MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors**

**Thursday, July 9 2015**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Gerald Cohen, Vice Chair

Keon Holmes

Jay Hurley

Dennis Kanin

Richard Kronish

April Lamoureux

Patricia McGovern

Jennifer Sullivan, Designee for Secretary of Administration & Finance

Tim Wilkerson, Designee for Secretary of Housing & Economic Development (“EOHED”)

DIRECTORS ABSENT: David Abromowitz

Jeffrey Porter

Agency Staff: Marty Jones, President & CEO

Simon Gerlin, Chief Financial Officer

Patricia DeAngelis, General Counsel

Laura Canter, EVP, Finance Programs

Richard Henderson, EVP, Real Estate

Meg Delorier, Chief of Staff

Teresa Patten, Board Secretary

Victoria Stratton, Recording Secretary

Kelsey Abbruzzese

Emma Barton, Intern, Real Estate

Steve Chilton

Smriti Choudhuri, Intern, Legal

Joy Conway

Zach Greene

Anne Haynes

Thatcher Kezer

Doreen Lindsay

R.J. McGrail

Marcos Mello, Rappaport Fellow

Michael Miller

Joe Mulligan

Leigh Natola

Rick Pass

Abigail Raisz, Intern, Real Estate

Kelsey Schiller, Intern, Communications

Lee Smith

Ed Starzec

Mark Sternman

Ellen Torres

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, July 9, 2015, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

In the absence of the Chair, the Vice Chair welcomed everyone and, noting the presence of a quorum, he called the meeting to order at 10:02 a.m. He asked if there were any guests, and there were none.

[*Secretary’s Note: The paragraph numbers below refer to Tab numbers in the materials for the July Board and Committees meetings.*]

**Minutes**

**1. VOICE VOTE – Approval of Minutes (June 11, 2015)**

Calling attention to the revised Minutes provided today, which correct two clerical errors from the draft previously provided in the Board materials, the Vice Chair asked for a vote to approve the Open Session Minutes of the June 11, 2015 Board Meeting and, upon motion duly made and seconded, it was unanimously

**VOICE VOTED:** That the Board of Directors approves the corrected Minutes of the June 11, 2015 Board Meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (June 11, 2015)**

The Board Secretary advised that the matters in these Executive Session Minutes are now completed matters and, therefore, any comments regarding these Minutes may be made in Open Session. Accordingly, the Vice 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 the Minutes of the Executive Session of the June 11, 2015 Board Meeting and, upon motion duly made and seconded, it was unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the Executive Session Minutes of its June 11, 2015 Board Meeting.

**President/CEO’s Report**

Ms. Jones reported that on the evening of the June Board meeting, she and fifteen other MassDevelopment employees participated in the 32nd annual J.P. Morgan Corporate Challenge – a 3.5 mile run/walk – which this year benefited the Inner-City Scholarship Fund. Recently, Ms. Jones participated in a tour of the Fraunhoffer Center and learned of its focus on energy and technology. She attended a recent successful MassChallenge makerspace event and participated in conversations with EOHED and MassTech regarding roles for MassDevelopment going forward in connection with manufacturing and technology. She attended the groundbreaking of a housing project sponsored by Viet-Aid in Dorchester and toured the Worcester Auditorium.

Ms. Jones described a briefing with Governor Baker regarding Base Realignment and Closure (“BRAC”) strategy; she noted the Governor is very supportive of the Agency’s work to date in this endeavor. In addition to touring various military facilities at Hanscom last month, the Governor will be touring the Natick Soldier Systems Center next week. An announcement of a new Executive Director of the Military Task Force is expected soon; the Task Force will now be positioned in EOHED. In light of this, Ms. Jones noted the Agency’s disappointment at receiving an allocation in the budget of only $100,000 for the operations of the Military Task Force and not the $350,000 that had been requested. Mr. Kanin asked what implications this reduction in funding would have on the Task Force and whether or not there is any impact on the proposed contract with The Roosevelt Group, which the Agency has engaged to develop BRAC and related strategy (see the memorandum and vote provided today, discussed after Tab 31). Noting there will be no effect on that contract, Ms. Jones advised this topic is deserving of further discussion by the Board’s Manufacturing & Defense Sectors Committee and certain reconsiderations may need to be made going forward. Mr. Gerlin advised that in the meantime the difference in funding will come out of the Agency’s General Fund.

With respect to the legislature, Ms. Jones advised that the FY2016 capital budget has been approved and the operating budget is on the Governor’s desk for signature today; Mr. Gerlin will speak to that in his update (below). Funding to MassDevelopment includes, among others, $1.3 million to continue to manage operations in Devens; $2.3 million for continued redevelopment of the former State School in Belchertown; $1 million for the Transformative Development Initiative (“TDI”).

Ms. Sullivan informed the Board that funding for the I-Cubed program has been restored, so projects in the pipeline can move forward. She also commented generally on the more collaborative process undertaken by the Baker administration concerning the capital and operating budgets and she acknowledged and thanked MassDevelopment for its assistance in this regard.

Ms. Jones advised that the Cultural Facilities Fund (“CFF”) received funding in the FY16 capital budget, so another round of CFF grants is expected soon. Finally, Ms. Jones informed the Board of the announcement in late June of an allocation to MassDevelopment of $50 million in federal New Markets Tax Credits.

Mr. Kronish suggested that an update would be useful, particularly for new Board members, regarding prior Agency projects, including job numbers and if and how the Agency’s projects connect to the TDI. Ms. Jones commented this is an excellent idea.

**GENERAL MATTERS**

**3. VOICE VOTE – MassDevelopment FY2016 Agency Operating and Capital Budget Updates**.

Mr. Gerlin reminded the Board of the budget discussion at its June meeting and noted that amendments to several line items are being presented today for approval. The materials in Tab 3 of the July Board materials contain the assumptions underlying these amendments. In the section entitled “Assets, Liabilities and Net Assets,” Mr. Gerlin explained the reasons listed for changes in the Cash and Investments line item on the Comparative Balance Sheet, as well as changes to “Other loans receivable, net,” and “Fixed assets, net” line items. With respect to the “Revenue and Expenses” section, he called attention to various line item adjustments, including to interest and fee income on loans; new market tax credits; real estate advisory services; external funding; salary and fringe; professional services; project expenses; and grant expense/awards. The bases for these adjustments are listed in the Amended Operating Budget. Mr. Gerlin noted the Agency budget does not include funds that hopefully the State budget will provide: $1 million for TDI and $100,000 for Military Initiatives. Mr. Gerlin noted that his presentation includes all other material changes to the Agency’s budget from what the Board approved in June. If there are any additional, minor changes needed in the Agency’s budget once the Administration’s budget is signed (expected later today), the Board is requested by today’s voice vote to delegate authority to Ms. Jones to approve such additional changes. Accordingly, the Chair asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the Amended FY2016 Agency Operating and Capital Budget, as presented, attached and part of the minutes of this meeting, and delegates to the President/CEO the authority to approve any additional minor changes as discussed above.

**4. Overview of MassDevelopment’s IT Security Infrastructure**

Mr. Pass presented a detailed overview of the layers of security protection provided by the Agency’s IT Department, including firewalls, email spam and antivirus, email security, end-user protection, and Windows updates, and a brief discussion ensued. Mr. Cohen asked whether the Agency’s accounting and banking systems were on separate servers, and Mr. Pass answered yes, giving details about password protections and the Agency’s robust back-up systems. When Mr. Cohen asked about on-line banking, Mr. Gerlin gave details regarding the internal procedure for requests for wire transfers of funds, speaking to a 2-factor authentication procedure for approvals and more.

Ms. Jones advised that MassDevelopment’s IT Department also provides services to the Massachusetts Life Sciences Center, and Mr. Pass added that the same safety protections described today for MassDevelopment have been implemented for the Life Sciences Center. He confirmed that the Life Sciences Center’s server is separate from MassDevelopment’s.

Mr. Wilkerson applauded the Agency’s efforts with regard to its security measure, particularly, in light of issues discussed at a recent conference he attended. The conference emphasized that employer and employee training is key, and Mr. Pass confirmed that the IT Department already trains staff and is stepping up its efforts with regard to training as much as possible.

**Strategic Planning**

**5. MassDevelopment FY2016 Strategic Themes and Business Plan Goals**. For information purposes only, the Agency’s Strategic Themes and Business Plan Goals are attached and part of the minutes of this meeting.

**MARKETING/Communications**

**6.** **Media Report (June 2015)**. For information purposes only, the Selected Press Clips, Media Report, and Web Statistics for June are attached and part of the minutes of this meeting. No discussion of these items took place.

**Bond Transactions**

**7. Delegated Authority Report for Bond Approvals (May 2015)**. For information purposes only, the Delegated Authority Report regarding Bond Official Action approvals is attached and part of the minutes of this meeting. No discussion of the Report took place.

**8.** **Bond Detail Memorandum**. Mr. Chilton noted there are eighteen approvals before the Board today. He advised there are three changes from the materials in the July Board book: the sources and uses for the proposed bond issuance for the Noble and Greenough School (Tab 17) have been corrected; the address of the Borrower for the proposed bond issuance for Chelsea Jewish Green House, Inc. (Tab 18) has changed, but the project location remains the same; the Financial Advisor for the proposed bond issuance for Finicky Pet Food, Inc. (Tab 24) has changed.

[*Secretary’s Note: Ms. McGovern temporarily left the meeting and was not present for any discussions, deliberation, or votes on the proposed bond issuances in Tabs 9 through 28. There was a quorum present for each of these votes.*]

The Chair then asked if there were any recusals on the upcoming bond votes, and there were as follows:

Mr. Holmes disclosed to the Board that one of the institutions that is part of Five Colleges, Incorporated (Tab 20) is a client of his employer Cambridge Associates, Inc. and, therefore, he will recuse himself from any discussions, deliberation, and vote on this proposed bond issuance and leave the room during the deliberation and vote on this matter.

Ms. Sullivan advised that her husband works in the housing finance field and his employer may have a business relationship relative to the proposed bond issuance and issuance of LIHTCs for Olde English Village Green Preservation, LP (Tab 15), Port Landing Tenant LLC (Tabs 25 and 27), and Harborlight House LLC (Tabs 26 and 28). Therefore, she will recuse herself from any discussions, deliberation, and votes on these bond issuances and issuance of LIHTCs and leave the room during the deliberation and votes on these matters.

The Chair advised that the Board would vote on the approvals and findings for the matters in Tabs 9 – 28, 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**

**9.** Upon motion duly made and seconded, it was

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

a project of The Residences at Fifty West Broadway, LLC, in Boston, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $46,194,716.

**10.** Upon motion duly made and seconded, it was

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

a project of Dexter Southfield, Inc., in Brookline, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $39,234,000.

**11.** Upon motion duly made and seconded, it was

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

a project of the Trustees of Clark University, in Worcester, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $19,000,000.

**12.** Upon motion duly made and seconded, it was

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

a project of Holyoke Medical Center, Inc., in Holyoke, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $15,000,000.

**13.** Upon motion duly made and seconded, it was

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

a project of Malden Catholic High School, in Malden, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $5,300,000.

**14.** Upon motion duly made and seconded, it was

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

a project of Marbury Terrace, Inc., in Boston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $4,370,000.

**Official Action Projects with Volume Cap Request**

**15.** Upon motion duly made and seconded, it was

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

a project of Olde English Village Preservation, L.P., in Gardner, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $12,789,000.

[*Secretary’s Note: Having previously recused herself from this matter, Ms. Sullivan left the room and did not participate in any discussion, deliberation, or vote on the matter. She returned to the meeting room after completion of the above vote.*]

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**16.** Upon motion duly made and seconded, it was

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

a project of Babson College, in Needham and Wellesley, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $67,000,000 (Official Action/Final Approval (“OA/FA”)).

**17.** Upon motion duly made and seconded, it was

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

a project of Noble and Greenough School, in Dedham, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $27,000,000 (OA/FA).

**18.** Upon motion duly made and seconded, it was

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

a project of Chelsea Jewish Green House, Inc., in Chelsea, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $17,050,000 (OA/FA).

**19.** Upon motion duly made and seconded, it was

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

a project of The Trustees of Hampshire College, in Amherst, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $15,000,000.

**20.** See below.

**21.** Upon motion duly made and seconded, it was

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

a project of The Cambridge School of Weston, Inc., in Weston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $9,000,000 (OA/FA).

**22.** Upon motion duly made and seconded, it was

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

a project of North Shore Heritage Associates, Inc., in several Massachusetts locations, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $4,537,000 (OA/FA).

**23.** Upon motion duly made and seconded, it was

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

a project of The Malden Young Men’s Christian Association, in Malden, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $3,875,000.

**Final Approval Projects with Volume Cap Request**

**24.** Upon motion duly made and seconded, it was

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

a project of Finicky Pet Food, Inc., in New Bedford, Massachusetts, for the issuance of Tax-Exempt IDB Bonds to finance such project in an amount not to exceed $5,500,000.

**25.** Upon motion duly made and seconded, it was

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

a project of Port Landing Tenant LLC, in Cambridge, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $4,900,000.

[*Secretary’s Note: Having previously recused herself from this matter, Ms. Sullivan left the room and did not participate in any discussion, deliberation, or vote on the matter.*]

**26.** Upon motion duly made and seconded, it was

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

a project of Harborlight House LLC, in Beverly, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $4,500,000.

[*Secretary’s Note: Having previously recused herself from this matter and left the room, Ms. Sullivan did not participate in any discussion, deliberation, or vote on the matter.*]

**Low Income Housing Tax Credits (“LIHTC”) Bond Issuer Tax Code Findings**

**27.** Upon motion duly made and seconded, it was

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

a project of Port Landing Tenant LLC, in Cambridge, Massachusetts, making findings regarding and for providing assistance for an annual allocation by DHCD of federal LIHTCs.

[*Secretary’s Note: Having previously recused herself from this matter and left the room, Ms. Sullivan did not participate in any discussion, deliberation, or vote on the matter.*]

**28.** Upon motion duly made and seconded, it was

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

a project of Harborlight House LLC, in Beverly, Massachusetts, making findings regarding and for providing assistance for an annual allocation by DHCD of federal LIHTCs.

[*Secretary’s Note: Having previously recused herself from this matter and left the room, Ms. Sullivan did not participate in any discussion, deliberation, or vote on the matter. She returned to the meeting room after completion of the above votes.*]

**20.** With respect to the proposed bond issuance to Five Colleges, Incorporated, Mr. Chilton advised that two representatives of the New England Regional Council of Carpenters attended the recent TEFRA hearing regarding this proposed issuance and expressed concerns regarding the project’s general contractor Cutler Construction. They stated that this company has not property paid workers compensation; has used subcontractors involved in tax and insurance fraud; and has been sued for faulty work. These comments were noted in the TEFRA report. Following the TEFRA hearing, staff confirmed that Cutler Construction does not appear on any state or federal debarment lists; staff also confirmed that both Cutler Construction and the borrower are fully aware of and have agreed to comply with MassDevelopment’s Responsible Contractor Policy.

Mr. Kronish stated that he looks forward to a review in August of projects compliance with the Agency’s Responsible Contractor Policy in August. He noted that the information provided at the TEFRA hearing for this proposed bond raises troubling concerns and that he will vote against the bond issuance due to Cutler’s involvement.

After discussion, upon motion duly made and seconded, it was

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

a project of Five Colleges, Incorporated, in Hadley, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $9,500,000.

[*Secretary’s Note: Having previously recused himself from this matter, Mr. Holmes left the room and did not participate in any discussion, deliberation, or vote on the matter. He returned to the meeting room after completion of the above discussion and vote.*]

[*Secretary’s Note: A quorum was present for this deliberation and vote. Messrs. Hurley and Kronish voted against the proposed bond issuance; Mr. Kanin abstained from voting; Messrs. Cohen and Wilkerson and Ms. Lamoureux and Ms. Sullivan voted in favor. Accordingly, the motion to approve the proposed bond issuance for Five Colleges, Incorporated, was approved.*]

**Standing Board Committee Reports**

***Audit & Administration Committee***

Because Ms. McGovern still had not returned to the meeting, the report by Ms. McGovern was held until later in the meeting.

***Manufacturing & Defense Sectors Committee***

Mr. Kanin advised that the Manufacturing & Defense Sectors Committee met on Tuesday, July 7, 2015.

**30. Minutes of Prior Meeting**. For information purposes only, the minutes of the June 9, 2015 Manufacturing & Defense Sectors Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

**31. VOTE – City of Chicopee and Westover Metropolitan Development Corporation – $1,000,000 grant for improvements at Westover Air Base**

Ms. DeAngelis briefly described this request to approve a grant to the City of Chicopee and the Westover Metropolitan Development Corporation for the clearing and preparation of land for a solar field to be constructed on land adjacent to the Westover Air Reserve Base; once completed, the electricity generated by the solar field will help to reduce the electrical costs for the Base. She advised that this grant is contingent on the execution of a mutually acceptable agreement among the grantees and MassDevelopment, as well as the contribution of a match of $1 million from the City of Chicopee. The Vice Chair asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the award of a $1 million grant to the City of Chicopee and the Westover Metropolitan Development Corporation, as outlined in the memorandum and vote dated July 9, 2015, attached and part of the minutes of this meeting.

***Walk-in*. VOTE – Extension of Contract with The Roosevelt Group**

Noting the memorandum and vote provided today, Ms. Jones briefly described this request to extend by one additional year the contract with The Roosevelt Group, which for the past three years has provided critical consulting services to the Agency and the Commonwealth in connection with the Military Task Force and concerning the six military installations in Massachusetts. The Vice Chair asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves the contract extension with The Roosevelt Group, as outlined in the memorandum and vote dated July 9, 2015, attached and part of the minutes of this meeting.

***Origination & Credit Committee***

The Vice Chair advised that the Origination & Credit Committee met on Tuesday, July 7, 2015. Ms. Canter reported briefly that the Agency’s loan volume in general has been quiet recently; real estate and equipment loans are down. She noted this is partly because banks have been more aggressive and staff is able to bring banks into more transactions, not because of a lack of awareness of MassDevelopment in the lending environment.

Ms. Canter then reported on lengthy discussions that took place at a meeting of the Brownfields Advisory Group, which occurred yesterday, and a discussion ensued. She reminded the Board that there is no recapitalization of the Brownfields Redevelopment Fund (the “Fund”) in the administration’s budget for FY16 and she described the remaining dollars in the program; Ms. Canter noted the Fund has about $11 million in uncommitted capital but there is about $15 million worth of projects in the pipeline. She noted that staff and others have worked very hard to get developers to consider choosing contaminated properties for redevelopment, and it is feared that shutting down the Fund would have a chilling effect on these development initiatives.

Ms. Jones added that the Brownfields Advisory Group also discussed opportunities for repayment at its meeting, including terms for the repayment of certain recoverable grants under the program. She noted the Group is contemplating requesting that the grantee City or Town or Community Development Corporation involved in a particular project consider passing on to the end-user of the site some of the costs. This seems particularly prudent when the end-user has the means to pay certain costs.

In addition, it was reported that Mr. Porter challenged the members of the Brownfields Advisory Group to think about ways to increase the pipeline in an effort to show support for the program. In this regard, Ms. Jones advised that an intern has been assigned to investigate and gather data regarding Brownfields sites that have been funded through the program. There is lots of support for the program, and Ms. Canter is hopeful for recapitalization in the future. She noted that when the Fund has been recapitalized in recent years, typically, it has been for multi-year projects. Finally, when Ms. Lamoureux asked how long the program has been managed by MassDevelopment, the answer was since 1999.

[*Secretary’s Note: Ms. McGovern returned to the meeting during the above presentation at 11:05 a.m. She was not present for the discussions, deliberation, or votes in Tabs 9 through 28 and Tabs 30, 31 and the walk-in matter of The Roosevelt Group contract. Discussion of the Minutes in Tab 29 was held until her return.*]

**Lending**

**32. Delegated Authority Report for Loan Approvals (May 2015)**. For information purposes only, the Delegated Authority Report regarding Loans is attached and part of the minutes of this meeting. No discussion of the Report took place.

**Community Development**

**33. Delegated Authority Report for Community Development Approvals (May 2015)**. For information purposes only, the Delegated Authority Report regarding Community Development Approvals is attached and part of the minutes of this meeting. No discussion of the Report took place.

***Audit & Administration Committee***

Ms. McGovern noted that the Committee met this morning for a presentation of the audit plan for FY2015 by McGladrey LLP, the Agency’s audit firm. Ms. McGovern called attention to the contact sheet provided today, noting that if anyone has concerns regarding the Agency’s audit or operations, they should let McGladrey know. She advised there were no troubling issues, but the Committee requested McGladrey to follow up on three items of note: (i) concerns regarding IT security; (ii) concerns regarding a recent unfavorable article in *The Boston Herald* on the prior Administration’s travel budget funded in part by the Agency; and (iii) the impact on the Agency of the sale of 100 Cambridge Street, which McGladrey will consider in its audit. With respect to the first item, Ms. McGovern noted that the head of security at McGladrey could speak to the Board or Agency staff regarding best practices and more. She stated that the Committee would meet again in the Fall.

**29. Minutes of Prior Meeting**. For information purposes only, the minutes of the June 2, 2015 Audit & Administration Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

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

Ms. Lamoureux stated that the Real Estate Development & Operations Committee met on Tuesday, July 7, 2015, and recommended for approval the votes before the Board today.

Ms. Lamoureux reported that the Committee also addressed the method by which certain fees are charged by MassDevelopment in connection with its real estate services, and a discussion ensued. Cited as an example was the recent purchase and sale of 370 Essex Street, Lawrence; Ms. Lamoureux explained that the City was charged approximately $58,000 in Agency costs related to this transaction, which she noted is not excessive, but could present a hardship for an economically-challenged city like Lawrence, and she wondered how this furthers the Agency’s mission. Noting the agreement of a majority of the Committee members, Ms. Lamoureux suggested delegating authority to the President/CEO in her discretion to waive all or a portion of these types of charge-back fees from time to time in certain situations. Ms. McGovern agreed with the Committee, but commented that experience has taught that people value services more when some payment is required; she wondered about doing as Ms. Lamoureux intends in such a way that people understand they are getting something of benefit. Mr. Kanin suggested making the point of waiving the fees after the particular transaction has concluded, so that it does not become the expectation. Ms. Sullivan expressed concerns about this practice becoming widely known; she advised that while discretion and judgment can be useful, the Board may want to set some guidelines around this criteria. She suggested that authority be delegated to the President/CEO to monitor the specific situation and, if warranted at the conclusion of the transaction, to reduce or waive altogether the Agency’s fees at that time, rather than up front. Ms. Jones advised that there is a flexible system in place regarding how the Agency charges its staff time. In addition, she noted that consideration must also be given to sources of repayment, when such sources exist. The Vice Chair suggested that this matter be given further consideration by the Real Estate & Operations Committee before further guidance or a vote by the Board is requested.

**34. Minutes of Prior Meeting**. For information purposes only, the minutes of the June 9, 2015 Real Estate Development & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

**35. Devens and Devens Environmental Updates**. For information purposes, the Devens and Devens Environmental Updates are attached and part of the minutes of this meeting. No discussion of the Updates took place.

**36. VOTE – Devens – Contract Extension – Compass Facility Services, Inc.**

Mr. Kezer briefly described this request for authority to extend for two additional one-year terms the contract for custodial services for selected buildings located in Devens. The Vice Chair asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Board of Directors of MassDevelopment grants authority to extend the contract for custodial services with Compass Facility Services, Inc., as outlined in the memorandum and vote dated July 9, 2015, attached and part of the minutes of this meeting.

[*Secretary’s Note: Ms. Lamoureux was out of the meeting room during the vote on Tab 36 and therefore did not vote on this matter. A quorum was present for the vote.*]

**37. Statewide Real Estate Projects Updates**. Mr. Henderson reported that demolition and construction of infrastructure are underway at the Myles Standish Industrial Park (“MSIP”) Expansion project in ***Taunton*** at the site Martignetti Liquors purchased; the remediation of a priority building is almost complete with no issues to date; and the South Coast Innovation Center – a makerspace / co-worker group – has moved into Cottage A. The Governor’s capital budget includes $2.3 million for the former State school site in ***Belchertown***, which funds will be used for demolition. The Agency closed the sale of 370 Essex Street, ***Lawrence***, to the City of Lawrence yesterday, the proceeds for which come from a bond the City was able to issue at an acceptable interest rate on June 23.

With respect to ***Devens***, the Board was reminded of the recent vote by Super Town Meetings, which accepted three of four proposed zoning warrants, and the Agency has already received interest and inquiries from the developers of three senior living facilities. Staff will continue to survey the needs of Devens and will continue discussions regarding the fourth proposed zoning warrant; a vote is hoped for in September.

**38. TDI – Equity Investment / Technical Assistance Updates**

Ms. Haynes advised there is lots of activity with respect to TDI. She noted that thirteen awards have been designated for TDI Placemaking projects; these are small grants for fast-paced projects, but they can accomplish a lot. Mr. Kanin wanted to know how the Agency promotes projects in communities in which there is no Fellow, and Ms. Haynes advised that at least one staff member from Community Development and one from Real Estate are assigned to each TDI community; officers of the Agency are working on building relationships with and within communities, and partnerships are still emerging as staff delves deeper into the TDI Districts. In addition, she said there is hope for expanding the Fellows program.

Ms. Haynes then called attention to the materials in Tab 38 listing the equity investment Guidelines adopted by the Board and the addition by Agency staff of certain other criteria, in light of the limited resources available for this pilot year. She commented briefly on each of the five additional criteria, noting that staff will continue to refine these items and revise the guidelines as a result of ongoing due diligence. Ms. Jones noted the Real Estate & Operations Committee requested clarifying language be added to the local partnership criterion in the additional criteria. Mr. Kronish expressed a wish for more criteria around (i) analyzing the wages generated and (ii) bringing people into the labor force as a result of TDI projects. Ms. Haynes agreed, but noted the need for additional dialogue to develop some specific points in this regard. The Vice Chair suggested that the Real Estate & Operations Committee could draft some appropriate language.

**39. VOTE – TDI – Award of Owner’s Project Manager (“OPM”) House Doctor Contracts**

Mr. Starzec briefly described this request to negotiate contracts with up to four professional firms to provide OPM services on a so-called house doctor basis over an initial three-year term, with an additional one-year option, selected pursuant to a Requests for Qualifications (“RFQ”) process; he noted 20 responses were received to the RFQ, which staff then narrowed down to four. The Vice Chair asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Board of Directors of MassDevelopment approves entering contracts with four professional firms for OPM services, named in and on the terms outlined in the memorandum and vote dated July 9, 2015, attached and part of the minutes of this meeting.

**40. VOTE – Devens – Sale of 105 Walker Road to Salad Bowl Farms, LLC**

Due to components involving valuation of real property and potential purchase and sale terms, the discussion of and vote on this item occurred in Executive Session.

**41. VOTE – Village Hill, Northampton – Sale of 4.7 Acre Lot on Ford Crossing to The Pecoy Companies**

Due to components involving valuation of real property and potential purchase and sale terms, the discussion of and vote on this item occurred in Executive Session.

**EXECUTIVE SESSION**

The Vice Chair then advised, at 10:41 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 the value and potential purchase and sales terms of real property in Devens and Northampton, the discussion of either of which in Open Session would have a detrimental effect on the Agency’s negotiating positions. 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*]

Following the Executive Session discussions and votes, there being no further business before the MassDevelopment Board, upon motion duly made and seconded in Executive Session, upon a roll call vote, the meeting was adjourned at 11:48 a.m.