# MASSACHUSETTS DELOPMENT FINANCE AGENCY

**Meeting of the Brownfields Advisory Group**

**Wednesday, February 10, 2016**

**12:00 p.m. – 1:30 p.m.**

(Amended and Approved at the May 19, 2016 Meeting)

**ATTENDANCE:**

Members

Jessica Andors

Kerry Bowie

Michael Crawford

Veronica Eady

Betsy Harper

Erica Kreuter

David Leone

Jonathan Lothrop

Michele S.W. Paul

Jeffrey Porter

Staff

Laura Canter, EVP Finance Programs

Joy Conway, SVP Community & Business Development

David Bancroft, SVP Community Development

Sean Calnan, VP Community Development

Jim Walsh, VP Community Development

Shyla Matthews, VP Community Development

Eleni Varitimos, VP Community Development

Michael Galligan, VP Commercial Lending

RJ McGrail, Program Policy Impact Officer

Mark Sternman, Director of Marketing and

Communications

Tonya Ingram, Program Administrator,

Community Development

Patricia DeAngelis, General Counsel

MassDevelopment

Zack Dovitz, Legal Department Intern

Guest

Larry Field, Smart Growth Alliance

A meeting of the Brownfields Advisory Group was held on Wednesday, February 10, 2016 at 12:00 noon at the MassDevelopment office, 99 High Street, 11th Floor, Boston, MA, pursuant to notice duly given. This meeting covered business of the Brownfields Advisory Group for the months of November, December and January and other matters set forth below.

**Introductions**

In the absence of a Chair, Ms. Canter opened the meeting and asked all attendees to introduce themselves.

Ms. Canter noted that a quorum of the Group was present.

**Roster of Members of the Brownfields Advisory Group**

Ms. Canter called attention to Tab 1 where the roster of the Brownfields Advisory Group members was located. She asked members to review their contact information and let staff know if there are any changes.

**Approval of Minutes of the Advisory Group meeting held on December 3, 2015**

Ms. Canter asked if members of the Group had any comments on the minutes of the meeting of December 3, 2015 that had been included in the meeting materials.

There being no changes, there was a motion, second, and vote approving the minutes.

**Discussion of Selection of New Chair**

Ms. Canter informed the committee that the Bylaws call for a Chair of the Brownfields Advisory Group.

Mr. Lothrop nominated Ms. Andors, and there was discussion. Ms. Andors said she would be happy to serve. Mr. Lothrop moved the question, and Ms. Andors was approved unanimously as Chair of the Committee.

Ms. Andors then asked for discussion of the selection of a new Vice Chair of the Committee. Ms. Canter said it is important to have a Vice Chair to step in and run a meeting if the Chair is not able to be present, and the Vice Chair also can be helpful in organizing the meetings.

Ms. Harper volunteered Mr. Lothrop. Ms. Andors the Chair recommended Mr. Lothrop as Vice Chair. With no discussion or objections, the Chair asked for a vote, and Mr. Lothrop was approved unanimously as Vice Chair.

**Financial Statements as of December 31, 2015 and Discussion of Recapitalization**

Ms. Andors asked Ms. Canter to present the Brownfields Redevelopment Fund Financial Statements as of December 31, 2015, which had been included in the meeting materials.

Ms. Canter said the financials today show $1,251,862 in available cash. She said the financials changed from where we were at September 30, 2015 due to $500,000 in loans and grants not fully drawn down coupled with a board vote to reserve this money in the Fund to guarantee loans that would be made from the General Fund. She asked Mr. Sternman about the number in the FY15 Annual Report.

Mr. Sternman said the FY15 Annual Report shows $650,000 as of June 30, 2015.

Ms. Canter informed the committee that the Governor has proposed a new bond bill that includes $75 million that could be made available for the Brownfields Redevelopment Fund over the next five years. In response to a question from Ms. Andors about the time frame, Ms. Canter said the bill would have to pass in this legislative session and the Governor would have to say what amount of money would be available in FY17.

Ms. Andors said the Group’s discussion at the last meeting had included resistance to bond authorization, with a preference for funding through state operating funds. She asked if we are still able to advocate for this, perhaps in a parallel process. She asked how the funds will be distributed to MassDevelopment.

Ms. Canter said it is administration’s call as to how they want to fund, which could be an annual operating budget line item or a lump sum of money for recapitalization such as we have previously received, or a decision to move Brownfields into a bond authorization and fund it out of a capital bond. Ms. Canter said whether the bond authorization would be in the annual capital budget in any given year would be up to the Administration.

Ms. Canter said as an agency we support the Governor’s bill. She asked Mr. Field for his thoughts. Mr. Field said his coalition would support the Economic Development Bill because the Administration has indicated this bill will recapitalize the fund. This is the realistic path to get the $75 million for the Brownfields Redevelopment Fund.

Ms. Andors asked if capitalization via the bond bill is supported by the Administration. Ms. Canter replied she does not think they would file the bill and not capitalize the fund.

Mr. Lothrop asked if this is an earmark, or is there a pool for MassDevelopment. He said if it is an earmark, it would really slow things down. If you have a developer ready to go you don’t want to wait six, nine, or 12 months for the money. If we are going in this direction, we need to have some clarification to educate people. We really want to get into how we operationalize this stream. There needs to be a process by which the money can be allocated.

Mr. Bowie said when we look back at the highest point of our production, which was a million dollars a month or $12 million over a course of a year, what do we ask for? Should we ask for a lump sum? Should we ask for payment by invoices? He asked what does MassDevelopment think is the demand.

Ms. Andors said strategically we want to make sure we get fully behind the bill.

Mr. Porter said even if we pursue what the Governor wants, the Governor still has the ability to veto. He thought it would be more productive to operationalize this. The Secretary supports it. We should make the program as strong as it can be.

Ms. Canter said it would be useful to hear from the Brownfields Advisory Group. The issues included how the money in the Fund would be used. Funding from the capital bond could be problematic as bond funds can only be used for grants and loans to municipalities and CDCs; no to private entities. We can keep the lending capacity in the foreseeable future because the MassDevelopment Board of Directors voted to restrict remaining operating funds currently held in the Fund (or being repaid to the Fund) in the future to fund Brownfields loans. We are less worried about only having bond money. Timing is very important. We need to continue the process of having funds to release when a project is ready.

Ms. Andors asked if there is support that staff needs from us around the table for the operational issues. She said she is meeting with the state delegation on Friday and would like to know if there is something she needs to tell them.

Mr. Lothrop said with large and small projects, it is hard to predict the small projects. There are so many pieces of the puzzle that affect the timeline of this particular type of property. They might sit out there having to wait until the next cycle. Some flexibility of funds needs to be available. He said his preference was for operational money.

Mr. Bowie said if with the bond authorization you cannot make loans, then how will MassDevelopment provide funding for projects not eligible for grants. Ms. Canter replied that with a bond authorization you can make recoverable grants as well as loans to municipalities and CDCs. In addition, as explained above, MassDevelopment has voted to restrict operating money funds currently held (or repaid to) in the Fund to make loans.

Ms. Andors asked does that mitigate the issue of recapitalization with bond funds. Ms. Canter replied yes. Ms. Andors said that she encourages the committee to continue working to support the MassDevelopment staff in that goal.

Mr. Field said the Massachusetts Smart Growth Alliance has organized a meeting for February 23, 2016 with Senators Roderick and Walsh to discuss the major points. The Brownfields Fund makes jobs and housing come alive. All regions of the state benefit, not just Boston and the Gateway Cities. This is not just for Boston and Gateways.

MassDevelopment is proposing people to talk about the success of the Brownfields Redevelopment Fund, such as Jon Rudzinsiki, who developed the Rice Silk Mill into housing in Pittsfield, and Craig Blais of WBDC is attempting to get a business example. It would be good to have someone from Holyoke. Mr. Fields said he is interested if people have some idea to tell a story, particularly one that is not a Gateway.

Ms. Andors asked if anyone had any suggestions on municipalities. Ms. Varitimos said that she and Mr. Galligan can send Ms. Andors some ideas, such as site assessments in Amesbury. Ms. Matthews suggested examples from Gardner, and Mr. Walsh suggested the housing project in Westport, the district represented by Senator Roderick.

**Brownfields 2.0 Program Overview & Enhancements**

Referring to the meeting materials, Ms. Andors asked Ms. Canter to run through the Brownfields 2.0 Program Overview & Enhancements included at Tab 4 and explain how MassDevelopment operates the program.

Ms. Canter explained the big picture of how the program runs. She said Brownfields is one of many tools MassDevelopment offers to assist municipalities and developers to develop properties. She said the first page shows the work that MassDevelopment does. She said MassDevelopment first identifies the redevelopment project opportunity and vets the challenges. She said MassDevelopment works to help sites move along. Going forward MassDevelopment will provide ongoing technical support and monitoring of the project. If things fall apart, MassDevelopment can provide other assistance on the development side.

Mr. Porter said discussions at the board level had considered the number of Licensed Site Professionals (LSPs) and whether it is necessary for MassDevelopment to have an in-house LSP to conduct a peer review of the work. He said we might introduce house doctors if there is cause for concern.

Mr. Crawford asked if this service would be free of charge.

Mr. Porter said the advice would be to the agency, not the proponent so the agency would incur the cost of the LSP peer review.

Ms. Harper asked what would give MassDevelopment some sense of comfort. She said if an LSP is not a good LSP then the project never happens. Mr. Crawford said we have been doing this for a long time. Mr. Calnan said if GZA is the LSP, then he looks at it and determines if it just seems reasonable.

Ms. Canter said as Mr. Porter mentioned the decision on peer review would be on a case by case basis.

Mr. Porter said the professional staff relies on what they are being told by the LSP. He said with an LSP it is sometimes good, sometimes accurate, and sometimes not accurate. In a resource constrained environment, are there sites where professional staff would benefit from a second set of eyes?

Ms. Harper said she has a great Brownfields staff and a DEP person will take a look if needed.

Mr. Bowie said we can do more cleanups in Massachusetts because we are relying on LSPs to do that work.

Mr. Leone said that many of the LSP issues can be complicated. He said he could develop a list of sites that are harder to remediate and closeout.

Ms. Matthews said DEP deserves a lot of credit for the help it is giving us now. Ms. Andors asked if the projects where there have been overruns are traceable to certain LSPs. She said she is not sure. A checklist puts more eyes on the LSP. Ms. Canter said working with DEP to come up with a list of special situations, recognizing that no two sites are alike.

Mr. Porter said having a conversation with DEP would help MassDevelopment develop a plan on LSP peer review, such as a checklist as suggested by Mr. Leone.

Ms. Canter said MassDevelopment does have the benefit of environmental engineers at Devens.

Mr. Crawford asked if people thought this was a bad idea. He said we have been doing this for decades. Surprises have happened but not often.

Mr. Bowie said at DEP, the MCP is the roadmap. They check the plan along the way, but don’t want to reinvent the wheel. DEP staff does help out. Someone from DEP is always at the table when the BSTs meet. People can always call DEP and ask questions. We try to let the LSPs do their work.

Mr. Porter asked are we talking about two different things. He has never heard of non-compliance with a MassDevelopment project. Are there times when we are taking the first step and the costs are greater than what we hoped it would be? Are there things we can do better?

Ms. Harper said the cleanup has to be done in order to get the Covenant Not To Sue. Mr. Bowie said DEP can help with the technical side, looking at how to get to close out.

Ms. Andors asked staff if they think something like a second LSP would be helpful.

Mr. Walsh said MassDevelopment has a staff at Devens and they have looked at scopes. He said MassDevelopment works with DEP staff in the South Region. They are a second set of eyes.

Mr. Calnan said he has been successful with working with DEP, mostly on site assessments and also major work with municipalities. He said the MassDevelopment lending staff also looks at remediation scopes.

Ms. Matthews said DEP has been very helpful on large projects, including situations where there are PCBs. She said she has worked hand in hand with engineering staff.

Mr. Bancroft said there may be something else discovered during remediation. Another LSP looking at it would not have made a difference. Tanks and additional soil are where cost overruns happen. Sometimes the cost is lower than the estimate, and the money is reverted back to the Fund.

Mr. Calnan said from a historical perspective he has never felt that he was obligated to continue funding a cleanup of a site simply because a previous award for the site had been made.  The characteristics of the site, including its location, impact on the community in its current condition, redevelopment potential, and projected public purpose benefits of a redevelopment project drive additional funding decisions.

Mr. Bancroft said he doesn’t think MassDevelopment has given Brownfields money that didn’t go to a project.

Mr. Lothrop said MassDevelopment has in house experts who can be tapped when a site involves more than anyone thought. He said he sees the benefit of cross benefit analysis, and the vetting process already in place shows that is already being done.

Mr. Porter said it is helpful to hear everyone’s input. Ms. Andors summed that it did not sound like a change in operations was the consensus.

Ms. Canter said the chart on page three shows the Priority Projects and asked which areas of focus are common to all financing? Statutory requirements are the same for all. At the Priority Project determination it is really under two considerations. What does a municipal contribution mean and what does grant match mean? She said MassDevelopment does not want to tie Priority Project in with municipalities. This would be too much for them to come up with the cash. Ms. Canter said as with the match of 20% of the overall project cost, there is a need to enumerate that match. Abated taxes do not count as a match.

Ms. Canter asked if MassDevelopment has missed anything. Ms. Andors reiterated the question to the Group.

Ms. Canter said lastly, she would explain the way MassDevelopment decides to do a grant versus a loan. She said our method of operation is to recover the money whenever possible. If there’s a possibility of being repaid, we set up a financial structure that makes that possible. Starting with analysis of a project’s financials, a municipality might get a grant or loan.

Ms. Canter said if MassDevelopment still has liquidity in the fund that came from the operating budget then we can make it seamless if it is a loan. She said these sites often have large clean up.

Mr. Lothrop asked about the status of a project in Salem where the end use of a remediated site was a parking lot.

Ms. Varitimos said that it was the Universal Steel site and the parking lot was a temporary use while the MBTA garage was being constructed next door. The end use will be a commercial site. It was not the City of Salem or our goal to have it remain a parking lot permanently.

Ms. Canter said if it was only interim parking than we would not have approved it. She said MassDevelopment will hold back if there is not a developer. She said Pad ready was a good program and juxtaposed that approach.

Ms. Matthews mentioned a parking project in Athol that was a municipal lot providing parking for a library. Mr. Crawford said it didn’t have parking for the handicapped. Mr. Lothrop said those types of projects should not be constrained.

**Portfolio Sites Selected for Extra Focus**

Ms. Andors asked Ms. Canter to give an overview of the program from the Portfolio Sites Selected for Extra Focus chart under Tab 5. Ms. Canter said that over the summer MassDevelopment had an intern go visit some sites that have been on the list since inception. If you look at the financing data some of the sites go way back. The Regional teams picked out well located sites for redevelopment.

Ms. Matthews said the Central Team of MassDevelopment is working as a team and are having meetings and progressing further looking at the available technical sites.

Ms. Canter said these sites are going to stay on this special help list. She said there are some sites already on the list that are starting to perk.

Ms. Andors asked if the CD Officers were reaching out to the developers.

Mr. Bancroft said in the City of Boston it is not MassDevelopment’s role to pick a developer. It is up to the City of Boston to find a developer. The City needs to RFP the site. When the developer gets chosen then we will work with them.

Ms. Canter said some of the other towns we may connect with developers.

Mr. Walsh said he provided the Town of Bellingham with the name of a 40B developer that was working on a 40B development project in North Attleborough.  He said the North Attleborough assistant town administrator said that town officials had a good experience working with the developer.

Ms. Varitimos said she and Ken Goode work on the North list in both a formal and informal way. She said a new proposal can restart a site that has a change of ownership.

Ms. Matthews said the Prescott Trust at the top of the chart was proposed for housing but wants to stay industrial.

**Brownfields New Approvals Report**

Ms. Canter said the Brownfields New Approvals Report for November, December and January shows two projects approved by the board. She said in response to a request from the Group at its last meeting for an in depth discussion of certain projects, we have provided the write-ups for these two projects in advance of the meeting.

Ms. Canter said it is not clear if Boston East will need the money so $2 million may be returned to the fund. She also noted that Boston East is a Priority Project.

Mr. Calnan informed the committee that Parsons Paper is out to bid. He also noted that in the City of Holyoke things are moving along and the City was appreciative of being able to access the Brownfield Redevelopment Fund.

**Other Matters to Come Before the Committee**

Mr. Bowie announced that this will be his last meeting. He is going back to the private sector. He said he has really enjoyed working with everyone.

Ms. Canter asked that a resolution be taken. Mr. Porter moved to recognize Mr. Bowie’s contribution to the Committee and wished him the best of luck in his return to the private sector. The resolution was adopted by the Group.

There being no further discussion, the meeting was adjourned at 1:30 p.m.