

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
Thursday, February 8, 2024
10:00 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair
Jessica Andors
Gary Campbell
Kaitlyn Connors
Juan Carlos Morales
Dan O’Connell
Kristina Spillane
Juliann Thurlow

DIRECTORS ABSENT: Brian Kavogian, Vice Chair
Joan Corey

Agency Staff: Dan Rivera, President and CEO
Theresa Park, Deputy Director and SEVP
Simon Gerlin, Treasurer and CFO
Sean Calnan, Acting General Counsel
Tania Hartford, EVP, Real Estate
Marcos Marrero, EVP, Community Development
Cyndy Tonucci, Interim EVP, Finance Programs
David Abdo, Chief of Staff
Victoria Stratton, Recording Secretary

Guests: Ashley Stolba, Undersecretary of Community Development,
Executive Office of Economic Development (“EED”)

A Meeting of the Board of Directors of the Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, February 8, 2024, pursuant to notice duly given.

The Chair welcomed everyone and, confirming the presence of a quorum in the room, called the meeting to order at 10:04 a.m. She asked if there were any guests in addition to Undersecretary Stolba, and there were none.

MISSION MOMENT

- **President/CEO's Report**

Mr. Rivera reported the following highlights:

Agency Projects. The developer in Belchertown hopes to obtain approval later this month to begin final design plans for 108 mixed-income rental units, to break ground in 2025. At the Keystone site in New Bedford, the developer expects to submit permitting applications for a 42-unit housing development next month; it will also begin a site activation plan that was called for in its proposal and encouraged by the City.

Events. The Agency was pleased to sponsor and host a table at the Annual Meeting and Trade Show of the Massachusetts Municipal Association at the Hynes Convention Center recently. MassDevelopment continues to partner with MassChallenge, and Mr. Rivera will participate later today in MassChallenge's Showcase and Awards, celebrating fifteen years of frontier entrepreneurs and start-up acceleration.

Agency Programs. Conversations are advancing between MassDevelopment and the Department of Early Education and Care regarding a partnership – modeled on MassDevelopment's relationship with the Mass Cultural Council and the Cultural Facilities Fund – whereby the Agency would administer, for a fee, a grant program to assist in-home childcare providers to improve their facilities and increase capacity; it was reported that there is roughly \$7 million available to launch this program.

Agency News. MassDevelopment continues to work with its external auditors, RSM US, LLP, to resolve an issue regarding the interpretation of a new GASB accounting rule that is impacting RSM's issuance of the Agency's audited financial statements for FY2024.

Devens. The *Boston Globe*, in a recent article, addressed the important role Devens plays in the state's biomanufacturing industry and ongoing development along Jackson Road, specifically mentioning the amenities facility at King Street Properties / Pathway Devens. To that end, the work and drone footage of muralist Kim Carlino in action painting the façade of 65 Jackson Road, Devens, was recently highlighted; the building is part of the biomanufacturing campus and will include, among other amenities, a public brewery.

State Piers. Responses to the re-issued Request for Proposals to redevelop New Bedford State Pier are due on February 28, and Board members should expect an update at the March Board meeting. In addition, Mr. Rivera met with Department of Conservation and Recreation Commissioner Brian Arrigo, at the Commissioner's request, to discuss opportunities surrounding Pope's Island Marina, located nearby the New Bedford State Pier.

STANDING BOARD COMMITTEES

Origination & Credit Committee

Ms. Thurlow reported that the Origination & Credit Committee met on Tuesday, February 6, 2023, to discuss the MassDevelopment/HEFA Trust request (at Tab 5, below), as well as a review of quarterly portfolio reports.

Real Estate Development & Operations Committee

Mr. Campbell reported that the Real Estate Development & Operations Committee met on Tuesday, February 6, 2023, to discuss a proposed land transaction, as well as a strategy discussion regarding “shovel ready” properties in Devens.

GENERAL / ACTION ITEMS

1. State Small Business Credit Initiative (“SSBCI”) – Annual Certification

Ms. Tonucci briefly described this federal requirement to obtain executed Certifications – related to the sexual abuse of minor(s) – from all Board members and additional Executives /senior staff on an annual basis as part of the SSBCI application process. She referred to the Forms for signature provided and asked that they be returned today, if possible, and thanked Board members in advance for doing so.

2. STAR Fund – Annual Certification

Mr. Gerlin briefly described the annual Certification required by Ernst & Young, or EY, as part of its audit of the STAR Fund. He, too, referred to the Forms for signature provided.

CONSENT AGENDA

After a moment of consideration, the Chair asked if there were any questions or issues for discussion regarding the items on the Consent Agenda, and there were none. Without discussion or opposition, and, upon motion duly made and seconded, by the directors present, it was, unanimously

3. VOICE VOTE – Meeting Minutes (January 11, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its January 11, 2024 Board meeting, which are attached and made a part of the minutes of this meeting.

4. VOICE VOTE – Executive Session Meeting Minutes (January 11, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the Executive Session minutes of its January 11, 2024 Board meeting, which are attached and made a part of the minutes of this meeting.

5. VOTE – Lending – MassDevelopment/HEFA Trust – Loan Recommendations

VOTED: that the Board of Directors of MassDevelopment approves the transfer of certain loans, as identified in the revised memorandum and vote dated February 8, 2024, which are attached and made a part of the minutes of this meeting.

6. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 7 through 11, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended. There was no discussion or presentation of the bond transactions; there was no opposition.

Bonds: Official Action

Official Action Project with State Volume Cap Request

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

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

a project of 733 Broadway LLC, in Lowell, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed \$17,000,000.

Bonds: Final Approvals

Final Approval Projects without State Volume Cap Requests

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

a project of Sturdy Memorial Hospital in Attleboro, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$50,000,000.

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 Benjamin Banneker Charter Public School, in Cambridge, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed \$29,000,000.

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

a project of Inquilinos Boricuas en Acción, in Boston (Back Bay), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$18,020,000.

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

a project of Housing Assistance Corporation, in Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$2,300,000.

INFORMATIONAL ITEMS

12. FY2023 Annual Report to the Supplier Diversity Office on MassDevelopment's Diverse Business Enterprise Program

For informational purposes only, the Supplier Diversity Office Annual Reporting is attached and made a part of the minutes of this meeting. There was no discussion of this item.

13. Lending – Delegated Authority Report for Loan Approvals (December 2023)

For informational purposes only, the Delegated Authority Report regarding Loan Approvals is attached and made a part of the minutes of this meeting. There was no discussion of this report.

14. Lending – Summary Portfolio Report

For informational purposes only, the Quarterly Loan and Guarantee Portfolio Summary Report as of December 31, 2023, is attached and made a part of the minutes of this meeting. There was no discussion of this item.

15. Lending – New Markets Tax Credits – Annual Report

For informational purposes only, the New Markets Tax Credit Program – Calendar Year 2023 Annual Report is attached and made a part of the minutes of this meeting. There was no discussion of this item.

16. Media Report (January 2024)

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.

STRATEGIC DISCUSSION

• **Lending Portfolio**

Ms. Tonucci reported that MassDevelopment’s Lending Portfolio is stable and satisfactory, historically and overall. She provided details – and discussions ensued – regarding the “Lending Portfolio and General Fund Discussion” material presented, a copy of which is attached and made part of the minutes of this meeting. Analytical data (p. 4, of the presentation) confirms that over the past decade fewer loans are being made, but such loans are for greater amounts. When Ms. Andors asked what the current trends mean for the landscape of the Agency’s loans, Ms. Tonucci said MassDevelopment is seeing more Commercial Real Estate loans. In addition, she advised that 95 percent of MassDevelopment’s lending portfolio consists of loans that are not bankable at origination. The Agency finances fewer and fewer loans with risk ratings of 1, 2, or 3 (because such loans *are* bankable). The majority of financing requests are for loans and guarantees with risk rating grades of 4 and greater; the number of 4 and greater rated loans confirms that MassDevelopment is going into the places where there is need.

Mr. O’Connell wanted to know how borrowers come to the Agency for loans. Ms. Tonucci explained that sometimes bank participants will refer or recommend MassDevelopment, sometimes savvy borrowers will approach the Agency directly, sometimes Community

Development organizations will make referrals. Ms. Thurlow agreed it is challenging when others bring business to your door. Later, when asked how often MassDevelopment participates in loans, Ms. Tonucci said fairly often.

Mr. Rivera commented that another important aspect of the Lending portfolio is the opportunity to make connections and bring people to the conversation. He added that the most impactful publicity the Agency receives is when it successfully closes a transaction. Recent loan(s) to City Fresh, for example, enabled the borrower to stabilize its operations and win a valuable contract to provide fresh food to the Boston Public School system. Likewise, Ms. Andors advised that there are businesses in Gateway Cities poised for growth. Noting efforts to be responsive to every offer and opportunity, a discussion of the Universal Intake process followed. Mr. Marrero advised that Community Development staff is on the ground rebuilding places that have need; he noted that a focus on the economy outside of Boston has been intentional. In addition, conversations are taking place about potential overlap of efforts and/or partnerships between MassDevelopment and Mass Growth Capital Corp., for example, and MassHousing. Mr. Campbell noted the importance of adequate staffing.

The discussion turned to the “10 Year Loan Balances by Fund” (p. 6) and, with respect to trends, Mr. Gerlin advised that loan activity from the General Fund has diminished and will continue to do so. Indeed, according to Mr. Rivera, General Fund lending will remain more or less flat for an uncertain period of time while the “fruits” of the General Fund replenish. Mr. Morales cautioned that MassDevelopment should not be telling people the Agency is closed for lending business. Ms. Tonucci agreed and said that is not what the Agency is doing; rather, each loan request is being examined on a case-by-case basis, including reviewing various financing options. Ms. Thurlow acknowledged that MassDevelopment is not alone in taking such measures; many banks are lending only to existing customers. More than once, Ms. Tonucci referred to the importance of the SSBCI and the helpful returns to the General Fund that this federal program provides.

Mr. O’Connell recalled job creation as being a more prominent part of the Agency’s Mission in his prior tenure on the Board, but he did not see job creation language in the Mission Statement as identified today (p. 2). Mr. Rivera advised that job creation is inherent and plays a role in every transaction; the numbers are recorded and reported. Mr. O’Connell felt it is important to emphasize and reiterate job creation at every opportunity.

Discussion of the Year to Date numbers (p. 10) took place next, including the Top 16 performing loans (p. 11). The average interest rate was identified as 4.5 to 5 percent and when asked if there were more housing transactions, the answer was yes. The details of Projected Loan Balances (p. 12) occurred next, including: repayments; breakdown by type, region, more; as well as minding what is coming in over the next one to two years to influence what will go out.

In terms of focus going forward, given the Agency’s current financing capabilities, Ms. Tonucci suggested that the following questions could inform the decision-making process: Should MassDevelopment prioritize financing a greater number of smaller financing

requests? And/or, should the Agency leverage its resources by participating with other lenders and financing organizations?

The Chair commended the presentation, noting the important questions regarding focus. She asked if there are any proposals identifying the Agency's direction in this regard. The Chair wanted to know if there is a strategy informing why Lending is making the types of loans it is making. Mr. Rivera reminded the Chair that the Agency makes loans that others will not, in addition to addressing needs, specifically housing. In truth, doing less construction loans would be better for MassDevelopment, but the need for such financing continues to be great.

MISCELLANEOUS: OLD BUSINESS / NEW BUSINESS

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

EXECUTIVE SESSION

17. Real Estate – Property Sale (33 Lake George Street, Devens)

Due to components involving valuation of real property in Devens, Massachusetts, and potential purchase and lease terms, the discussion of this item occurred in Executive Session.

18. Devens – Informational – Follow up to Strategic Discussion

Due to components involving valuation of real property in Devens, Massachusetts, and potential purchase and lease terms, the discussion of this item occurred in Executive Session.

The Board Secretary advised, at 11:12 a.m., that, pursuant to Mass. General Laws Chapter 23G, Section 2(1), 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 matters involving the value of real properties in Devens, Massachusetts, and terms of potential land valuation, purchases, and leases, the discussion of which in Open Session would have a detrimental effect on the Agency's negotiating position(s). The Board Secretary 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 discussion or business before the Board of MassDevelopment, the Board meeting and its Executive Session were adjourned in Executive Session at 11:25 a.m.