**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, March 9, 2017**

**9:30 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Jay Ash, Secretary of Housing & Economic Development, Chair

 James Chisholm

 James Blake

 Grace Fey

 Lauren Liss

 Rachel Madden, Designee for Secretary of Administration & Finance

DIRECTORS ABSENT: Brian Kavoogian, Vice Chair

 Karen Courtney

 Patricia McGovern

 Juan Carlos Morales

 Christopher Vincze

Agency Staff: Marty Jones, President and CEO

 Simon Gerlin, Chief Financial Officer

 Richard Henderson, EVP, Real Estate

 Laura Canter, EVP, Finance Programs

 Meg Delorier, Chief of Staff

 Dena Kavanagh, Assistant Secretary

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Naomi Baruch

 Brandon Braxton

 Deb Boyce

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Robin Churray

 Zack Dovitz

 John Fink

 Tony Fracasso

 Zach Greene

 Joe Grivers

 Anne Haynes

 Jon Kelly

 Thatcher Kezer

 RJ McGrail

 Victoria Maguire

 Jon Markowitz

 Beth Murphy

 Leigh Natola

 Aiden O’Garro

 Meggie Quackenbush

 Deb Rosser

 Pat Sluder

 Ed Starzec

 Mark Sternman

 Jim Walsh

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, March 9, 2017, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

Noting the Chair is slightly delayed, the Acting Chair, Mr. Chisholm, welcomed everyone and called the meeting to order at 9:40 a.m. He asked if there were any guests present and there were none.

**Minutes**

**1. VOICE VOTE – Approval of Minutes (February 16, 2017)**

See below (*after the President/CEO’s Report*).

**President/CEO’s Report**

[*Assistant* *Secretary’s Note: At this time, Ms. Quackenbush commenced a video recording of the President’s Report and noted that a link to the recording would be made available to staff on the Agency’s internal Intranet.*]

Ms. Jones informed the Board of her recent activities, including a meeting with Mass. Dept. of Environmental Protection (DEP) officials and Sen. Bruce Tarr (R – First Essex and Middlesex) with representatives of a company that has devised a way to recycle the nylon fibers used in carpeting and is very interested in exploring the New England market; Ms. Jones advised that carpet and carpet remnants contribute significantly to landfills worldwide. She advised of military meetings and visits, including a meeting with Lt. Gen. John Thompson and Gov. Charlie Baker, as well as a meeting with Gen. Mark Milley, Chief of Staff of the U.S. Navy, which included a tour of army facilities and meetings with the teams from Natick Soldier Systems Center and Lincoln Labs.

Ms. Jones reported that a steering committee has been established to oversee the OEA grant, from the U.S. Dept. of Defense. Large companies, including Raytheon and others, and small companies, have convened productively and advice is being sought on ways to continue to engage the participants who represent defense sector businesses.

Yesterday, Ms. Jones met with Sen. Adam Hinds (D – Berkshire, Hampshire, Franklin, Hampden), who represents the largest district in western Massachusetts, to discuss the Transformative Development Initiative (“TDI”) and other economic development opportunities.

Finally, noting the Board Secretary’s absence, Ms. Jones informed everyone that Ms. Kavanagh would be advising as to any legal issues today, including quorum issues.

[*Assistant* *Secretary’s Note: Ms. Quackenbush terminated the video recording of the President’s Report at this time.*]

**30. Devens and Devens Environmental Updates**. For information purposes, the Devens and Devens Environmental Updates are attached and part of the minutes of this meeting. Mr. Kezer advised of the adoption of a formal so-called complete streets policy, which will make Devens eligible for grants related to transportation projects that connect different modes of transportation (for example, roads and walkways and trails and bike paths), noting this is something the Devens Enterprise Commission already does. Mr. Kezer called attention to the challenge expressed by manufacturing companies in Devens of filling available positions due to the lack of a regional shuttle service to bring in a workforce, stating that the funding to establish a regional shuttle service is very nearly complete and said service can be up and running within two weeks of full funding.

[*Assistant* *Secretary’s Note: The Chair arrived at the meeting during the Devens Update (above) at 9:51 a.m.*]

**Minutes**

**1. VOICE VOTE – Approval of Minutes (February 16, 2017)**

The Chair asked if there were any comments on the draft Minutes of the February 16, 2017 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 February 16, 2017 Board Meeting, attached and part of the minutes of this meeting.

**General Matters**

**2. VOTE – Approval of Agency Investment Policy**

Mr. Gerlin informed the Board that all state agencies and authorities are required to have a board-approved investment policy which must be filed with the Commonwealth’s Finance Advisory Board and readopted by the board every two years (by March 31st). Accordingly, he asked for approval of the Investment Policy provided, which he noted is identical to the ones filed in 2015 and in 2013; there have been no changes to this policy. The Chair then asked for a vote and, upon motion duly made and seconded, it was unanimously

**VOTED:** That the Board of Directors of MassDevelopment hereby approves the MassDevelopment Investment Policy, as outlined in the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

**3. VOTE – Approval of Contract for Investment Management Services**

Noting that a Request for Proposals (“RFP”) was issued and two responses were received and vetted, Mr. Gerlin briefly described this request to approve a new 3-year contract with two 1-year options with PFM Asset Management, LLC (“PFM”), its current provider, for investment management services for MassDevelopment and its Short Term Asset Reserve Fund (STAR Fund); he noted the Agency’s history with PFM and confirmed the Finance and Administration Department continues to be pleased with PFM’s services. The 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 with PFM Asset Management, LLC, as outlined in the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

**Strategic Planning**

**4. MassDevelopment FY2017 Strategic Themes and Business Plan Goals**. For information purposes only, the summary of the Agency’s Strategic Themes and Business Plan Goals is attached and part of the minutes of this meeting. No discussion of this item took place.

**MARKETING / Communications**

**5.** **Media Report (February 2017)**. For information purposes only, the Selected Press Clips, Media Report, and Web Statistics for the previous month are attached and part of the minutes of this meeting. No discussion of these items took place.

**Bond Transactions**

**6. Bond Detail Memorandum**. For information purposes only, the Bond Memorandum is attached and part of the minutes of this meeting. There was no discussion of this item.

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

Mr. Blake disclosed to the Board that he serves on an executive development committee of Stonehill College, Inc. (Tab 17), which includes fundraising among its responsibilities, and, therefore, he will recuse himself from any discussion, deliberation, and vote on the proposed bond issuance for that entity and leave the room during the deliberation and vote on that matter.

Ms. Liss disclosed to the Board that the law firm of Rubin and Rudman, of which she is a partner, represents or has represented parties involved in the proposed bond issuances for Community Charter School of Cambridge Foundation, Inc. (Tab 14); C.L.A.S.S., Inc. (Tab 20) and Comprehensive Mental Health Systems, Inc., (Tab 22). Therefore, she will recuse herself from any discussions, deliberation, and votes on these proposed bond issuances and leave the room during the deliberation and votes on these matters.

It was determined that the recusals disclosed above will result in a loss of quorum for the proposed bond issuances identified (i.e., Tabs 14, 17, 20, and 22) and, therefore, those agenda items will be removed from consideration today. In order to avoid delays in these projects proceeding to closing, it will be necessary for a Special Board meeting to be scheduled and held to consider these matters and Ms. Jones noted that Ms. Delorier would contact Board members to schedule such a meeting.

The Chair advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 22 (and excluding Tabs 14, 17, 20, and 22, as discussed above), 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**

**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 attached and part of these minutes regarding:

a project of the Friends of Veritas Preparatory Charter School, Inc., in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $4,300,000.

**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 resolution attached and part of these minutes regarding:

a project of ServiceNet, Inc., in Northampton, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $4,250,000.

**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 resolution attached and part of these minutes regarding:

a project of Newton Communications Access Center, Inc., in Newton, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $2,400,000.

**Official Action Projects with Volume Cap Request**

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

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

a project of 270 Huntington Avenue Associates Limited Partnership, in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $13,371,000.

**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 attached and part of these minutes regarding:

a project of Hearth Four Corners, LLC, in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $9,000,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

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

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the Official Action / Final Approval (“OA/FA”) resolutions attached and part of these minutes regarding:

a project of Reliant Medical Group, Inc., in various Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt or Taxable Bond to finance such project in an amount not to exceed $155,000,000.

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

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

a project of Edgewood Retirement Community, Inc., in North Andover, Massachusetts, for the issuance of a Tax-Exempt Non-Profit Housing Bond to finance such project in an amount not to exceed $62,000,000.

**14.** The proposed bond issuance for Community Charter School of Cambridge Foundation, Inc. (Cambridge) was removed from consideration. See determination above.

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

**VOTED:** That the Board of Directors of MassDevelopment approves and adopts the OA/FA resolutions attached and part of these minutes regarding:

a project of Baystate Wing Hospital Corporation in various Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $17,200,000.

**16.** 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 resolutions attached and part of these minutes regarding:

a project of The Belmont Day School, Inc., in Belmont, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $15,500,000.

**17.** The proposed bond issuance for Stonehill College, Inc. (Easton) was removed from consideration. See determination above.

**18.** 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 resolutions attached and part of these minutes regarding:

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

**19.** 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 attached and part of these minutes regarding:

a project of Boylston West Garage, LLC, in Boston, Massachusetts, for the issuance of an Infrastructure Taxable Bond to finance such project in an amount not to exceed $6,000,000.

**20.** The proposed bond issuance for C.L.A.S.S., Inc. (Lawrence) was removed from consideration. See determination above.

**21.** 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 attached and part of these minutes regarding:

a project of the Argosy Collegiate Charter School Foundation Incorporated, in Fall River, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $3,560,000.

**22.** The proposed bond issuance for Comprehensive Mental Health Systems, Inc. (in various southeastern Massachusetts locations) was removed from consideration. See determination above.

**Standing Board Committee Reports**

***Origination & Credit Committee***

Mr. Blake reported that the Committee met on Tuesday, March 7, 2017, but there was not a quorum present, so the Committee discussed the following matters before the Board but no votes were taken.

**23. Minutes of Prior Meeting**. For information purposes only, the minutes of the February 14, 2017 Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**24. Delegated Authority Report for Loan Approvals (January 2017)**. 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.

**25. VOTE – Barnat Beverly LLC (Beverly) – $2,000,000 Mortgage Insurance Guaranty**

Mr. Kelly described this request for approval of a $2,000,000 guarantee to enhance the construction and permanent financing of a transit-oriented, market rate rental housing project in downtown Beverly. The project involves construction of 67 units of rental housing, 16 of which will be affordable units and the remaining will be market rate units, and 5,100 s.f. of retail space on a vacant parcel of land. Mr. Kelly advised that there has been significant interest in residential development in Beverly in recent years and he cited the need for retail as well. It was noted the principal borrower has extensive experience as a real estate developer and that this is her first project as principal owner. The 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 $2,000,000 guaranty for Barnat Beverly LLC, subject to the terms of the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

***Walk-in*. VOTE – Belchertown Heights ALF Limited Partnership (f/k/a Christopher Heights) (Belchertown) – Loan Modification**

Ms. Jones called attention to the materials provided today, and Mr. Braxton described this request for several modifications in connection with financing approved by the Board in October 2016 to support the development of an assisted living facility, known as Christopher Heights. Mr. Braxton briefly explained the requested modifications, as more fully described in the memorandum, which include, among others: changing the name of the borrower to Belchertown Heights ALF Limited Partnership, modifying certain terms, and eliminating an unsecured guaranty. The 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 loan modifications for Belchertown Heights ALF Limited Partnership, subject to the terms of the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

**Community Development**

**26. Delegated Authority Report for Community Development Approvals (January 2017)**. 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.

**27. VOTE – Young Women’s Christian Association / Levi Standish House (New Bedford) – Special State Appropriation Grant – Extension Request**

Mr. Walsh described this request to extend a grant agreement between the YWCA of Southeastern Massachusetts and MassDevelopment through June 2019, subject to a grant agreement between MassDevelopment and the Executive Office of Administration & Finance being extended, and contingent upon the Commonwealth transferring $1 million to MassDevelopment to fund the grant. He described the history of this transaction arising out of a Special State Appropriation Grant to the YWCA in 2013 to perform renovations and for expansion of its facility by bringing together programs located elsewhere to the Levi Standish House in New Bedford as part of its “under one roof” campaign. Mr. Walsh described the Y’s fundraising efforts and funding sources. He noted that the YWCA has scaled back its redevelopment plans and shaved more than $1.2 million off the project costs. In addition, Mr. Walsh advised that all permitting for this project is complete and in place, and construction will be ready to begin in October 2017. The 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 grant extension for the Young Women’s Christian Association / Levi Standish House, subject to the terms of the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

[*Assistant Secretary’s Note: Ms. Liss disclosed that the law firm of Rubin and Rudman, of which she is a partner, represents or has represented parties involved in the proposed financing for CEA SouthCoast LLC (Tab 28, below) and, therefore, she recused herself from any discussions, deliberation, and votes on the matter and left the room during the deliberation thereon. It was determined that this recusal will result in a loss of quorum for the matter and, therefore, no vote will be taken on this item today and a discussion only will take place.*]

**New Markets Tax Credits (“NMTC”)**

**28. VOTE – CEA SouthCoast LLC (Fall River) – Allocation of $25,000,000 of NMTC**

Ms. Baruch described this request for NMTC funding to finance the acquisition and redevelopment of the vacant 180,000 s.f. Harbour Mall, and the construction of 12,000 s.f. of additional retail space on a blighted 30-acre site in Fall River. The new retail complex – to be known as South Coast Marketplace – will be a modern, open-air shopping center and will include, among other amenities, a movie theatre, gym, and a number of established retail brands. Noting that a Market Basket groceries market has been attracted to the neighborhood, Ms. Baruch advised that the project enjoys strong support from the community and promises to bring hundreds of jobs to a low income census tract of the Commonwealth. Ms. Jones concurred, noting this may be the largest public / private investment in Fall River. There being no quorum present for votes on this matter, the Chair advised that none would be taken.

[*Assistant Secretary’s Note: Ms. Liss returned to the meeting room following the discussion above.*]

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

It was noted the Committee meeting on Tuesday, March 7, 2017, was cancelled.

**29. Minutes of Prior Meeting**. For information purposes only, the minutes of the February 14, 2017 Real Estate Development & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

**30. Devens and Devens Environmental Updates**. See above (*following the President/CEO’s Report*).

**31. Statewide Real Estate Projects Updates**. For information purposes, the Statewide Updates are attached and part of the minutes of this meeting. Mr. Henderson advised that there are now signed leases for nearly all of the available space at 1550 Main Street, ***Springfield***. He thanked the Board for approving the loan modifications presented today regarding ***Belchertown***, noting these changes will enable this mixed income assisted living project to move forward. Staff has received serious interest from a beer maker for a brewery and tap room in ***Devens***, where there remain three parcels for potential larger users.

With respect to ***Municipal Services***, Mr. Henderson advised of a new workshop placemaking program within the TDI, known as “Telling the Story of Your City.” He advised that a new TDI Fellow will soon be in place in ***Holyoke***, and, in connection with the former Hotel Jess, which the Agency recently purchased and for which due diligence has been significant and is complete, an RFP has been issued seeking a private partner for redevelopment of the property. The ***Site Readiness*** program is accepting applications now and staff has already learned of twenty sites or more that are ready for redevelopment.

**32. VOTE – House Doctor Contract Amendment – Extension and Funding Allocation Increase for Interface Studio**

Mr. Starzec briefly described this request for authorization to approve an extension of the house doctor contract with Interface Studio LLC – a small planning and urban design firm based in Philadelphia – and to increase the maximum contract value to $300,000. Interface Studio has done exemplary work for the Agency on several projects and staff would like to extend its contract for an additional year and increase the contract by $100,000. This is not a commitment of funds; all work will still be done on a work order basis subject to approval. The Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment authorizes the Agency to negotiate, execute and deliver a contact modification with Interface Studio LLC, including an increase in the maximum amount of the contract, as outlined in the memorandum and vote dated March 9, 2017, attached and part of the minutes of this meeting.

**33. VOTE – Village Hill, Northampton – Sale of 29 Acres and Lot 20**

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

**EXECUTIVE SESSION**

The Chair then advised, at 10:24 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 a matters involving valuation of real property in Northampton, New Bedford, and Worcester and potential purchase and sale and lease terms, the discussion of any of which in Open Session would have a detrimental effect on the negotiating positions of the Agency. 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 reconvene in Open Session following Executive Session.

[*Executive Session held*]

Following the Executive Session, noting that the business portion of this Board meeting is complete, the Chair suspended the meeting at 10:55 a.m. for a short break until commencement of the strategy session.