**Massachusetts Development Finance Agency**

**and**

**MassDevelopment/Saltonstall Building Redevelopment Corporation**

**Meetings of the Boards of Directors**

**Thursday, June 9, 2016**

**10:00 a.m.**

**M I N U T E S**

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

Gerald Cohen, Vice Chair

James Chisholm

Karen Courtney

Dennis Kanin

Brian Kavoogian

Rachel Madden, Designee for Secretary of Administration & Finance

Patricia McGovern

Christopher Vincze

DIRECTORS ABSENT: Keon Holmes

Agency Staff: Marty Jones, President & CEO

Simon Gerlin, Chief Financial Officer

Patricia DeAngelis, General Counsel

Richard Henderson, EVP, Real Estate

Laura Canter, EVP, Finance Programs

Anne Marie Dowd, EVP, Legislative Initiatives & Defense Sectors

Meg Delorier, Chief of Staff

Teresa Patten, Board Secretary

Victoria Stratton, Recording Secretary

Kelsey Abbruzzese

Roy Angel

Rob Carley

Steve Chilton

Robin Churray

George Durante, TDI Fellow

Sarah Eisinger

Zach Greene

Lisa Kalinowski

Thatcher Kezer

Victoria Maguire

RJ McGrail

James McKeag, TDI Fellow

Michael Miller

Jim Moore

Leigh Natola

Meggie Quackenbush

Deb Rosser

Alicia Selman, Legal Intern

Mark Sternman

Ellen Torres

Guests: None

Meetings of the Boards of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) and of the MassDevelopment/Saltonstall Building Redevelopment Corporation (“M/SBRC”) were held Thursday, June 9, 2016, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notices duly given.

The Vice Chair welcomed everyone and, confirming the presence of a quorum, he called the meetings to order at 10:00 a.m. He asked any guests present to introduce themselves and there were none.

[*Secretary’s Note: All matters below are matters that were before the MassDevelopment Board except those specifically indicated as being M/SBRC’s.*]

[*Secretary’s Note: The paragraph numbers below refer to Tab numbers in the materials for the June Board and Committees meetings.*]

**Minutes**

[*Secretary’s Note: For the following item, it was noted that the Board was acting in its capacity as the combined Agency and M/SBRC Boards of Directors.*]

**1. VOICE VOTE – Approval of Minutes (May 12, 2016)**

The Vice Chair asked if there were any comments on the draft Minutes of the May 12, 2016, Board Meetings, 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 Boards of Directors of MassDevelopment and M/SBRC approve the Minutes of their May 12, 2016, Board Meetings.

[*Secretary’s Note: For the following item, it was noted that the Board was acting in its capacity as the combined Agency and M/SBRC Boards of Directors.*]

**2. VOICE VOTE – Approval of Executive Session Minutes (May 12, 2016)**

Noting that the matters in the May 12, 2016, Executive Session Minutes are not completed matters and, therefore, any comments regarding these Minutes must be made in Executive Session, the Vice 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 Boards of Directors of MassDevelopment and M/SBRC approve the Executive Session Minutes of their May 12, 2016, Board Meetings.

**3. VOICE VOTE – Approval of Special Meeting Minutes (May 31, 2016)**

The Vice Chair asked if there were any comments on the draft Minutes of the May 31, 2016, Special 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 approve the Minutes of its May 31, 2016, Special Board Meeting.

**President/CEO’s Report**

See below (*after Tab 48*).

**General Matters**

***Walk-in*. VOTE – Appointment of Board Committee Member**

Calling attention to the vote provided today, Ms. Patten requested that the Board appoint Ms. Madden as a member of the Audit & Administration Committee and the Compensation Committee. Ms. Patten advised that as of June 2, 2016, Ms. Madden has been designated to serve on the MassDevelopment Board by the Secretary of Administration & Finance (“ANF”) as her Designee on MassDevelopment’s Board, and Ms. Sullivan, who was previously designed by ANF to serve as her designee, will now serve as Ms. Madden’s back-up. The Vice 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 appoints Ms. Madden as a member of the Audit & Administration Committee and the Compensation Committee, as outlined in the vote dated June 9, 2016, attached and part of the minutes of this meeting.

**Report of June 3, 2016, Audit & Administration Committee Meeting.** Ms. McGovern advised that the Committee met last Friday to discuss thoroughly the Agency’s proposed budget for FY2017. In addition, representatives from RSM, the Agency’s external auditing firm, were in attendance for a good discussion and to present the FY2016 audit plan.

**4. VOICE VOTE – FY2017 Agency Operating and Capital Budget**

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

***Walk-in*. VOTE – FY2017 Commonwealth General Funds Grant**

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

**Strategic Planning**

**5. MassDevelopment FY2016 Strategic Themes and Business Plan Goals**. For information purposes only, 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.

**6. VOICE VOTE – MassDevelopment FY2017 Business Plan Goals – Discussion/Presentation**

See below (*after Tab 4*).

**MARKETING / Communications**

**7.** **Media Report (May 2016)**. For information purposes only, the Selected Press Clips, Media Report, and Web Statistics for May 2016 are attached and part of the minutes of this meeting. No discussion of these items took place.

[*Secretary’s Note: The Chair arrived at the meeting at this time just prior to presentation of the bond transactions.*]

**Bond Transactions**

**8. Delegated Authority Report for Bond Approvals (May 2016).** For information purposes only, the Delegated Authority Report regarding bond transactions is attached and part of the minutes of this meeting. No discussion of the Report took place.

**9. Bond Detail Memorandum**. For information purposes, the Bond Memorandum is attached and part of the minutes of this meeting. Mr. Chilton noted that the proposed bond issuance for Hallmark Health Properties, Inc. (Tab 15) has been removed from consideration. He also thanked the Board members who attended the Special Board Meeting on May 31, 2016, and approved a bond issuance for Dana-Farber Cancer Institute; he noted Dana-Farber’s gratitude and appreciation.

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

Ms. McGovern disclosed to the Board that she sits on an Advisory Board of Boston Private Bank & Trust, which is the purchaser and disbursing agent of the proposed bond issuance for Southwest Boston Community Development Corporation (Tab 20) and, therefore, she will recuse herself from any discussion, deliberation, and vote on that bond issuance and leave the room during the deliberation and vote on that matter.

The Chair advised that the Board would vote on the approvals and findings for the matters in Tabs 10 – 25, 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**

**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 Cambridge Montessori School, Inc., in Cambridge, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $7,500,000.

The Chair asked, in transactions like the one above, whether staff conducts conversations with the communities where the properties involved are located so that it is clear the community understands that the project will remove the property from its tax rolls. It was noted that TEFRA hearings precede Official Action requests and a defined project description is made part of the process, which includes this and other information.

Ms. Madden wanted to know what it is the Board is approving with an Official Action, and a discussion ensued. Mr. Chilton stated that Official Action approval is preliminary approval of certain expenses, terms, conditions of the project or transaction; it is not Final Approval and Official Action approval does not guarantee approval of the bond issuance nor does it commit volume cap. There ensued a brief discussion regarding allocation and availability of volume cap, and Ms. Madden wanted to be cautious about the message sent to applicants because volume cap is scarce. It was noted that Official Action approvals are required so that certain project costs can be eligible under the provisions of the U.S. Tax Code; they are also for projects that are far enough along that staff feels they are viable, but Official Action approvals are not binding and it can sometimes take a year or more to proceed from Official Action to Final Approval.

**Official Action Projects with Volume Cap Request**

**11.** For this project, the Chair wanted to know how many housing units in total are being demolished and how many units will there be when all four phases of the project are complete; it was noted that staff would find and provide this information. 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 Trinity Orient Heights Phase One Limited Partnership, in Boston, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $26,000,000.

The Chair requested that a breakdown be included in housing transactions of this nature going forward to indicate the number of housing units before the projects begin as well as the total number of housing units after completion of the projects.

**12.** Ms. Madden, again, wanted it made clear that the applicant understands that while this project is eligible, it is not included in the current volume cap allocation. 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 Trinity Van Brodie Four Limited Partnership, in Lawrence, Massachusetts, for the issuance of Tax-Exempt Bonds to finance such project in an amount not to exceed $6,685,820.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**13.** Ms. McGovern asked if Berklee College of Music, Inc. is still a non-profit, and Mr. Chilton confirmed that it is. The Chair asked if the purpose of the bond was due to the merger of this school and The Boston Conservatory, and it was noted that was one reason for the bond request. 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 resolutions for Official Action / Final Approval (“OA/FA”) attached and part of these minutes regarding:

a project of Berklee College of Music, Inc., in Boston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $200,000,000.

**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 OA/FA resolution(s) attached and part of these minutes regarding:

a project of The President and Trustees of Williams College, in Williamstown, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $130,000,000.

With respect to the project above, the Chair wanted to know if the twenty new jobs are faculty jobs. He said he would appreciate an expansion of the job numbers field to include also a description of the types of jobs being created. It was noted that the job numbers are projections provided by the borrowers.

**15.** This item was removed from consideration.

**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 resolution(s) attached and part of these minutes regarding:

a project of the Academy of the Pacific Rim Charter School Foundation, Inc., in Boston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $11,500,000.

The Chair inquired then about how many new jobs this project may create, and the borrower’s projections were noted.

**17.** 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(s) attached and part of these minutes regarding:

the project of Conservatory Lab Charter School Foundation, Inc., in Boston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $3,500,000.

**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 resolution attached and part of these minutes regarding:

the project of Associates for Human Services, Inc., in Taunton, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $2,900,000.

The Chair again inquired about job creation information.

**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:

the project of Aspire Developmental Services, Inc., in Lynn and Salem, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $2,890,000.

**20.** 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:

the project of Southwest Boston Community Development Corporation, in Boston, Massachusetts, for the issuance of non-profit housing Tax-Exempt Bonds to finance such project in an amount not to exceed $1,800,000.

[*Secretary’s Note: Having previously recused herself from this matter, Ms. McGovern left the room and did not participate in any discussion, deliberation, or vote on the matter. She returned to the meeting room after completion of the above vote.*]

**21.** It was noted this project involves development of a housing facility in Gardner to assist people who are transitioning from addiction recovery to independent living, and there is no opposition from the Town. 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(s) attached and part of these minutes regarding:

the project of GAAMHA, Inc., in Gardner, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $1,332,000.

**Final Approval Projects with Volume Cap Request**

**22.** It was noted this project involves construction to expand a brewery facility for Tree House Brewing Company, Inc.; there are plans to eventually have a tasting room on site. 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 Landreau Realty, LLC, in Charlton, Massachusetts, for the issuance of Tax-Exempt IDB Bonds to finance such project in an amount not to exceed $7,740,000.

[*Secretary’s Note: Mr. Chisholm arrived and joined the meeting at 10:28 a.m.; he was not present for any votes before Tab 23.*]

**23.** 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 Ships Cove Preservation Partners Limited Partnership, in Fall River, Massachusetts, for the issuance of Taxable and Tax-Exempt Bonds to finance such project in an amount not to exceed $13,973,000.

**Low Income Housing Tax Credits (“LIHTC”) Bond Issuer Tax Code Findings**

**24.** 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 Ships Cove Preservation Partners Limited Partnership, in Fall River, Massachusetts, making findings regarding and for providing assistance for an annual allocation by DHCD of federal LIHTCs.

**Bonds: Final Approvals**

**25.** With respect to the Linden Ponds, Inc. project, Mr. Chilton noted that this project previously received Final Approval and is now before the Board for approval of amendments of certain transaction documents related to the issuance under that Final Approval; specifically, the borrower is modifying certain provisions in the Trust Indenture and the Loan Agreement. 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 Linden Ponds, Inc., in Hingham, Massachusetts, for the amendment of transaction documents related to the prior issuance of Taxable and Tax-Exempt Bonds to finance such project in an amount not to exceed $141,945,211.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Ms. McGovern reiterated that the Committee met on June 3, 2016; she referred to the Report given above and noted Mr. Gerlin and Ms. Kalinowski will present the proposed FY2017 budget today.

**26. Minutes of Prior Meeting**. For information purposes only, the minutes of the April 14, 2016, Audit & Administration Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

***Manufacturing & Defense Sectors Committee***

Mr. Kanin reported that the Committee met on Tuesday, June 7, 2016, and that there are two recommended votes before the Board today for its consideration. He noted that Jeffrey Porter’s resignation from the Board leaves a vacancy on the Committee and he encouraged other Board members to consider joining the Manufacturing & Defense Sectors Committee.

**27. Minutes of Prior Meeting**. For information purposes only, the minutes of the May 10, 2016, Manufacturing & Defense Sectors Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**28. VOTE – Contract with The Roosevelt Group**

Ms. Dowd described this request for approval to extend the Agency’s contract with The Roosevelt Group by an additional four months for a cost of $80,000 plus reasonable expenses. Ms. Dowd advised that the Commonwealth continues to prepare for the next Base Realignment & Closure (BRAC) round, the timing of which is uncertain but which may be authorized in December 2016, and noted that The Roosevelt Group has provided critical advisory services to MassDevelopment and the Commonwealth during the past four years to assist the Military Asset and Security Strategy Task Force. Ms. Dowd explained the necessity to extend the contract for an additional four months so that there is no interruption in service while a Request for Proposals (“RFP”) is being issued. 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 an extension of the contract with The Roosevelt Group for four months, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**29. VOTE – Contract with Battra LLC**

Ms. Dowd briefly described this request for approval to enter into a contract with Battra LLC to conduct an analysis of the strengths, weaknesses, opportunities and threats (“SWOT”) facing the defense industry supply chain in Massachusetts. Battra was selected pursuant to an RFP process, to which there five responses; two interviews were conducted. Ms. Dowd stated that Battra is very experienced; further, she noted the funds to pay for the one-year contract (up to $379,050) will come from a grant secured by MassDevelopment in the Spring of 2014 from the Office of Economic Adjustment of the Department of Defense. 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 one-year contract for $379,050 with Battra LLC for a SWOT analysis of the defense industry supply chain in Massachusetts, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**30. Massachusetts Innovation Bridge – Update**. For information purposes, a Project Status Report is attached and part of the minutes of this meeting. Ms. Dowd clarified MassDevelopment’s role in connection with this project. She advised that she is acting as liaison between the defense industry and the people at MITRE who run the Innovation Bridge office to identify relevant businesses, events, and more. Ms. Jones explained that MassDevelopment is helping these related parties to understand the logistics and the various connections and collaborations within the defense sector and with the military services. She confirmed that the Agency provides support; it does not lead this endeavor. Additionally, Ms. Jones advised that Ms. Clark is working with the Advanced Manufacturing Collaborative and the Executive Office of Housing & Economic Development (EOHED) to put together a manufacturing summit to occur on September 27, 2016, at the DCU Center in Worcester.

***Origination & Credit Committee***

Mr. Cohen reported that the Committee met on Tuesday, June 7, 2016, and recommends the four votes presented for approval.

**31. Minutes of Prior Meeting**. For information purposes only, the minutes of the May 10, 2016, Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**32. Delegated Authority Report for Loan Approvals (April 2016).** 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.

**33. VOTE – 180 Main Street Associates LLC (Worcester) – Refinancing of New Markets Tax Credits (“NMTC”) Loan**

Mr. Angel briefly described this request to refinance a maturing loan from MassDevelopment’s NMTC program by the General Fund and to extend the maturity date through 2020. Mr. Angel noted an issue with the appraisal that he felt would not be problematic; he also noted that at the request of the Origination & Credit Committee he has clarified the name of the entity that is actually receiving the funds. Further, Mr. Angel advised that the premises (which were acquired and renovated with proceeds from the original loan) remain entirely occupied by the Commonwealth of Massachusetts, via the Division of Capital Asset Management & Maintenance (DCAMM), under a lease through 2020, which is expected to be extended. In response to Mr. Cohen’s question, Mr. Angel confirmed the Agency will hold an assignment of that lease as collateral. 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 request for refinancing a $2,446,912 Commercial Real Estate Mortgage Loan for 180 Main Street Associates LLC, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**34. VOTE – KMRN Investments, LLC and HSM Investments, LLC (Worcester) – Loan Participation Increase**

Mr. Angel briefly described this request to approve an increase from $1,465,200 to $1,927,700 in the participation with Savers Bank in a Commercial Real Estate Mortgage Loan, the proceeds of which will be used to complete construction of a Level 4, 60-bed skilled nursing facility known as Dodge Park Rest Home, which will care for and treat seniors with dementia and Alzheimer’s. Mr. Angel advised that a new appraisal had been obtained for this increase request, which is actually higher than the previous appraisal. 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 increased loan participation in Savers Bank’s loan to KMRN Investments, LLC and HSM Investments, LLC, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**35. VOTE – Whalom Road, LLC (Lunenburg) – Real Estate Loan Participation**

Mr. Angel briefly described this request for a $7,500,000 participation with Fidelity Bank in a Commercial Real Estate Mortgage Loan, the proceeds of which will be used for phased development of 120 new units of market-rate and affordable multi-family rental housing in the Town of Lunenburg. Mr. Angel noted the principals in this transaction are long-time customers of Fidelity and have a good history with MassDevelopment as well; Fidelity Bank has reached its lending capacity with this customer. It was noted this is a “friendly 40B project” and that it is very similar to a project in Townsend that is fully occupied. 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 participation increase in Fidelity Bank’s loan to Whalom Road, LLC, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**36. VOTE – New Garden Park, Inc. (Worcester) – Loan Extension**

Mr. Angel briefly described this request to extend the maturity date on a $2.5 million bridge loan to New Garden Park, LLC for an additional three months (until August 2016) in order to finalize the terms of a more permanent extension of this debt obligation with the borrower. He mentioned a prior extension, which was approved by the Board in March 2014, to enable the borrower to pursue additional funding; unfortunately, this endeavor has been unsuccessful. Mr. Angel noted that an appraisal has been done; it is with the Review Department of one of the banks involved in this financing, and a copy has been requested. The Chair asked for a vote, noting the condition that a copy of the appraisal be received and be satisfactory to staff 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 extension to New Garden Park, Inc., as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting, and incorporating the condition mentioned herein.

**Community Development**

**37. Delegated Authority Report for Community Development Approvals (April 2016).** For information purposes only, the quarterly Delegated Authority Report regarding Community Development is attached and part of the minutes of this meeting. No discussion of the Report took place.

**38. Minutes of Brownfields Advisory Group Meeting (February 10, 2016)**. For information purposes only, the minutes of the February 10, 2016, Brownfields Advisory Group Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

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

Mr. Kavoogian reported that the Committee met on Tuesday, June 7, 2016, and recommends several votes presented for approval.

**39. Minutes of Prior Meeting**. For information purposes only, the minutes of the May 10, 2016, Real Estate Development & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of the minutes took place.

**40. Devens and Devens Environmental Updates.** For information purposes only, the Devens and Devens Environmental Updates are attached and part of the minutes of this meeting. No discussion of these items took place.

**41. VOTE – Devens – Electric Rate Adjustment**

Mr. Moore briefly described this request for approval of the recommended electric utility rate changes for Devens to become effective as of July 1, 2016. He noted that for a second year in a row costs have decreased; therefore, this year’s rate adjustment results in an overall average reduction of 5 – 9 percent. 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 electric rate adjustment, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**42. VOTE – Devens – Gas Rate Adjustment**

Mr. Moore briefly described the request for approval of the recommended gas utility rate changes for Devens effective as of May 1, 2016. He noted that under a new gas supply contract with Shell Energy, the Agency has obtained significantly lower gas supply costs; therefore, this year’s rate adjustment results in an overall average reduction of approximately 14 percent. 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 gas rate adjustment, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**43. VOTE – Devens – Sewer Rate Adjustment**

Mr. Moore briefly described the request for approval of the recommended sewer utility rate changes for Devens to become effective as of July 1, 2016. This year staff recommends a 2 percent increase to ensure all costs are met and that the sewer utility financial goals are met for the coming fiscal year. 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 sewer rate adjustment, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**44. VOTE – Devens – Septage Receiving Rate Adjustment**

Mr. Moore briefly described the request for approval of the recommended septage/special waste rate changes for Devens to become effective as of July 1, 2016. He noted the current rate of $55/1,000 gallons has been in place since 2005 with no increases. Staff is recommending an increase to $60/1,000 to be more in line with regional charges and to cover increased costs to treat the septage. 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 septage/special rate adjustment, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**45. VOTE – Devens – Award of Contract for Willow Brook Daylighting Project**

Mr. Henderson briefly described this request to award a contract to the lowest responsive and responsible bidder, SumCo Eco-Contracting, LLC, for the Willow Brook Stream Restoration and Daylighting Project, selected as the result of an RFP process, to which there were four responses, which all came in below the engineer’s construction cost estimate. He noted this project has long been a part of the overall Open Space Plan for Devens and was included in recently approved zoning changes. 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 enter into a contract with SumCo Eco-Contracting, LLC for the Willow Brook Stream Restoration and Daylighting Project, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**46. VOTE – Devens – Award of Real Estate Brokerage Contract**

Mr. Greene briefly described this request to approve the selection of Jones Lang LaSalle as MassDevelopment’s exclusive broker for Devens and authorize the President/CEO to negotiate and execute a contract with Jones Lang LaSalle for one year with a one year renewable option, as the result of an RFP process, to which there were six responses. 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 enter into a contract with Jones Lang LaSalle as the Agency’s exclusive broker for Devens, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**47. VOTE – Devens – Oak and Maple Housing Area Foundation Removal Contract**

Mr. Greene described this request to award a demolition contract to the lowest responsive and responsible bidder S&R Corporation for foundation removal and disposal at the Former Oak and Maple Housing Area, as the result of an RFP process, to which there were four responses. He noted this is the last foundation removal project in Devens, except for Salerno Circle. 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 enter into a contract with S&R Corporation for the Former Oak and Maple Housing Area Foundation Removal and Disposal, Project No. 16-011, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

***Walk-in*. VOTE – Jodrey Pier – Roof Replacement**

Calling attention to the vote provided today, Mr. Greene described this request to award a roof replacement contract in the amount of $915,000 to the lowest responsive and responsible bidder, Wayne Roofing Systems, LLC, for the Freezer/Cold Storage Facility at 1 State Fish Pier, Gloucester, as the result of an RFP process, to which there were eight responses. He noted that MassDevelopment will hold an additional $47,500 (5 percent of the total contract price) in the project’s budget for other potential additional related work and expenses. It was noted that execution of the contract is contingent on identifying a source of funds for the project. 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 enter into a contract with Wayne Roofing Systems, LLC, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**48. Statewide Real Estate Projects Updates**. Mr. Henderson reported that closing soon is the first land sale in the business park portion of the Myles Standish Industrial Expansion project in ***Taunton***; a European manufacturer looking to relocate its headquarters to Massachusetts intends to purchase the property. In Village Hill, ***Northampton***, the sale of the Male Attendants Building closed. A Request for Interest has been issued to developers in connection with senior housing and commercial parcels in ***Belchertown***.

With regard to ***Municipal Services***, Mr. Henderson noted that projects have kicked off in Winthrop and Fall River; a tour of Beverly took place on June 1st.

With respect to the Transformative Development Initiative (“TDI”), Mr. Henderson noted that two of the three newer TDI Fellows are present today: James McKeag from the New Bedford TDI District and George Durante from the Brockton TDI District. He said there has been a lot of TDI activity this month. Among other events, the Lieutenant Governor toured a pop-up community maker-space in ***Springfield***, at which the City announced that it is making a $1 million investment into the Stearns Square Park (which is located across the street from a property recently acquired by the Agency in connection with the TDI); the City is also establishing a $1.5 million Fund for restaurants moving into the District.

Finally, Mr. Henderson advised that his deputy Michael Miller is retiring from MassDevelopment after many years. Mr. Miller’s last day is tomorrow and the Agency thanks him for his work.

[*Secretary’s Note: At this time, Mr. Greene 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.*]

**President/CEO’s Report (cont’d)**

Ms. Jones reported she recently toured Westfield with Mayor Brian Sullivan and Pittsfield with Mayor Linda Tyre, and Rep. Tricia Farley-Bouvier (D-Pittsfield) joined them for the part of the day. She also attended a very successful Developers Conference in Beverly. The Lieutenant Governor has been touring various TDI Districts, including Lynn, Springfield, Pittsfield, and Holyoke, and MassDevelopment staff has participated in these tours as well.

For two days, Ms. Jones participated in meetings at the Federal Reserve Bank regarding the second round of Working Cities Challenge grant awards. Ten cities were selected to receive Design Grants to further develop proposals to revitalize their communities. Nine cities submitted full grant applications and five were selected: Haverhill (for its Mount Washington neighborhood), Lowell (for its Acre neighborhood); Springfield (for making workforce employment improvements); Worcester (for increasing employment in the food service industry, from food trucks to restaurants); and Pittsfield (for improving access to services for lower income residents).

Ms. Jones participated recently in a strategy session in connection with the Military Task Force and issues related to the Commonwealth’s installations. Work is underway to convene the entire Task Force for a briefing this summer.

With respect to personnel, Ms. Jones introduced Meggie Quackenbush, MassDevelopment’s new Deputy Director of Communications; she also introduced Robin Churray, the Agency’s new Director of Human Resources and Professional Development.

Finally, the Board was reminded of the event this Friday to celebrate MassDevelopment’s 20 years of involvement in Devens.

[*Secretary’s Note: Mr. Greene terminated the video recording of the President’s Report at this time.*]

**General Matters (Cont’d)**

***Walk-in*. VOTE – FY2017 Commonwealth General Funds Grant**

Calling attention to the vote provided today, Ms. Jones briefly described this request to approve grant funding of up to $9,100,000 to the Commonwealth’s General Fund to assist in closing a budget shortfall for FY2016, noting that the Agency has from time to time in prior years provided funds for the operations of certain state programs and offices. She advised that after closing the books on the sale of 100 Cambridge Street, the Agency is also expected to return approximately $900,000 to the Commonwealth, pursuant to the transaction agreements. Ms. McGovern expressed concerns about this grant request, noting that while she wants to be helpful and she understands the need, she is troubled by the funding request nevertheless. She expressed concerns regarding the fiduciary responsibility of MassDevelopment’s Board members to the Agency, and she suggested staff and/or the Board ask for an opinion from the Attorney General as to whether the Agency and Board have authority to vote such funds. It was noted that the Attorney General may decline to opine on this matter because MassDevelopment is a quasi-public agency not within her jurisdiction for opinions. If this is the case, Ms. McGovern suggested and encouraged retaining outside counsel to answer the following questions: Is MassDevelopment a “public authority” and, as such, what is its role and what is its grant authority with regard to the State? Also, what is the role of the Agency’s Board and what are their fiduciary obligations? Ms. McGovern noted such an opinion might be helpful for discussions moving forward. The Chair suggested this should be discussed first in the Audit & Administration Committee. The Chair also noted the logic goes both ways because he advised there are monies in excess of $10 million coming to the Agency in the Commonwealth’s FY2017 capital and operating budgets. 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 funding of up to $9,100,000 to the Commonwealth’s General Fund, as outlined in the memorandum and vote dated June 9, 2016, attached and part of the minutes of this meeting.

**4. VOICE VOTE – FY2017 Agency Operating and Capital Budget**

Mr. Gerlin presented an overview of the Agency’s FY2017 Operating and Capital Budget, noting that the $9.1 million requested above is *not* included in these numbers. Based on discussions today, as well as finalization of the Commonwealth’s FY2017 capital and operating budgets, staff will adjust any numbers that need to be tweaked and will come back to the Board for a budget amendment in July or August. Mr. Gerlin noted that the Agency’s Loan Fund balances reflect the status of the economy.

With respect to Revenue & Expenses, he noted FY2016 has been a very good year for Investment Banking, but those numbers are expected to drop next year due to a lesser allocation of volume cap both to MassDevelopment and to the Commonwealth. There then ensued again a brief discussion regarding volume cap allocation, carry-over, distribution, determinations, and more. For calendar year 2016 Massachusetts received a federal volume cap allocation of $700 million.

Regarding External Funding, Mr. Gerlin advised that NMTC transaction fees are significant revenue. He noted that most of the Agency’s external funding comes from the Commonwealth’s capital budget, not its operating budget, and federal grants. Also, he referred the Board to p. 47 of his presentation for breakdown of land and building sales.

With regard to Expenses, Mr. Gerlin advised that Salary & Fringe are increased 7.2 percent. This accounts for the three new TDI Fellows and three new full time employees; it was confirmed these are newly created positions, not filling vacancies. This also factors in an up to 3 percent merit increase pool for staff. As for Administrative Expenses, Mr. Gerlin advised that management is encouraging staff training and has budgeted ample funds therefor. He also noted that Professional Services Expenses are increased due to an uptick in TDI work and other new initiatives and programs, as well as costs for outside legal counsel and increased project expenses. In addition, Mr. Gerlin called attention to the 1 page spreadsheet provided today regarding TDI, specifically, and noting that Mr. Cohen had suggested this be provided to Board members for informational purposes and a copy is attached to these minutes.

Mr. Gerlin spoke about Devens Operating Expenses, Grant Expenses, anticipated funding requests from the Massachusetts Manufacturing Extension Partnership (MassMEP) and BDC Capital. He described the declining dollars in the Brownfields Redevelopment Fund and fluctuating amounts in the Cultural Facilities Fund. Ms. Jones mentioned funding in the Military Bond Bill for the retrofit of a building at Westover Air Reserve base to be used by UMass Amherst.

With respect to Capital Spending, Mr. Gerlin gave details regarding the Agency’s General Fund, Restricted Funds, and new development projects or initiatives, like the proposed Site Readiness initiative, for example. He offered kudos to Mr. Moore for his oversight of utilities costs in Devens.

Finally, with regard to Opportunities, Mr. Gerlin mentioned fee revenue based on interest rates that will be charged on energy-efficiency loans if the proposed PACE legislation passes; with respect to Risks, he mentioned the diminished allocation of federal volume cap (as previously discussed), as well as potential federal tax reforms, which could affect tax exempt bonding.

Ms. McGovern thanked Mr. Gerlin for today’s presentation; she also thanked Ms. Kalinowski for her work on the presentation and for her presentation at the Audit & Administration Committee meeting last week. Ms. Madden was impressed with today’s presentation and she also thanked everyone involved. 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 approves the FY2017 budgets presented today, as attached and part of the minutes of this meeting.

It was again noted that the budgets may be amended when the final Commonwealth budget has passed and some other numbers in the Agency budget are finalized.

**Strategic Planning**

**6. VOICE VOTE – MassDevelopment FY2017 Business Plan Goals – Discussion/ Presentation**

As a follow-up to discussion last month, Mr. McGrail presented the Agency’s final FY2017 Strategic Business Plan. He called attention to goal and performance indicator changes to the proposed FY2017 Business Plan based on Board members comments, noting that all suggested changes have been incorporated. He reminded Board members of the alignment of MassDevelopment’s mission with that of the Commonwealth Statewide Economic Development Plan (p. 2 of the presentation). He mentioned the foundation of the Agency’s strategic framework (p. 6), specifically covering the two external program themes. These themes included “supporting economic growth” (i.e., “cash out” to support job creation and support to key economic sectors such as manufacturing, the defense sector, and the innovation economy) and “building regional competitiveness” (i.e., work to support regional economic assets, including housing and helping to build regional economic development knowledge and expertise, and work to assist in place-based economic development at a variety of scales, including Devens, the TDI program, and others) (p. 8).

Mr. McGrail then noted for the Board’s consideration the walk-in item (presentation and discussion of economic impact of Agency programs) and Ms. Jones suggested holding time in a future meeting for a more in depth discussion of this topic given time constraints.

In the meantime, the Chair asked for a vote and, upon motion duly made and seconded, by the directors present, it was, unanimously approved.

**VOICE VOTED:**  That the Board of Directors of MassDevelopment approves the FY2017 Business Plan as presented today, attached and part of the minutes of this meeting.

[*Secretary’s Note: The handout was deferred to the July meeting.*]

**EXECUTIVE SESSION**

The Chair then advised, at 11:53 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 matters involving valuation of real property and potential purchase and sales and lease terms, the discussion 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 not reconvene in Open Session following Executive Session.

[*Executive Session held*]

There being no further business before the Board of MassDevelopment or of M/SBRC, the Open Session portions of these meetings were adjourned at 11:53 a.m.; the meetings were adjourned in Executive Session at 12:13 p.m.