the minutes of this meeting. Mr. Ruzzo noted the following highlights:

*Carriage Grove, Belchertown*. The demolition contract has been executed and work is proceeding thereunder.

*Emerson Green, Devens*. The developer of this project is in technical default with regard to the construction of a multi-unit apartment building as required under its agreement. Agency staff is considering options for addressing the delay.

*King Street Properties, Devens*. This sale of two parcels is on track to close in July.

*Village Hill, Northampton*. The transfer of a 27-acre parcel of land to The Community Builders as previously negotiated is on schedule, representing the Agency’s last significant such transaction in connection with this project, which began with the transfer of the Northampton State Hospital property to MassDevelopment in 2002.

*Site Readiness Program*. This program continues to move forward.

*Technical Assistance Program*. Staff will be seeking to carry over the timing and/or funding for certain tasks in five projects that cannot be completed during the pandemic.

[*Secretary’s Note: At this time in the meeting the Chair asked for one roll call vote, upon motion duly made and seconded, to approve the following: the minutes (Tabs 1 and 2); the proposed budget (Tab 4); the bond transactions (Tabs 7 through 10); the loan participation request (Tab 13); the Devens matters (Tabs 16 through 22); the transfer of TDI funds to MassHousing (Tab 23); adjustments to the Commonwealth Places Program (Tab 24); and approval of the contract extension with Direct Energy (Tab 25). An individual roll call vote, upon motion duly made and seconded, was taken for the appointment of Ms. Maltese to the New Markets Tax Credits Advisory Committee (Tab 3), due to her abstention therefrom.*]

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**28. VOTE – Devens – Sale of Parcel to Little Leaf Farms, LLC**

Due to components involving the value of real property in Devens, the discussion of this item was reserved for Executive Session.

* **Litigation Matter(s)**

The discussion of this item occurred in Executive Session.

The Chair advised, at 11:13 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, as well as a discussion and vote on a specific real property transactions in Devens. The Chair advised that the Open Meeting portion of the Board meeting would adjourn at this time; Board members and staff involved in the discussion(s) were instructed to remain on the videoconference while everyone else was disconnected. 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 11:17 a.m.