**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, November 14, 2019**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 Karen Courtney

 Grace Fey

 Francesca Maltese

 Juan Carlos Morales

 Christopher Vincze

DIRECTORS ABSENT: James Blake

 James Chisholm

 Ellen Zane

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, Deputy Director and COO

 Ricks Frazier, General Counsel and Secretary

 Simon Gerlin, Chief Financial Officer

 Laura Canter, EVP, Finance Programs

 Dena Kavanagh, Deputy General Counsel

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Jessica Beliveau

 Graeme Brown

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Jamie Errickson

 Tony Fracasso

 Mike Galligan

 Ken Goode

 Zach Greene

 Noah Koretz

 Christine Madore

 Dan Morais

 Doug Robinson

 Kelsey Schiller

 Simmee Silton

 Ed Starzec

 Louisa Stone

 Jessica Strunkin

 Rebecca Sullivan

 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, November 14, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Acting Chair introduced himself and welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:09 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 (October 10, 2019)**

Pointing out that the October Board minutes include not only the regular Board meeting, which took place in Devens, Massachusetts, but also the meeting with Devens residents that occurred the same day, the Acting Chair asked if there were any comments on the draft minutes of the October 10, 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 October 10, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (October 10, 2019)**

The Acting Chair stated if there are any comments on the draft Executive Session Minutes of the October 10, 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 October 10, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

With respect people and personnel, Ms. Liss called attention to a recent article in the *Boston Business Journal*, naming Board member Jim Blake as one of the fifty most influential executives in Massachusetts. She introduced two new hires at MassDevelopment: Jessica Beliveau and Louisa Stone recently started as Deputy Directors of Communication and Marketing. Ms. Liss reported that R.J. McGrail has left the Agency for a 3-year fellowship at the Lincoln Institute of Land Policy, and Doug Robinson will take over certain of Mr. McGrail’s “policy”-related responsibilities and reporting duties.

Regarding the Agency’s programs, Ms. Liss reported that applications in the current round of Site Readiness Program grants are due December 6. The current round for solicitations in the Commonwealth Places Program is generating substantial interest.

Ms. Liss then reported on the status of three recent initiatives undertaken by MassDevelopment: a review of Information Technology (“IT”); a capital needs assessment; and an evaluation of Enterprise Risk Management (“ERM”). She stated that the IT assessment is the furthest along and the Board can expect a formal update in December. The capital needs assessment is proceeding with some fine tuning. The ERM evaluation has been delayed somewhat as Agency staff considers the appropriate scope of the next information-gathering process to be undertaken by the consultant.

In conclusion, Ms. Liss advised of an event in Worcester this evening at the law firm of Bowditch & Dewey. In addition, the Agency’s annual tax-exempt bond financing event takes place on November 15 in Newton.

**STRATEGIC PLANNING**

**3. 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**

**4.** **Media Report (October 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 reported that staff is closing the books on October. Loan revenue is on budget, and the pipeline for future financings looks good. Requests for Proposals (“RFPs”) have been issued for consultants and servicers in connection with the Property Assessed Clean Energy (PACE) Program, and responses are due in December. A brief discussion ensued regarding the tax-exempt and taxable bond markets, the interest rate outlook, and how that may affect the Agency’s business. Ms. Canter said that differences in interest rates have had virtually no impact on the Agency’s Investment Banking pipeline. Mr. Gerlin noted there was an Audit & Administration Committee meeting held earlier in the day at which there was a review and discussion of general fund cash for the first quarter of FY2020; he said Investment Banking revenue is ahead of budget and expenses are doing a bit better, but it’s hard to predict after only one quarter. Mr. Morales asked about liquidity versus loan production, and Ms. Canter responded that while there are not so many business development loans right now, loan production looks good for the year.

**BOND TRANSACTIONS**

**5. Bond Detail Memorandum**. For informational purposes, the Bond Memorandum is attached and made a part of the minutes of this meeting. Mr. Chilton called attention to an increase in the bond issuance for CAHC Porter Road LLC (Tab 14), noting the revised memo and resolution provided today that is made a part of the minutes of this meeting.

The Acting Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 6 – 14, noting the revised memo and resolution described above, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended. He asked if there were any recusals on the bond issuances and there were none.

**Bonds: Official Actions**

**Official Action Projects without Volume Cap Requests**

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

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

a project of Hampden Charter School of Science East, in Chicopee, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such affordable housing project in an amount not to exceed $7,610,000.

**Bonds: Final Approvals**

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

a project of the Massachusetts Institute of Technology, in Cambridge, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $265,850,000.

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

a project of the Brooks School, in North Andover, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $38,000,000.

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

a project of Carleton-Willard Homes, Inc., in Bedford, Massachusetts, for the issuance of a Tax-Exempt Non-Profit Housing Bond to finance such project in an amount not to exceed $16,705,000.

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

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

a project of The Trustees of the College of Our Lady of the Elms, in Chicopee, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $15,100,000.

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

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

a project of Covenant Christian Academy, Inc., in Peabody, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $7,725,000.

**Final Approval Projects without Volume Cap Requests**

**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 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 a Tax-Exempt Bond to finance such project in an amount not to exceed $114,136,662.

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

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

a project of Roosevelt Towers Family LLC, in Cambridge, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $30,500,000.

**14.** Mr. Chilton called attention to the revised memorandum and resolution provided today. 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 CAHC Porter Road LLC, in Cambridge, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $8,100,000.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Mr. Attia reported that the Audit & Administration Committee met this morning for a good discussion with RSM US LLP, the Agency’s audit firm, regarding this year’s audit, which it was noted raised no concerns. The conversation included, among other things, the evolution of the Massachusetts Paid Family Medical Leave, accounting issues, and litigation liability assumptions. Mr. Vincze asked about loan loss reserves and how they are booked, and a brief discussion ensued regarding levels and methods. Mr. Morales commented on the significant impact that the Emerging Technology Fund’s (“ETF”) portfolio has on loan loss reserves. He complimented the ETF staff, as well as the Agency’s Finance Department’s staff, in general, on successful management of the Agency’s complex finances. Mr. Gerlin acknowledged the good team behind him and thanked them for their support and hard work.

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

***Compensation Committee***

The Compensation Committee also met earlier in the day. Mr. Attia reported that the Committee members had a good discussion regarding compensation and bonus structure at quasi-public entities. Mr. Morales noted the bonus structure that was once in place at MassDevelopment and he suggested that the Agency’s compensation strategy should receive periodic review. Mr. Vincze said that it’s difficult to retain talent in today’s world and he congratulated the Agency’s ability to continue to do so.

**16. Minutes of Prior Meeting**. For informational purposes only, the minutes of the August 9, 2018 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***

The Origination & Credit Committee did not meet this month.

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

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

**19. VOTE – ARC Realty Management LLC (and a TBD entity) (Lynn) – $2,800,000 Construction to Permanent Real Estate Loan and $850,000 Bridge Loan**

Mr. Galligan briefly described this request for financing to support the redevelopment of a vacant historic building in Lynn (formerly used to house the *Lynn Item* daily newspaper) for mixed-use, including 31 new one-bedroom apartments and retail space for local businesses. He then described certain terms of the financing, including historic tax credits and a low loan-to-value with satisfactory coverage. The Acting Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** that the Board of Directors of MassDevelopment approves the $2,800,000 Construction to Permanent Real Estate Loan and $850,000 Bridge Loan to ARC Realty Management LLC (and/or a TBD entity), as outlined in the memorandum and vote dated November 14, 2019, that are attached and made a part of the minutes of this meeting.

**20. VOTE – 130 Broadway LLC (Somerville) – Extend Existing Commercial Real Estate Loan**

Mr. Galligan briefly described this request to extend the current interest rate of 3.45 percent on an existing loan for a borrower with an excellent history with the Agency for an additional 3 years for a total term of 10 years (currently, a 7-year term). The borrower was approached by another lender with an aggressive rate but would prefer to remain with MassDevelopment if a negotiated rate can be agreed upon. The Acting Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** that the Board of Directors of MassDevelopment approves extending the current interest rate on an existing loan to 130 Broadway LLC, as outlined in the memorandum and vote dated November 14, 2019, that are attached and made a part of the minutes of this meeting.

**Community Development**

**21. Delegated Authority Report for Community Development Approvals (September 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.

**22. Approved Minutes of Brownfields Advisory Group Meeting (June 18, 2019)**. For informational purposes only, the approved minutes of the June 18, 2019 Brownfields Advisory Group Meeting are attached and part of the November Board materials. There was no discussion of these minutes.

**23. VOTE – Brownfields Development Fund – Brownfields Capital Budget Recoverable Grants**

Mr. Calnan described this request to approve the award of ten grants, totaling $1,229,600, in the current competitive solicitation for applications (wherein municipalities, their agencies or authorities, and community development corporations are eligible to apply for up to $100,000 in site assessment funding and up to $250,000 in site assessment and/or remediation funding). The ten grant awards were selected from a total of thirteen proposals received. Mr. Calnan briefly described some history of the Fund and certain eligibility requirements, and he noted that all the recommended proposals contain some component of housing. The Acting Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** that the Board of Directors of MassDevelopment approves the ten recommended Brownfields Capital Budget Recoverable Grants, as outlined in the memorandum and vote dated November 14, 2019, that are attached and made a part of the minutes of this meeting.

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

The Real Estate Development & Operations Committee met on November 12, 2019. Mr. Kavoogian noted that a robust discussion of the Transformative Development Initiative (“TDI”) took place at the Committee meeting that would be discussed further in Executive Session.

**24. Minutes of Prior Meeting**. For informational purposes only, the minutes of the September 10, 2019 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.

**25. 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 good news as a result of mitigation efforts to address certain traffic issues in a Devens’ residential neighborhood: 2,000 reported vehicles in 2018 versus 1,044 vehicles in 2019. However, this reduction in vehicles in one neighborhood has resulted, not surprisingly, in occasional complaints from a different set of residents. Staff will continue to monitor and/or respond to traffic issues. She reported that the first Farmers Market took place in Devens in October and already another one is scheduled for November 21st. Staff expects that more regularly occurring farmers markets will take place next year. Ms. Strunkin noted that Dick’s Market Garden donated all of the unsold and/or leftover produce from the recent Farmers Market to the local Loaves & Fishes pantry. She added, then, that Loaves & Fishes is providing outstanding service to the residents of Devens, and that she is personally very proud to work with the organization. On October 31st, Tim Kelly of the Devens Fire Department was sworn in as Chief.

The Devens Enterprise Commission (the “DEC”) was awarded a second Municipal Vulnerabilities Preparedness Action grant to continue its efforts related to climate action and resilience; in connection therewith, the next meeting of the Devens Climate Action Stakeholder Group is scheduled for next week, and Ms. Strunkin indicated there is strong interest in said efforts.

In response to a question, Ms. Strunkin confirmed that the deadline for completing a report recommending the future governmental structure for Devens is 2033, and a brief discussion ensued. She stated that the Devens Jurisdiction Framework Committee – which includes representatives from Shirley, Harvard, Ayer, Devens, the DEC, and MassDevelopment – continues to meet and discuss such things as next steps, strategies, challenges, and more.

With respect to water issues, Ms. Strunkin reported that while the temporary treatment facilities installed over the past several months have resulted in non-detect levels of PFAS contamination in the MacPherson and Shoboken wells, the work on permanent facilities remains ongoing. There are no major issues to report at this time with regard to water issues in Devens.

**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. Errickson reported that two closings on properties at Emerson Green, ***Devens***, will take place November 15. At the Women’s Institute, a “topping off” ceremony will take place later in November and a lottery for available units is about to get underway. At ***Myles Standish Industrial Park, Taunton***, a Term Sheet has been executed for Lot BP3. At ***Village Hill, Northampton***, the closing on Lot 20 took place, officially, enabling the commencement of construction of a 12-unit apartment building. Paving is near completion on Carriage Drive, ***Belchertown***.

With respect to the Agency’s various technical assistance programs, a grant round (with a good pipeline) is underway in the *Site Readiness Program* and responses are due in early December; Memoranda of Agreement are being vetted in connection with the *Real Estate Services Program*. MassDevelopment staff is working with the Urban Land Institute on Technical Assistance Programs (“ULI TAPs”) planned for Maynard (on December 11, 2019) and Wareham (in the January – February 2020 timeframe). Mr. Errickson briefly described minor revisions to the latest round of *Commonwealth Places* grants, requiring the inclusion of an initial expression of interest – to identify potentially ineligible and/or unviable projects earlier in the process.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**27. VOTE – Devens – Proposed Sale of 45 and 59-75 Jackson Road**

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

* **Devens – Litigation Matter(s)**

The discussion of this item occurred in Executive Session.

The Acting Chair advised, at 10:55 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 certain litigation matter, as well as discussion and vote on a specific real property transaction in Devens. The Acting 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 11:22 a.m.