**Massachusetts Development Finance Agency**

**Special Meeting of the Board of Directors**

**Thursday, March 22, 2018**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Vice Chair

 James Blake

 James Chisholm

 Mark Attia, Designee for Secretary of Administration & Finance

 Juan Carlos Morales

DIRECTORS ABSENT: Karen Courtney

 Grace Fey

 Christopher Vincze

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, Deputy Director, General Counsel, Secretary

 Laura Canter, EVP, Finance Programs

 Richard Henderson, EVP, Real Estate

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Roy Angel

 Laura Barrett

 Deb Boyce

 Rob Carley

 Steve Chilton

 Zack Dovitz

 Zack Greene

 Anne Haynes

 Dena Kavanagh

 Thatcher Kezer

 Noah Koretz

 Diana Lamkin

 Andrew Levine

 Victoria Maguire

 Larissa Matzek

 RJ McGrail

 John Murray

 Leigh Natola

 Meggie Quackenbush

 Doug Robinson

 Molly Shea, Legal Intern

 Simmee Silton

 Pat Sluder

 Cyndi Tonucci

 Ellen Torres

Guests: None

A special meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, March 22, 2018, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

The Chair welcomed everyone and, noting the presence of a quorum, he called the meeting to order at 10:25 a.m. The Chair asked if there are any guests and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (February 8, 2018)**

The Chair asked if there were any comments on the draft Minutes of the February 8, 2018 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 8, 2018 Board meeting that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (February 8, 2018)**

Noting that the matters in the February 8, 2018 Executive Session Minutes are not completed matters and, therefore, any comments regarding these Minutes must be made in Executive Session, the 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 these Executive Session Minutes and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the Executive Session Minutes of its February 8, 2018 Board meeting that are attached and made a part of the minutes of this meeting.

**GENERAL**

* **Committee Chair Appointments at next Audit & Administration and Compensation Committee Meetings**

This item was announced but not discussed.

**3. VOICE VOTE – Appointment of Karen Courtney to the New Markets Tax Credits Advisory Board**

With no discussion and no opposition, the Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment appoints Karen Courtney to the New Markets Tax Credits Advisory Board as its representative thereon.

**4. VOTES – MassDevelopment/HEFA Trust – Recommendation of Investment Policy Statement and Investment Advisory Agreement with PFM Asset Management LLC**

Ms. Canter described this two-part request: (a) to recommend to the Trustees of the MassDevelopment/HEFA Trust (the “Trust”) to enter a contract with PFM Asset Management LLC (“PFM”) for investment advisory services for the Trust’s funds; and (b) to recommend the adoption of a certain related Investment Policy Statement. The Board was reminded of the Trust’s history and limitations: it arose out of the merger of MassDevelopment and the Massachusetts Health and Educational Facilities Authority (HEFA) in 2010; the Trust’s funds can only be used for higher education and/or health purposes. With respect to the proposed contract, Ms. Canter advised that best practice would be for the Trust to have a separate contract with a professional investment advisor to provide investment advisory services to implement a long-term investment strategy to diversify the Trust’s holdings. She called attention to the Investment Policy Statement prepared by PFM in consultation with Agency counsel, and a discussion ensued.

Referring to the Investment Policy Statement, Mr. Kavoogian expressed concerns about investing in “illiquid” (and in some cases long-term) investments and, further, he expressed some skepticism regarding PFM’s ability to manage such investments properly. He expressed concerns about MassDevelopment investing the Trust’s holdings in anything that would prevent liquidity within a very short period of time. Ms. Canter advised the Agency’s investment strategy for the Trust’s assets is not to invest in illiquid investments and she noted a formal revision to the Policy could be added to make this clear. Mr. Kavoogian commented that if everyone agrees these investments are short-term, “100 percent liquid investments,” he does not object to the request. Mr. Morales disagreed, suggesting that is okay to have some long-term investments.

After further discussion, the Chair suggested that a vote be taken regarding the contract with PFM, but that the vote regarding the Investment Policy Statement should be tabled at this time, pending clarification of certain types of investments for the Trust’s holdings. Accordingly, the Chair asked for a vote on the PFM contract only and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOTED:** That the Board of Directors of MassDevelopment recommends that the Trustees of the MassDevelopment/HEFA Trust enter into a contract with PFM for investment services, as outlined in the memorandum and vote dated March 22, 2018, that are attached and made a part of the minutes of this meeting.

**5. VOTE – Innovation Voucher Program Fund Guidelines**

Ms. Matzek presented this request for approval of Guidelines for the Innovation Voucher Program Fund, noting the Fund was created by legislation and capitalized with $2 million, to be held and administered by MassDevelopment. These Guidelines will become the basis for program regulations to be promulgated by the Agency. Ms. Matzek advised of certain specifics of the Guidelines, noting, among other things, that the University of Massachusetts (“UMass”) will determine the recipients of these vouchers, each capped at $75,000 in any fiscal year. Ms. Matzek advised that approval of these Guidelines today will enable UMass to begin accepting applications for the Program, in a process which she noted should take about five months. The Chair cautioned against making any long-term commitments under this Program, noting there is no state budget funding commitment beyond the current fiscal year. He 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 Innovation Voucher Program Fund Guidelines, as outlined in the memorandum and vote dated March 22, 2018, that are attached and made a part of the minutes of this meeting.

**Bond Transactions**

**6. Bond Detail Memorandum**. For information purposes, the Bond Memorandum is attached and is made a part of the minutes of this meeting. Mr. Chilton noted there are five requests before the Board today. With respect to the bond approval for Holy Cross (Tab 8), he clarified that the “new money” is split out from the refunding.

The Chair asked if there were any recusals on the upcoming bond votes, and there were none. He then advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 11, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**7.** The Chair asked how much of the proposed financing is for new construction, and Ms. Boyce answered $27 million. 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 attached and made a part of the minutes of this meeting:

a project of Woods Hole Oceanographic Institution, in Woods Hole, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $88,000,000.

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

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

a project of the Trustees of the College of the Holy Cross, in Worcester, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $56,500,000.

**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 attached and made a part of these minutes regarding:

a project of the Trustees of Derby Academy, in Hingham, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $4,750,000.

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

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

a project of Austen Riggs Center, Inc., in Stockbridge, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $3,500,000.

**Bonds: Amendment**

**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 made a part of these minutes regarding:

a project of Concord Academy, in Concord, Massachusetts, amending the issuance of a 2017 Tax-Exempt Bond to finance such project in an amount not to exceed $18,698,445.65.

Mr. Morales commented on the small number of bond transaction approvals before the Board today, and Mr. Chilton reminded him of the rush of approvals in December, when the Agency closed more than thirty bond transactions before the calendar year end of 2017.

**Standing Board Committee Reports**

***Origination & Credit Committee***

Mr. Blake stated the Origination & Credit Committee did not meet in March.

**Lending**

**12. VOTES – Weissman Real Estate, LLC and Modu Form, Inc. (Fitchburg) – $3,305,396 Commercial Real Estate Loan (existing); $500,000 New Commercial Real Estate Mortgage and $200,000 Working Capital Guarantee**

Mr. Angel described this request to modify an existing mortgage loan with the Agency (approved by this Board in November 2017) and provide $500,000 new money as term working capital to meet the borrowers’ immediate liquidity needs. Mr. Angel described certain terms and conditions of this financing request, noting MassDevelopment’s longstanding relationship with these borrowers; he confirmed the Agency has provided Modu Form with multiple types of financing. 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 financing for Weissman Real Estate, LLC and Modu Form, Inc., as outlined in the memorandum and votes dated March 22, 2018, that are attached and made a part of the minutes of this meeting.

Mr. Attia asked how the Export Loan Guarantee Program is performing, generally, and Ms. Canter advised there is not much capacity left in the Program; she commented there is not a lot of appetite for this Program outside the Agency.

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

Mr. Kavoogian reported the Real Estate & Operations Committee did not meet in March.

**13. VOTE – Devens – Rogers Field Irrigation Project – $252,005 Construction Contract**

Mr. Kezer described this request to authorize the award of a contract for the Rogers Field Irrigation Project in Devens to the lowest responsive and responsible bidder, Winterberry Irrigation, LLC, of Southington, CT, pursuant to an RFP process, to which there were three responsive bids. He stated there are many events each year at Rogers Field and, in order to keep in competition with towns like Fitchburg, which is installing artificial turf fields, this type of upgrade is important. Mr. Kezer described how it has been necessary in prior drought conditions for Devens DPW staff members to use heavy water cannons carried on their backs after hours to water Rogers Field for upcoming event(s). 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 award of a contract with Winterberry Irrigation, LLC, as outlined in the memorandum and vote dated March 22, 2018, that are attached and made a part of the minutes of this meeting.

The Chair informed the Board that Mr. Kezer has accepted a position in the newly-formed City governance of Framingham. On behalf of the Board, the Chair extended thanks and appreciation for Mr. Kezer’s three years of service to MassDevelopment, noting that this is Mr. Kezer’s last Agency Board meeting.

**14. VOTE – Transformative Development Initiative (“TDI”) – Request to Approve New and Extend Existing TDI Districts**

Ms. Haynes described this request for approval of the selected TDI Districts in accordance with the previously approved TDI Program Guidelines, in the following Gateway Cities and categories: New Three-Year TDI Districts: ***Fitchburg, Lawrence***; New Two-Year TDI Districts: ***Chelsea, Worcester***; New One-Year Partnership Development TDI Districts: ***Chicopee, Fall River***; One Year Extension TDI Districts: ***Brockton, Holyoke, Lynn, New Bedford, Pittsfield, Springfield***; and TDI Affiliates: ***Haverhill, Peabody, Revere, Salem***. She described the application submission and review process and criteria, noting in this round the applications were much better than in the previous round. When Mr. Chisholm asked if any Districts were removed from consideration because they did really well or really poorly, Ms. Haynes referred to the TDI Affiliates. Citing the benefits of having a physical presence within Districts, Ms. Haynes noted that four new Fellows, which are contract employees, will be added to the Program. 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 new and extends the existing TDI Districts, as outlined in the memorandum and vote dated March 22, 2018, that are attached and made a part of the minutes of this meeting.

The Chair advised, at 11:02 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 potential litigation matter, the discussion of which in Open Session would have a detrimental effect on the negotiating position of the Agency. The Chair instructed all persons who are not Board members or staff involved in this matter to leave the room. He noted that the Board will not reconvene in Open Session following Executive Session.

[*Executive Session held*]

There being no further business before the Board of MassDevelopment, the Open Session and Executive Session portions of the meeting were adjourned in Executive Session at 11:20 a.m.