**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, August 9, 2018**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Brian Kavoogian, Vice Chair

 James Blake

 James Chisholm

 Karen Courtney

 Grace Fey

 Rachel Madden, Designee for Secy. of Administration & Finance

 Juan Carlos Morales

 Ellen Zane

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

 Christopher Vincze

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, SEVP, 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

 Dena Kavanagh, Deputy General Counsel, Asst. Secretary

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Frank Canning

 Rob Carley

 Steve Chilton

 Zack Dovitz

 Carol Edwards

 Joe Grivers

 Jim Kenney

 Will Kidston

 Jim Moore

 Dan Morais

 Mike Murphy, Legal Intern

 John Murray

 Leigh Natola

 Jan Nuzzolo

 Aiden O’Garro

 Doug Robinson

 Kelsey Schiller

 Pat Sluder

 Cyndy Tonucci

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, August 9, 2018, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

The Vice Chair welcomed everyone and, noting the presence of a quorum, he called the meeting to order at 10:04 a.m. He asked if there were any guests and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (July 12, 2018)**

The Vice Chair asked if there were any comments on the draft Minutes of the July 12, 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 July 12, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (July 12, 2018)**

Noting that the matters contained in the July 12, 2018 Executive Session Minutes are not yet 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 July 12, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss announced that tomorrow is, officially, MassDevelopment’s 20th anniversary.

She reported the good news that the Economic Development Bill was passed by the Legislature “at the 11th hour” and Governor Baker is expected to sign it into law soon. Among many other things, such as funding for the MassWorks grant program and other important programs, this Bill authorizes MassDevelopment to enter into a long-term lease(s) with the Massachusetts Department of Conservation & Recreation (“DCR”) for the New Bedford and Fall River Piers, so the Agency may better manage these assets.

Ms. Liss shared more good news with respect to the Transformative Development Initiative (“TDI”), advising that offers have been extended to (and accepted by) three Fellows to serve in certain TDI Districts; the results of a “Fellows Matching Day” appear successful; almost everyone got their first choice. She also offered special thanks to everyone involved in the purchase and immediate sale of the former Hotel Jess in Pittsfield’s TDI District.

Regarding staff, in addition to the four TDI Fellows, Ms. Liss introduced Carol Edwards, present at the meeting today, who has just joined MassDevelopment as a Credit Analyst, and she noted that Jesse Fox will join MassDevelopment soon as a Real Estate Analyst (to replace former employee John Fink). In addition, she advised that the Sr. Vice President for Devens position has been posted, as well as the Piers Manager position, and the Agency is narrowing its selection for a Vice President of Risk Management and Special Assets (to replace former employee Diana Lamkin).

Sadly, Ms. Liss reported that after a long decision-making process between the two finalists, Austin, and not Boston, has been named as the future home of the Army Futures Command. She offered her thanks to Agency staff for their efforts in this regard.

Ms. Liss noted that a new member has been appointed to the MassDevelopment Board of Directors; Francesca Maltese hopes to attend her first meeting here in September. Ms. Maltese is a retired project manager for development projects with special site and building concerns and complicated permitting issues, including wetlands, historic preservation, and environmental contamination. She has served on many boards, including the Massachusetts Alliance for Economic Development, the Massachusetts Association of Conservation Commissions, and Worcester Polytechnic Institute (since 2008), and is active in her community of western Massachusetts; she lives in Amherst.

Finally, Ms. Liss informed everyone that Ms. Madden is leaving the Executive Office of Administration & Finance at the end of the week to join MassHousing and, as a result, she will no longer sit on this Board. Ms. Madden said it has been a true pleasure to serve on this Board with “amazing partners” and, while she will miss everyone, she is very excited about her future with MassHousing.

**GENERAL MATTERS**

**3.** **VOTE – Amendment to Compensation Committee Charter**

Ms. Kavanagh explained this request to amend the charter of the Compensation Committee to provide that the Senior Executive Vice President (“SEVP”) is added as a position that the Compensation Committee reviews and brings its recommendations on the compensation, retirement, and benefits to the full Board of Directors, as it presently does with the positions of the President and CEO, the Chief Financial Officer, and the General Counsel, in accordance with Mass. G.L. c. 29, §29K, and 801 CMF 53.04, and consistent with the newly revised Agency By-Laws (before the Board today at Tab 4, below). The Vice 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 amends the Charter of the Compensation Committee as requested, as outlined in the memorandum and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

**4.** **VOTE – Amendments to Agency By-Laws and Remote Participation Policy**

Ms. Kavanagh further advised that staff has conducted a review of MassDevelopment’s By-Laws and its Remote Participation Policy to assure they match Agency practices and current law. Accordingly, this request is made to incorporate revisions in both the By-Laws and Remote Participation Policy to incorporate changes at the Agency (primarily staff title changes as addressed in Tab 3, above) and in the law regarding remote participation in Board meetings. The Vice 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 amends MassDevelopment’s By-Laws and its Remote Participation Policy, effective August 15, 2018, as requested, as outlined in the memorandum and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

**5.** **Finance Programs Closed Transactions (FYE2018)**. For informational purposes, the Finance Programs Closed Transactions Analysis for the previous fiscal year (ended June 30, 2018) are attached and made a part of the minutes of this meeting. Ms. Canter advised this Report provides information on “the big picture.” She noted that more transactions closed in FY18 than in FY17, but for similar dollars in total.

**MARKETING / Communications**

**6.** **Media Report (July 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**

**7. Bond Detail Memorandum and Manufacturing Bonds Delegated Authority Report**. For informational purposes only, the Bond Memorandum and Summary, as well as the Manufacturing Bonds Delegated Authority Report, are attached and made a part of the minutes of this meeting. Mr. Chilton reported there are no changes to the materials provided in the August Board book. The Vice 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 8 – 15, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Action Approvals**

**Official Action Projects without Volume Cap Request**

**8.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of VOA Concord Assisting Living, Inc., in Concord, Massachusetts, for the issuance of a Tax-Exempt Non-Profit Housing Bond to finance such project in an amount not to exceed $23,301,385.

**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 Coastline Elderly Services, Inc., in New Bedford, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $5,030,000.

**Official Action Projects with Volume Cap Request**

**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 41 N. Margin Senior Apartments LLC in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $6,818,542.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**11.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Way Finders, Inc., in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $8,500,000.

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

a project of River Valley Charter School Foundation, Inc., in Newburyport, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $3,500,000.

**13.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the OA/FA resolution that is attached and made a part of these minutes regarding:

a project of Lycee International de Boston / International School of Boston, Inc., in Cambridge, 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 Request**

**14.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Salem Metal, Inc., and J&V Realty Trust, in Middleton, Massachusetts, for the issuance of a Tax-Exempt Industrial Development Bond to finance such project in an amount not to exceed $9,500,000.

**15.** Upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Egleston Infill LLC, in Boston (Roxbury), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $835,000.

**Standing Board Committee Reports**

***Compensation Committee***

Ms. Madden reported that the Compensation Committee met this morning. Due to the personnel matter discussed, she noted the remainder of her report would be delivered in Executive Session.

**16. Minutes of Prior Meeting**. For informational purposes only, the minutes of the November 9, 2017 Compensation 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. Blake stated that the Origination & Credit Committee met on Tuesday, August 7, 2018, and discussed, among other items, the report from Cobblestone Management LLC regarding its 2018 annual review of the Agency’s loan portfolio, which he noted was largely very favorable.

**17. Minutes of Prior Meeting**. For informational purposes only, the minutes of the July 10, 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**

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

**19. VOTE – Nano-C, Inc. (Westwood) – $2,400,000 Emerging Technology Fund II (“ETF”) Loan**

Mr. Kenney explained this request to approve an ETF loan for $2,400,000, to support the purchase of advanced manufacturing equipment and for leasehold improvements to develop and to manufacture carbon nanotubes and fullerenes. This company started out as a research & development company and, in response to the ever-increasing demand for more energy and greater memory, it now manufactures highly engineered carbon molecules in the form of nanotubes (to be used in connection with increased memory capacity in computers) and fullerene derivative products (for use in solar panels and/or semiconductors; it replaces silicone and reduces the weight and size of solar panels by half). Nano-C has developed significant intellectual property over the years and is ready for commercialization; it is negotiating sales with various entities. Mr. Kenney commented on the team of experts at Nano-C and he described certain terms of this financing transaction, including the interest rate, warrants, and more. The Vice 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 $2,400,000 ETF Loan to Nano-C, Inc., as outlined in the memorandum and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

**Community Development**

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

**New Markets Tax Credits (“NMTC”)**

**21. VOTES – Horizons Watermark LLC (Boston) – $$11,000,000 NMTC Allocation, Capitalization, and Guaranty**

Ms. Sluder explained this request for a NMTC Allocation, Capitalization, and Guaranty to assist with financing the development of a 135,000 SF commercial building in the Jackson Square neighborhood of Roxbury. She noted that the project has changed slightly since the Board materials were circulated; it will now consist of three condominiums instead of two and the breakdown is as follows: Condo One and Condo Three (90,000 SF) will be leased by Watermark Construction and Development, Inc. from the Borrower and Condo One will be sub-leased to the Massachusetts Department of Children and Families, and Condo Three will be sub-leased by YouthBuild; Condo Two (45,000 SF) will be leased by Horizons for Homeless Children, Inc. – a nonprofit for children and their families that is consolidating three locations into this modern and efficient space with enhanced transit accessibility. Ms. Sluder described certain terms of the financing, including, among other things, loans that will come into the investment fund, additional loans, secured debt versus unsecured debt, repayment, ongoing fundraising efforts, and noted this financing is contingent upon final approval by the banks, the Massachusetts Housing Investment Corp., and the Massachusetts Executive Office of Housing & Economic Development. Finally, Ms. Sluder advised that if approved and closed (hoping to close by September 24), this transaction will result in complete deployment of the Agency’s allocation in the previous NMTC round; this is an important factor that will strengthen the Agency’s application when consideration of its current NMTC allocation request (submitted in June) is undertaken in late September. The Vice 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 $11,000,000 NMTC financing for Horizons Watermark LLC, as outlined in the memorandum (with the further modifications noted above) and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

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

Mr. Kavoogian reported that the Real Estate & Operations Committee met on Tuesday, August 7, 2018.

**22. Minutes of Prior Meeting**. For informational purposes only, the minutes of the July 10, 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.

**23. VOTE – Devens – Purchase of Street Sweeper / Catch Basis Cleaner Truck**

Mr. Gerlin briefly described this request to authorize the purchase of a new truck (capable to street sweeping and equipped with a vacuum system to clean catch basins) for use in Devens. He said the new truck will take about six months to build and is badly needed as the current sweeper truck “in the shop” for repairs. The Vice 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 authorizes the purchase of a new Street Sweeper / Catch Basin Cleaner Truck, as identified and outlined in the memorandum and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

**24. VOTE – Devens – Amendment to Wright-Pierce Contract**

Mr. Moore briefly described this request to authorize an amendment to the existing contract with Wright-Pierce for water and wastewater engineering services due to additional engineering work that has become necessary. Wright-Pierce was selected as the firm best qualified to provide water and wastewater services to MassDevelopment, pursuant to a Request for Proposals issued in January 2018 at an initial, relatively low not-to-exceed contract amount of $70,000 at a time when there were no active projects. Recently, however, the Massachusetts Department of Environmental Protection (“DEP”) suggested the Agency close the MacPherson Well due to high levels of perflourinated compounds (PFCs), and the Agency agreed this was the prudent thing to do; as a result, Mr. Moore advised that the MacPherson Well is undergoing remedial investigation and staff anticipates the Army will acknowledge its responsibilities with regard thereto. In order to replace the water supply generated by the now-shuttered McPherson Well, additional design and engineering work is required to develop the previously- approved Sheridan Well, whose approvals have expired. The estimated cost to bring the Sheridan Well up to speed is approximately $256,000, but to account for unknown issues that might arise in connection pilot testing, plans, and more, an amendment to the contract to an amount not-to-exceed $500,000 is requested. The Vice 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 authorizes amendment(s) to the existing contact with Wright-Pierce, as identified and outlined in the memorandum and vote dated August 9, 2018, that are attached and made a part of the minutes of this meeting.

In a related matter, Mr. Moore then informed the Board that high levels of iron and manganese – fairly typical for New England water – have also now been detected in the Shoboken Well as well as the existing Patton Well. While these levels have not been cause for alarm in recent years, it is anticipated that the DEP will issue revised standards for iron and manganese, which will likely generate a need to put a treatment process in place. Mr. Moore confirmed that staff has begun testing samples from the actual water distribution system in Devens. A brief discussion regarding a potential corrective action plan, including a so-called “green filtration system,” and estimated costs and sources of funding then ensued, and Ms. Madden cautioned that staff should be mindful of the impact on residential water rates.

**25. Devens and Devens Environmental Updates**. For informational purposes, the Devens Updates are attached and made a part of the minutes of this meeting. There was no discussion of the Updates.

**26. 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 described a busy and successful week in the Real Estate Division, noting that on July 20, the purchase and subsequent conveyance of Lot B5R in the Taunton / Myles Standish Industrial Park Expansion Project occurred on the same day; under an existing repurchase agreement, MassDevelopment repurchased Lot B5R from Martignetti and then sold it to a manufacturer (of precision components for use in automobiles and aviation) with plans to erect a 100,000 SF manufacturing facility. On July 24, the Agency organized and conducted a “Fellows Match Day” between various potential TDI Fellows and Districts; this was a very interesting process and all parties appear to be pleased with the quality and caliber of the TDI Fellows. On July 25, the Women’s Institute was awarded Low Income Housing Tax Credits for its project in Devens. Also on July 25 the television show “Castle Rock” (developed by Stephen King and streaming on Hulu) for which filming has occurred and continues in and around Devens and Orange had its debut. Finally, on July 26, MassDevelopment purchased and conveyed the former Hotel Jess in Holyoke to a developer, Whitten Properties.

* **New Bedford and Fall River Piers Update**

Most notably, Mr. Henderson advised that recent legislation permits MassDevelopment to lease the New Bedford and Fall River State Piers from DCR for up to thirty-five years. While DCR has begun some badly needed reconstruction of the northeast corner of the New Bedford Pier, MassDevelopment remains focused on understanding the overall issues and uses for the State Piers, including the testing of certain systems, and more. Mr. Blake wondered if there are any development opportunities in connection with the Piers and Mr. Henderson emphasized the focal point for now is on safety issues and repairs.

**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**

**VOICE VOTE – Executive Compensation**

The discussion of this item occurred in Executive Session.

The Chair advised, at 11:02 a.m., that, pursuant to MGL Chapter 30A, and Chapter 23G, Section 2, 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 personnel matter(s). 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 would reconvene in Open Session following Executive Session.

[*Executive Session held*]

**Open Session (resumed)**

Following Executive Session, the Vice Chair resumed the Open Session portion of the Board meeting at 11:17 a.m. and instructed that all persons who were not involved in the Executive Session discussion may return to the room.

[*Secretary’s Note: Immediately upon the return to Open Session, Ms. Liss, Mr. Ruzzo, and Mr. Gerlin excused themselves from the Board meeting and left the meeting room, due to their involvement in the following matter.*]

**VOICE VOTE – Executive Compensation**

Ms. Madden reminded everyone that as part of the annual budget the Board approved a 3 percent merit pool for all staff – except the President and CEO, Chief Financial Officer, General Counsel, and SEVP; these positions require approval of the Compensation Committee. She reported the Agency’s intent to move forward with the same merit pool percentage for the President and CEO, Chief Financial Officer, and SEVP, and she noted the Compensation Committee’s recommendation of approval; the General Counsel position will not be included in the review process this year. Mr. Blake wanted to know if the Agency has consulted compensation experts and Ms. Delorier advised that a compensation study was conducted in 2014 and another study is planned for next year; he asked whether the 2014 study compared salaries to other agencies or the private sector and Ms. Delorier advised it considered both. A brief discussion then ensued regarding the importance of incentive “bonuses” and competitive compensation and Ms. Delorier advised that MassDevelopment previously awarded incentive bonuses annually, based on performance, but those were eliminated during the 2008 recession and were never brought back. The Vice Chair asked for a voice vote and, upon motion duly made and seconded, by the directors present, noting that Ms. Madden abstained from this vote, it was,

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the increase in Executive Compensation for MassDevelopment’s President and CEO, Chief Financial Officer, and SEVP with respect to the same 3 percent merit pool available to all staff.

There being no further business before the Board of MassDevelopment, the Open Session of the meeting was adjourned at 11:29 a.m.