**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, August 8, 2019**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 James Blake

 Karen Courtney

 Grace Fey

 Christopher Vincze

 Ellen Zane

DIRECTORS ABSENT: James Chisholm

 Francesca Maltese

 Juan Carlos Morales

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

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Graeme Brown

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Bob Dolan

 Jamie Errickson

 Zach Greene

 Jim Kenney

 Will Kidston

 Shyla Matthews

 RJ McGrail

 Jan Nuzzolo

 Patrick Scalli

 Kelsey Schiller

 Ed Starzec

 Jessica Strunkin

 Cyndy Tonucci

 Gary Walker

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, August 8, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Chair welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:02 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 (July 11, 2019)**

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

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

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

**PRESIDENT / CEO REPORT**

Ms. Liss began her report by informing Board members that the Agency’s Chair has taken on the task of convening periodic meetings with the Commonwealth’s quasi-public agencies engaged in economic development activities to explain and explore how these various missions all fit together. She commended his efforts and noted the value of having the opportunity of hearing the broader perspective. As an example of how, at times, it takes numerous agencies working together to advance a goal, she cited the Housing Choice Initiative and noted that the Chair has been touring the state – 28 projects in 3 weeks, all over Massachusetts – to announce and promote this Initiative, made possible by cooperative efforts between the Executive Office of Housing & Economic Development, MassDevelopment, and the Massachusetts Housing Finance Agency (“MassHousing”).

Calling attention to the severe housing crisis in the Commonwealth, the Chair said that he applauds all efforts to address the existing shortage. He commented on the interesting and complicated ecosystem of Massachusetts, noting that the inclusion of certain local zoning changes in the Housing Initiative can make real impacts on communities while maintaining local control. When asked if there has been much pushback regarding the zoning changes, the Chair advised that opposition was limited.

Next, the books for FY19 are just about closed, and Ms. Liss reported that in the past five years the Agency assisted 173 housing projects, totaling approximately $2.1 billion in financing that created 2,583 new units of housing and preserved an additional 5,215 affordable units; 70 of these projects were in Gateway Cities; 1,204 of the new units were market rate and 1,379 were affordable.

Ms. Liss advised of a meeting this month with the Lt. Governor in New Bedford, which coincided with an announcement of grant awards in connection with the Transformative Development Initiative. She advised, also, that certain technical amendments have been made into the legislation that governs the Property Assessed Clean Energy Program (“PACE”), thereby enabling its anticipated roll-out soon.

**GENERAL**

**3. VOTE – Transfer of Funds to MassHousing**

Mr. Gerlin briefly explained this request for approval of the transfer to MassHousing of $86 million from the proceeds of the recent General Electric sale for redeployment in a manner consistent with a new housing effort (i.e., the Housing Initiative discussed in the President’s Report, above), as requested by the Commonwealth. 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 transfer to MassHousing of $86,000,000, as outlined in the memorandum and vote dated August 8, 2019, that are attached and part of the minutes of this meeting.

**STRATEGIC PLANNING**

**4. Annual Business Plan (FY2020)**. 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**

**5.** **Media Report (July 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 called attention to the PACE Program, also mentioned in the President’s Report (above), noting that staff is working on the Program’s launch. All the groundwork is done and marketing is proactive. With respect to Finance Program’s pipelines, Ms. Canter said bond issuances are “busy,” with 8 projects in the works that could generate an anticipated $1 million plus in fees. Lending activity is strong, but the portfolio balance has dropped. She noted that certain interest rate floors have been lowered from 4 percent to 3.5 percent for Gateway Cities. When asked if this has generated more activity, Ms. Canter advised that the Agency has not advertised the rate reduction because not all potential borrowers are eligible. Mr. Gerlin confirmed that staff continues to finish up closing the FY19 books, and the General Fund should end the year between $115 and $120 million. The Board will be updated as to final numbers for FY19 in September. He also commented that the PACE Program is a great program that will generate revenue.

**BOND TRANSACTIONS**

**6. 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 confirmed there are no changes in connection with the materials provided.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 12, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Final Approvals**

**Official Action Projects without 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 The Hospice of the Good Shepherd, Incorporated, in Newton, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $5,200,000.

**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 Viability, Inc., in West Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $2,140,000.

**Official Action Projects with 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 resolution that is attached and made a part of these minutes regarding:

a project of The Residences of South Brookline LLC, in Brookline, Massachusetts, for the issuance of Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $63,334,642.

**Final Approval Projects without Volume Cap Requests**

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

a project of Street Retail, Inc., in Somerville, Massachusetts, for the issuance of an Infrastructure Tax-Exempt Bond to finance such project in an amount not to exceed $30,000,000.

**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 Official Action / Final Approval resolution that is attached and made a part of these minutes regarding:

a project of the Friends of Excel Academy Charter Schools, Inc., in Boston (East Boston), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $12,000,000.

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

a project of For Kids Only Afterschool, Incorporated, in Salem and Winthrop, 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.

**Standing Board Committee Reports**

***Origination & Credit Committee***

The Origination & Credit Committee did not meet this month.

**13. Minutes of Prior Meeting**. For informational purposes only, the minutes of the July 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**

**14. Delegated Authority Report for Loan Approvals (June 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.

**15. VOTE – DynamiCare Health, Inc. (Cambridge) – $1,250,000 Emerging Technology Fund (“ETF”) Loan**

Mr. Kenney briefly described this request for term financing to support the growth of this company – which has developed a digital health technology platform (demonstrated by Mr. Kidston) for monitoring substance use and combating the opioid epidemic while rewarding recovery from addiction – and the salaries of new full-time employees. Mr. Kenney described the platform as working through a smartphone with hardware attachments and related applications. The Company’s products have proven effective in more than 100 clinical trials because the monitoring is conducted in private and rewards are loaded onto a smart debit card with certain restrictions. The technology is not FDA regulated, because it is marketed and sold as *coaching* support, not a *treatment* program. It is offered to patients through health insurance carriers, employee benefit programs, or directly from DynamiCare. In additional to its own successful fundraising, DynamiCare has received a grant from the National Institutes of Health. This transaction follows the normal ETF loan structure. 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 $1,250,000 ETF Loan to DynamiCare Health, Inc., as outlined in the memorandum and vote dated August 8, 2019, that are attached and part of the minutes of this meeting.

**Community Development**

**16. Delegated Authority Report for Community Development Approvals (June 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.

**17. VOTE – Worcester Redevelopment Authority (Worcester) – $2,000,000 Brownfields Recoverable Grant and Priority Project Designation**

Ms. Matthews explained this request for a Priority Project Designation, as well as a recoverable grant of up to $2 million in environmental remediation funding for the Worcester Redevelopment Authority (“WRA”) to help off-set the estimated $4 million in soil remediation costs associated with WRA’s preparation of the site for the new Polar Park ballpark in Worcester, the new home of the Worcester Red Sox. Upon completion, the project will employ more than 500 full-time employees, and 2,000 part-time employees. The grant is termed as “repayable,” only if certain conditions apply; repayment is not expected, however. In response to a question, Ms. Matthews explained that the City of Worcester will be responsible for any cost overruns. 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 Priority Project Designation and the $2,000,000 Brownfields grant to the WRA, as outlined in the memorandum and vote dated August 8, 2019, that are attached and part of the minutes of this meeting.

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

The Real Estate Development & Operations Committee did not meet this month.

**18. 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 repairs on the *Jackson Road Bridge* are going quite well and on schedule. The goal for *Vicksburg Square* remains to change the zoning to allow for additional housing units and staff continues efforts toward this end; Ms. Strunkin recently met with Ayer’s Board of Selectmen and with the newly formed Ayer Affordable Housing Committee. She also held a joint meeting with the Town Managers/Administrators for Ayer, Harvard, and Shirley and will meet with the Harvard School Superintendent to discuss potential impacts on the Agency’s education funding contract for Devens children attending Harvard schools. The Harvard Devens Jurisdiction Committee will hold its next meeting with all stakeholders on September 5th, and the Government Framework Committee is meeting on September 4th with representatives from the three Towns (Ayer, Harvard, Shirley), the Devens Enterprise Committee, and MassDevelopment. Ms. Strunkin was pleased to attend her first meeting with the new Commanding Officer of the Devens Reserve Forces Training Area, Lt. Col. Lindsey Halter, to discuss to discuss ongoing cooperation and collaboration with Fort Devens.

Signage has been installed to address the Buena Vista / Auman Street trafficissues and staff is tracking feedback from residents. Filming of television programs and recreation activities are going strong. By way of example, Ms. Strunkin noted that an ultimate disc (i.e., Frisbee) tournament was scheduled for the next weekend and other events are planned for nearly every weekend through October. Staff has also been kept busy with production managers selecting locations for short and long-term film shoots.

With respect to Devens water, Ms. Strunkin advised that bottled water continues to be made available to sensitive consumers and others. In addition, MacPherson Well is now back online with a vessel in place resulting in non-detect levels of PFAS chemicals, and this well is serving half the demand for water in Devens. Four vessels are being installed on the Shoboken Well and projected dates for producing PFAS at non-detect levels in water from this well are August 20 (for the first two vessels) and September 30 (for the remaining two vessels). The plan for the Patton Well, once online, is to install resin filters for ion exchange; these are not yet in place.

**20. Devens – Financing Plan for Water Treatment Facilities**

Noting this item is being taken out of order, Mr. Gerlin then continued the Devens water discussion by speaking to the financing for the Devens Water Treatment Facilities in connection with the PFAS contamination project. He noted total project costs are estimated in the $31 million range. He said excess reserves in the amount of approximately $19 million will be committed and a review of cash flow, as well as internal and external sources and debt summary, led Mr. Gerlin to comment he is comfortable with the Agency’s ability to finance this project. There then ensued a brief discussion regarding the relative benefits of using reserve funds for these expenses versus applying for state or federal financing while interest rates are low.

**19. VOTE – Devens – Appointment to the Board of Assessors**

Next, Mr. Gerlin briefly explained this request to appoint Ms. Strunkin to serve out the remaining portion of the term of the Agency’s representative on the Devens Board of Assessors. The Agency’s representative is currently named as Thatcher Kezer (Ms. Strunkin’s predecessor, who resigned from MassDevelopment in 2018) and the term ends on November 11, 2020. 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 appoints Jessica Strunkin to the Devens Board of Assessors, as outlined in the memorandum and vote dated August 8, 2019, that are attached and part of the minutes of this meeting.

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

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**22. VOTE – Devens – Sale of 45 Jackson Road and Optioning of Additional Parcel**

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

**23. VOTE – Devens – Lease of Space at 100 Jackson Road**

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

**24. VOTE – Gloucester – Lease Extension(s) at Jodrey Pier**

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

**25 VOTE – Springfield – Lease Extension at 1550 Main Street**

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

* **Springfield – Potential Sale of 8–12 Stearns Square**

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

* **Devens – Litigation Matter(s)**

The discussion of this item occurred in Executive Session.

The Chair advised, at 10:54 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 certain litigation matter(s), as well as discussion(s) and vote(s) on specific real property transactions in Devens, Gloucester, and Springfield. The Chair 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 11:57 a.m.