**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, July 12, 2018**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 Karen Courtney

 Juan Carlos Morales

 Christopher Vincze

DIRECTORS ABSENT: James Blake

 James Chisholm

 Grace Fey

 Ellen Zane

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, Senior EVP, Deputy Director, General Counsel, 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

 Kelsey Abbruzzese

 Roy Angel

 Brandon Braxton

 Sean Calnan

 Rob Carley

 Steve Chilton

 Amanda Chisholm

 Zack Dovitz

 Mike Galligan

 Zack Greene

 Dena Kavanagh

 Jon Kelly

 Mike Murphy, Legal Intern

 John Murray

 Leigh Natola

 Jan Nuzzolo

 Aiden O’Garro

 Doug Robinson

 Kelsey Schiller

 Bob Seega

 Simmee Silton

 Ed Starzec

 Cyndy Tonucci

 Jordan Weisenberg, Community Development Intern

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, July 12, 2018, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

The Chair welcomed everyone and, noting the presence of a quorum, he called the meeting to order at 10:05 a.m. He asked if there were any guests and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (June 19, 2018)**

The Chair asked if there were any comments on the draft Minutes of the June 19, 2018 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 June 19, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (June 19, 2018)**

Noting that the matters contained in the June 19, 2018 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 June 19, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss thanked the Board for its approval last month of the Agency’s proposed capital and operating budgets for FY2019, noting that staff is working on Requests for Proposals (“RFP”) for Information Technology, Risk Analysis, and other services.

With regard to Legislation, Ms. Liss advised that the Economic Development Bill is moving forward and MassDevelopment has proposed certain amendments to the Property Assessed Clean Energy (PACE) program that may be included in the Economic Development Bill. The Chair then confirmed that, indeed, the Bill passed the House on Tuesday and amendments thereto are currently being reviewed. Ms. Liss advised that MassDevelopment is also seeking authority to enter into a long-term lease with the Department of Capital Asset Management and Maintenance (“DCAMM”) and the Department of Conservation and Recreation (“DCR”) under which the Agency will effectively operate the New Bedford and Fall River State Piers. Lastly, noting that Massachusetts is among three finalists, Ms. Liss said an announcement is expected soon regarding the location of the Army Futures Command headquarters.

**MARKETING / Communications**

**3.** **Media Report (June 2018)**. 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**

**4. Bond Detail Memorandum**. For informational purposes only, the Bond Memorandum and Summary are attached and made a part of the minutes of this meeting. Mr. Chilton reported there are four bond transactions before the Board for approval today and no changes to the materials provided in the July Board book. The Chair asked if there were any recusals on the upcoming bond votes, and there were none.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 5 – 8, 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**

**5.** 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 National Association for Armenian Studies & Research Inc. in Belmont, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $1,800,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**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 Official Action / Final Approval (“OA/FA”) resolution that is attached and made a part of these minutes regarding:

a project of Salem Community Corporation in West Boylston and Worcester, Massachusetts, for the issuance of a Tax-Exempt Non-Profit Housing Bond to finance such project in an amount not to exceed $18,000,000.

**Final Approval Projects with Volume Cap Request**

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

a project of Blue Ivy, LLC, and Drowning Moon Brewing, Inc., in Essex, Massachusetts, for the issuance of a Tax-Exempt Industrial Development Bond to finance such project in an amount not to exceed $5,000,000.

**8.** Commenting that the pro forma seems “optimistic,” Mr. Attia asked about revenues and the brewery’s use of volume cap. This lead to a brief discussion of volume cap, which, according to Mr. Attia and others agreed, is known to be a scarce resource and the use of which must be selective. After discussion and, 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 CETO Holdings, LLC, and Medusa Brewing Company, Inc., in Hudson, Massachusetts, for the issuance of a Tax-Exempt Industrial Development Bond to finance such project in an amount not to exceed $5,000,000.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Mr. Morales reported that the Audit & Administration Committee met this morning where the Agency’s auditor – RSM US LLP – presented its audit plan for FY2018. He advised of no material objections regarding the audit, and stated that the Committee members and RSM representatives talked about areas of high risk for MassDevelopment, including portfolio exposure. He advised that a certain warrants issue raised last year is on a path to resolution.

**9. Minutes of Prior Meeting**. For informational purposes only, the minutes of the April 12, 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, July 10, 2018. However, the Committee did not have a quorum, so discussions only took place and no votes were taken or recommended.

**10. Minutes of Prior Meeting**. For informational purposes only, the minutes of the June 12, 2018 Origination & Credit Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**11. Delegated Authority Report for Loan Approvals (May 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.

**12. Approved Minutes of Emerging Technology Fund (“ETF”) Advisory Committee Meeting**. For informational purposes only, the approved Minutes of the March 7, 2018 ETF Advisory Committee meeting are attached and made a part of the minutes of this meeting. There was no discussion of these minutes.

**13. VOTE – Seafood Revolving Loan Fund and Gloucester Revolving Loan Fund (“SRLF/GRLF”) – Certification for Seafood Revolving Loan Funds**

Ms. Canter described briefly this request to certify compliance of the SRLF/GRLF with the Plans governing these two funds, as required annually by the U.S. Dept. of Commerce’s Economic Development Administration. She reminded everyone that the SRLF/GRLF were initially restricted to the fishing industry, but revisions were made to the guidelines in the last decade or so allowing loans to any business in the target area, as long as the project supports job creation, with seafood and fishing businesses retaining priority status. Ms. Canter informed the Board that staff has determined that both Funds are in full compliance with their respective Plans for the reporting period of October 1, 2016 to September 30, 2017. 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 certifies that the SRLF/GRLF Funds have been conducted during the reporting period in accordance with the plans governing them, as outlined in the memorandum and vote dated July 12, 2018, that is attached and made a part of the minutes of this meeting.

**14. VOTE – Sterling Hill Holdings, LLC (Leominster) – $4,500,000 Construction to Permanent Real Estate Loan and $1,500,000 Bridge Loan**

Mr. Angel explained this request to approve financing to support the conversion of a former mill known as the Reed Toy Factory in Leominster into 36 units of market-rate rental housing. He reminded the Board of its approval of this project in September 2017, and noted that certain changes to the transaction – involving the Borrower’s request for bridge financing relative to certain tax credits – require further approval. Mr. Angel also clarified that the real estate collateral securing the loans will include only 20 Summer Street and 45 Summer Street. While identified in the description of collateral in the July Board materials, 44 Summer Street will not be included the project’s overall development and will not be part of the security for these loans; the terms and conditions of approval are otherwise unchanged. When asked if there would be any changes to the Loan to Value ratio, Mr. Angel said no. 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 $4,500,000 Real Estate Mortgage Loan and $1,500,000 Bridge Loan to Sterling Hill Holdings, LLC, as outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**15. VOTE – 87 Washington LLC and 87 Washington MM LLC (Haverhill) – Extension of Interest Rate Term**

Mr. Galligan explained this request to extend the duration of the 4% fixed rate on a certain construction and permanent loan (approved by the Board on April 12, 2018, a copy of which was inadvertently omitted from the July Board materials but provided to Board members at today’s meeting) from the initial approval of five years to seven years so that the construction and permanent loan may provide some interest rate protection to the federal historic tax credit investor during the five-year compliance period. 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 extension of interest rate term for 87 Washington LLC and 87 Washington MM LLC (co-borrowers), as outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**16. VOTE – Berkshire Sterile Manufacturing, Inc. (Lee) – $2,000,000 Equipment Loan and Export Guarantee**

Mr. Braxton explained this request to approve financing to support additional clean room space and equipment for this manufacturer of sterile drugs in the pre-clinical and clinical phase for pharmaceutical, biotech, and medical device companies. He noted the Agency has been working with this company since 2014 and while 2017 was this company’s first full year of production, it is on track to make its projections for 2018 and this is its second round of equipment expansion. He described certain terms of the loan and guarantee, noting the guarantee will be secured by the Agency’s first position on the equipment loan. 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 Equipment Loan and $500,000 Export Guarantee for Berkshire Sterile Manufacturing, Inc., as outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**17. VOTE – Advanced Manufacturing Futures Program – Extension of Request for Proposals**

Ms. Canter explained this request that the Board ratify the extension of the master Request for Proposals (“RFP”) for grants from the Advanced Manufacturing Futures Fund to June 30, 2019, and to delegate authority to the President and CEO for any future extensions of the RFP. She noted the Fund was created by statute in 2014 and capitalized with $9,375,000, to award grants to further the objectives of the program. The current balance of the Fund is approximately $2,300,000, and it may be necessary to issue additional extension(s) of the RFP until the Fund has been fully expended. 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 extension of the RFP for grants from the Advanced Manufacturing Futures Fund, as outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**18. VOTE – MassRobotics, Inc. (Boston) – $500,000 Advanced Manufacturing Futures Program Loan and $100,000 Grant Award**

Noting that MassRobotics, Inc. is a nonprofit organization with a mission to help create and grow the next generation of robotics companies, Mr. Kelly explained this request for Board approval of financing to help support expansion of this “business incubator plus” into an additional 35,000 SF of space on the 2nd floor of the building it currently occupies. Total development and equipment costs are estimated to be $4.7 million, and the balance of the funding will come from MassRobotics equity, fundraising, naming rights, and corporate sponsorships. This project will create 12 additional jobs at MassRobotics, and it is expected that once the expansion is completed, job numbers for the subtenants will grow from 70 employees to more than 250 employees. 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 $500,000 loan and $100,000 grant award, as outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**Community Development**

**19. Delegated Authority Report for Community Development Approvals (May 2018)**. 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.

**20. Approved Minutes of Brownfields Advisory Group Meeting**. For informational purposes only, the approved Minutes of the February 13, 2018 Brownfields Advisory Group meeting are attached and made a part of the minutes of this meeting. There was no discussion of these minutes.

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

Mr. Kavoogian reported that the Real Estate & Operations Committee met on Tuesday, July 10, 2018.

**21. Minutes of Prior Meeting**. For informational purposes only, the minutes of the June 12, 2018 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.

**22. 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.

**23. VOTE – Real Estate House Doctor Contract Approvals**

Ms. Chisholm advised that the Real Estate Division, in order to address its consulting needs in a more coordinated and comprehensive fashion, assessed the anticipated needs of each department and crafted a Request for Proposals/Qualifications (“RFP/Q”) encompassing consulting services (so-called “house doctors”) required throughout the Division. Except for certain consulting needs, Ms. Chisholm confirmed that the 42 consultants recommended today – derived through the RFP/Q process and identified in the vote – will meet anticipated Real Estate Division needs over the next three years. In response to questions posed at the Real Estate & Operations Committee meeting, Ms. Chisholm advised that 33 of the 42 consultant firms recommended are headquartered in Massachusetts and 40 of them have local offices. When the Chair asked why any out-of-state vendors would be considered, Mr. Henderson offered Team Better Block, as an example, which provides certain unique services and is located in Texas. 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 forty-two Real Estate house doctor contracts, as identified and outlined in the memorandum and vote dated July 12, 2018, that are attached and made a part of the minutes of this meeting.

**24. 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 of a closing Friday of a property purchase (and immediate sale) at the Myles Standish Industrial Park in ***Taunton***. Staff is working with the Springfield Business Improvement District on details and numbers for the 8-12 Stearns Square, ***Springfield*** project. In ***Belchertown***, a purchase and sale agreement has recently been executed, and the Christopher Heights senior living facility is now open and realizing good occupancy rates.

With respect to the ***Transformative Development Initiative (“TDI”)***, staff is busy meeting with various communities and interviewing potential Fellows in connection with an authorized expansion of the TDI program. A Purchase and Sale Agreement has been negotiated and executed in connection with the former Hotel Jess project in ***Holyoke***, and the closing is scheduled for July 25. Twenty projects have either met or exceeded their match in the ***Commonwealth Places*** program.

Finally, in ***Devens***, the second phase of development at Emerson Green has begun. And, with respect to Vicksburg Square, Mr. Henderson advised of a series of meetings that have occurred with stakeholders, and Mr. Starzec advised that Ayer was not impressed with the history of this project or the rehabilitation efforts to date. Accordingly, staff is taking a closer look at the 40R program and gearing up for educational efforts through the fall of this year and aiming for a Super Town Meeting in the winter. Mr. Henderson advised of overall general support for this project.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**Devens – Litigation Update**

The discussion of this item occurred in Executive Session.

The Chair advised, at 10:49 a.m., that, pursuant to MGL Chapter 30A, 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 an active litigation matter, the discussion of which in Open Session would have a detrimental effect on the negotiating position of the Agency. The Chair instructed all persons who are not Board members or staff involved in this matter to leave the room. He noted that the Board would not reconvene in Open Session following Executive Session.

[*Executive Session held*]

There being no further business before the Board of MassDevelopment, the Open Session ***and*** Executive Session portions of the meeting were adjourned in Executive Session at 11:14 a.m.