**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, April 12, 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

 Mark Attia, Designee for Secretary of Administration & Finance

 James Blake

 James Chisholm

 Karen Courtney

 Grace Fey

 Juan Carlos Morales

 Ellen Zane, newly appointed

DIRECTORS ABSENT: Christopher Vincze

Agency Staff: Lauren Liss, President and CEO

 Robert Ruzzo, Deputy Director, General Counsel, Secretary

 Simon Gerlin, Chief Financial Officer

 Laura Canter, EVP, Finance Programs

 Richard Henderson, EVP, Real Estate

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Roy Angel

 Deb Boyce

 Frank Canning

 Rob Carley

 Steve Chilton

 Zack Dovitz

 Tony Fracasso

 Mike Galligan

 Zack Greene

 Dena Kavanagh

 Jim Kenney

 Will Kidston

 RJ McGrail

 Dan Morais

 John Murray

 Leigh Natola

 Doug Robinson

 Cyndi Tonucci

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, April 12, 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 10:09 a.m. The Chair asked if there are any guests and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (March 22, 2018)**

The Chair asked if there were any comments on the draft Minutes of the March 22, 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 March 22, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (March 22, 2018)**

Noting that the matters in the March 22, 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 March 22, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

By way of introduction, Ms. Liss commented that she is happy and honored that MassDevelopment’s newest Board member, Ms. Ellen Zane, has accepted a seat on the Agency’s Board and is present today. On behalf of the other Directors, Ms. Liss said she looks forward to Ms. Zane’s wise counsel and she asked Ms. Zane to say a little about herself. Ms. Zane stated that she is currently CEO emeritus of Tufts Medical Center, where she also serves as vice chair of its Board of Trustees; she also holds two faculty appointments at Tufts University School of Medicine and is an Adjunct Assistant Professor at Harvard’s School of Public Health. Prior to her positions at Tufts, Ms. Zane held leadership roles at Partners HealthCare System and Quincy Hospital. Ms. Zane confirmed that she is delighted and privileged to accept this appointment to the Agency’s Board.

With respect to personnel issues, Ms. Liss advised that Thatcher Kezer, the Agency’s former SVP, Devens Operations, accepted the position of Chief Operations Officer in the governance of the newly-formed City of Framingham and left his position with MassDevelopment at the end of March; a search and interview process for Mr. Kezer’s replacement is in its early stages. Ms. Liss introduced the Agency’s new Director of Human Resources and Operational Development, John Murray. She re-introduced Robert Ruzzo, who joined the Agency as Deputy Director / General Counsel in late December and was appointed as Board Secretary in February; she also introduced Doug Robinson, MassDevelopment’s new Director of Governmental Relations.

Ms. Liss advised that she has been serving as MassDevelopment’s President and CEO for six months now and she is still learning new things every day and enjoying being a member of the Agency’s staff. She reported that “budget season” is underway and she expects to learn much more about the Agency as a result thereof. President Liss noted there will be a focus on infrastructure improvements (e.g., I.T. and other support systems) in the FY19 budget.

With respect to Joint Base Cape Cod (“JBCC”), Ms. Liss provided some background and history regarding the desire of the military to dispose of certain of its assets in that region and discussions about having MassDevelopment take over the proposal to construct and manage a waste water treatment facility at JBCC. Ms. Liss advised that she had a conversation last week with Maj. Gen. Gary Keefe (National Guard Bureau) and Col. Virginia Doonan (Air National Guard 102nd Intelligence Wing) wherein she advised them that, after a fairly lengthy review of this matter, it simply does not make sense for the Agency to assume a project development role for the waste water treatment facility at JBCC at this time. While disappointing, the message seemed to be clearly received.

Ms. Liss thanked the team comprised of Richard Henderson, Bob Ruzzo, Gary Walker, Dena Kavanagh, Zach Greene, and others with respect to MassDevelopment’s agreement to take over management of the New Bedford and Fall River State Piers. Liability insurance is now in effect, and there are several consultants on board. She confirmed that the team is well on its way to understanding the operations at the Piers and recommending and/or making improvements.

The Chair then offered a legislative update, noting that various initiatives and pieces of legislation are making their way through various committees and processes (including, among others, a Housing Bond Bill, Economic Development Bill, Life Sciences 2.0, Business Improvement Districts and Community Benefits Districts, and the Housing Choice Bill). In response to recent federal tax reform laws, Gov. Baker is preparing for submission to the federal government a list of eligible census tracts in Massachusetts to potentially be named as Opportunity Zones, thereby making them eligible for private, tax-driven investment dollars to support job growth and real estate redevelopment. The Chair announced the annual Economic Development Summit will be held on May 1st at the DCU Center in Worcester.

**GENERAL**

**3. Board Members: (a) Summary of the Conflict of Interest Law for State Employees; and (b) Guide for Members of Public Board and Commissions.** Mr. Ruzzo referred to the materials provided in the Board book, noting the requirement that certain of these materials be provided to Board members annually, and he requested Board members to please sign and return the Certificates of Receipt provided today. Next, he delivered a brief PowerPoint presentation regarding the Open Meeting Law, a copy of which is attached and made a part of the minutes of this meeting, and discussed a recent Supreme Judicial Court case on the Open Meeting Law. Mr. Ruzzo advised the most important takeaways from this presentation are that Board members must be particularly cautious about Committee meetings, as the broad definition of “deliberations” and small quorum requirements could otherwise result in inadvertent and inappropriate meetings outside of duly noticed Board Committee meetings.

[*Secretary’s Note: For recordkeeping purposes, an executed Certificate of Receipt was collected from each of the Directors present at the conclusion of the Board meeting.*]

**4. VOTE – MassDevelopment/HEFA Trust – Recommendation of Investment Policy Statement**

Referring to the approval last month of a contract with PFM Asset Management LLC for investment advisory services for the MassDevelopment/HEFA Trust’s (the “Trust”) funds and noting concerns expressed at the time regarding a related request to recommend the adoption of a certain Investment Policy Statement, Mr. Gerlin clarified and confirmed that the Agency’s strategy for the Trust’s assets does not include investing in illiquid investments and there is no intent to invest the Trust’s funds into hedge funds or other non-traditional asset classes. 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 recommends adoption of the Investment Policy Statement to the Trustees of the Trust, as outlined in the memorandum and vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

**Strategic Planning**

**5. MassDevelopment FY2018 Strategic Themes and Business Plan Goals**. For informational purposes only, the summary of the Agency’s Strategic Themes and Business Plan Goals is attached and made a part of the minutes of this meeting. No discussion of this item took place.

**MARKETING / Communications**

**6.** **Media Report (March 2018)**. For informational purposes only, the Selected Press Clips, Media Report, and Web Statistics for the previous month are that are attached and made a part of the minutes of this meeting. No discussion of these items took place.

**Bond Transactions**

**7. Bond Detail Memorandum**. For informational purposes only, the Bond Memorandum and Summary are attached and made a part of the minutes of this meeting. Mr. Chilton reported there are no changes to the materials provided in the Board book.

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 8 – 14, 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 Requests**

**8.** The Chair asked how the refinancing of this project creates new jobs (15 full-time and 5 part-time). Mr. Canning advised there is also new money included in this proposed bond issuance for the expansion of a dining facility, and the new jobs are associated therewith. 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 Western New England University, in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $61,000,000.

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

a project of Jewish Community Centers of Great Boston, 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 $10,000,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**10.** The Chair asked about the 75 projected full time jobs listed in the memorandum, and Ms. Boyce commented these jobs are actually outside of this refunding issue. 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 Simmons College, in Boston and Brookline, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $51,000,000.

Mr. Morales commented that the Agency and the Board should be thinking more about job creation and, after a brief discussion, Mr. Chilton was instructed to track job numbers and provide a running tally to the Board on a quarterly basis.

**11.** The Chair asked if charter schools have bond ratings, and it was noted that most bond issuances for charter schools are purchased directly by banks, which conduct their own underwriting, so there is no need for a bond rating in these instances. 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 KIPP Lynn Fund, Inc., in Lynn, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $26,200,000.

**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 OA/FA resolution that is attached and made a part of these minutes regarding:

a project of The Fenn School, in Concord, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $4,700,000.

**Final Approval Projects with Volume Cap Requests**

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

a project of 61 Heath LLC, in Boston (Jamaica Plain), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $9,400,000.

**14.** 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 South End 10, LLC, in Boston, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $7,800,000.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Ms. Courtney reported that the Committee met this morning and appointed Rachel Madden as its Chair, replacing former Chair Patricia McGovern, who resigned from the Board in January 2018. In addition, Ms. Courtney reported that the Committee discussed briefly the Open Meeting Law, followed by discussion of the preliminary audit of the STAR Fund, for which, she noted, the auditors have provided a “clean audit” report.

**15. Minutes of Prior Meeting**. For informational purposes only, the minutes of the November 9, 2017 Audit & Administration Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

***Origination & Credit Committee***

Mr. Blake reported that the Origination & Credit Committee met on Tuesday, April 10, 2018.

**Lending**

**16. Delegated Authority Report for Loan Approvals (February 2018)**. For informational purposes only, the Delegated Authority Report regarding Loan Approvals is attached and made a part of the minutes of this meeting. No discussion of the Report took place.

**17. Minutes of Emerging Technology Fund (“ETF”) Advisory Committee Meeting (December 6, 2017)**. For informational purposes only, the approved minutes of the December 6, 2017 ETF Advisory Committee meeting are attached and made a part of the minutes of this meeting. There was no discussion of these minutes.

**18. VOTE – Vyasa Analytics, LLC (Newburyport) – $1,800,000 ETF Term Working Capital Loan**

Mr. Kenney explained this request for an ETF loan of up to $1,800,000 to support the growth and salaries of new employees of this young company that has developed a software platform for data mining that will allow biopharmaceutical companies to conduct research more effectively. For example, the software can identify the crystalline structures found in compounds and then determine new compound recipes that can be better absorbed into the body. The software can search for data in almost any format and reduces research processes dramatically. Mr. Kenney explained that technicians from Vyasa Analytics go into their client companies and design / develop the software platform(s) at the client’s place of business, so the data never leaves the company. 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 $1,800,000 ETF loan to Vyasa Analytics, LLC, as outlined in the memorandum and vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

**19. VOTE – 87 Washington LLC and 87 Washington MM LLC (Haverhill) – $3,483,000 Construction to Permanent Real Estate Loan; $2,400,000 GF Bridge Loan**

Mr. Galligan described this request for financing in connection with the renovation of an existing vacant building into 3,100 SF of ground level retail space and 24 market-rate apartment units on the upper floors in a highly visible neighborhood in Haverhill. A brief discussion ensued regarding certain personal guarantees and yields and other terms of the transaction, including subsidies by other public entities, as well as a 5-year stand-still provision against foreclosure that is typically featured in historic tax credit transactions. After discussion, 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 $3,483,000 Permanent Loan and $2,400,000 Bridge Loan to 87 Washington LLC and 87 Washington MM LLC, as outlined in the memorandum and vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

**Community Development**

**20. Monthly Delegated Authority Report (February 2018)**. For informational purposes only, the Monthly Delegated Authority Report for Community Development Approvals is attached and made a part of the minutes of this meeting. No discussion of the Report took place.

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

Mr. Kavoogian reported that the Committee met on Tuesday, April 10, 2018.

**21. Devens and Devens Environmental Updates**. For informational purposes, the Devens Updates are attached and made a part of the minutes of this meeting. With respect to the disposition of Vicksburg Square, *Devens*, Ms. Liss explained some history and background of the project, noting that a Super Town Meeting would be required to achieve certain desired zoning changes that may allow for eventual residential redevelopment. Staff is likely to await the hire of a new SVP of Devens Operations before renewing attempts to schedule such a Super Town Meeting, given the attention to detail required and the long history associated therewith. When asked who is managing day-to-day operations in Devens, Ms. Liss advised that while there is no “natural second in charge” in Devens, there is now a rotating shift of one to two members of the executive team per day spending time in Devens until a new SVP is hired.

**22. VOTE – Belchertown – Carriage Grove – Construction Contract**

Calling attention to the revised vote provided today, Mr. Henderson described this request for authority to award a contract for the construction of Carriage Drive, pursuant to a Request for Proposals (“RFP”) process, to which there were seven responses. He stated this road project will be funded largely out of a $3 million MassWorks grant, and the revised vote provided today authorizes the President and CEO to enter into an agreement for this MassWorks grant, a portion of which must be drawn down before June 30, 2018. After vetting of the responses by an internal review panel in consultation with outside engineers from Gale Associates and noting that the bid came in below budget, staff is recommending Ludlow Construction Co., Inc., as the lowest responsive and responsible bidder. 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 delegates authority to award a contract to Ludlow Construction Co., Inc. and enter into a MassWorks grant agreement, as outlined in the memorandum and revised vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

**23. VOTE – Site Readiness Program – Somerset**

Mr. Henderson described this request to exclude the $160,000 Site Readiness award to the Town of Somerset, as approved by this Board on February 8, 2018, from certain programmatic repayment requirements. He explained that MassDevelopment has been assisting Somerset with this project in a consultative role, and the Town intends to use the grant funds to proactively plan and prepare for the redevelopment of a privately owned power plant site. The Town would not be able to commit to repayment terms that may implicate the proceeds from a future property transfer due to the negative impact of the plant closing on the municipal tax base. 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 recommendation regarding the $160,000 Site Readiness award to the Town of Somerset, as outlined in the memorandum and vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

**24. VOTE – Site Readiness Program – Haverhill**

Mr. Henderson described this request to modify certain programmatic repayment requirements of the $50,000 Site Readiness award to the City of Haverhill, as approved by this Board on February 8, 2018, to clarify that while the site owner is not subject to the program’s repayment requirements, the City has full responsibility for paying back the grant. 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 recommendation regarding the $50,000 Site Readiness award to the Town of Haverhill, as outlined in the memorandum and vote dated April 12, 2018, that are attached and made a part of the minutes of this meeting.

[*Secretary’s Note: Ms. Fey left the meeting room briefly at 10:55 a.m. and returned at 11:07 a.m. She was not present for the discussions and/or votes of the matters in Tabs 22 through 24.*]

**25. Statewide Real Estate Projects Updates**. For informational purposes, the Statewide Updates are attached and made a part of the minutes of this meeting. Mr. Henderson advised that MassDevelopment anticipates a closing today on Lot 4A in the Myles Standish Industrial Park extension project in *Taunton*: This week the Agency also signed a Purchase and Sale Agreement with a buyer for Lot B5R, which it repurchased from Martignetti Companies. The potential buyer is a manufacturing firm that is consolidating certain of its offices and will create hundreds of new jobs at this site, as well as a tax base for the City; the new company plans to make a major investment in Taunton. In *Devens*, Little Leaf Farms is projected to close on its 12-acre expansion site imminently, and the developers of Emerson Green have submitted Phase II plans for approval by the Devens Enterprise Commission (DEC). Finally, with regard to the Turnpike Industrial Park expansion project in *Westfield*, which has received a Site Readiness award of $300,000, agreements have been reached with all three abutting landowners.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**26. VOTE – Worcester – 526 Main Street – Approval of Developer Designation and Authority to Enter into a Purchase and Sale Agreement**

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

* **Devens – Potential Litigation**

Mr. Ruzzo advised there is no update to report regarding this matter at this time.

The Chair advised, at 11:12 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 matter involving valuation of real property in Worcester, Massachusetts, and potential purchase and lease terms, 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 11:49 a.m.