# MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Brownfields Advisory Group**

**Tuesday, September 1, 2015**

**12:00 p.m. – 2:00 p.m.**

**MINUTES**

(Approved as Amended at the December 4, 2015 Meeting)

**ATTENDANCE:**

Members

Vivien Li, Chair

Jessica Andors

Kerry Bowie

Michael Crawford

Tom Daniel

Betsy Harper

Joseph Kriesberg

Erica Kreuter

Joseph Jannetty

David Leone

Jonathan Lothrop

Jeffrey R. Porter

Staff

Marty Jones, President & CEO

Laura Canter, EVP Finance Programs

Joy Conway, SVP Community & Business Development

David Bancroft, SVP Community Development

Sean Calnan, VP Community Development

Jim Walsh, VP Community Development

Michael Galligan, VP Commercial Lending

Lee Smith, Brownfields Program Attorney

RJ McGrail, Program Policy Impact Officer

Kelsey Abbruzzese, Communications Director

Patricia DeAngelis, General Counsel

Teresa Patten, Legal Counsel

Meg Delorier, Chief of Staff

Tonya Ingram, Program Administrator,

Community Development

Andrew Espinosa, Legal Department Intern

Guests

Jeanne Dubois, Dorchester Bay Economic Development Corporation

Larry Field, Massachusetts Smart Growth Alliance

A meeting of the Brownfields Advisory Group was held on Tuesday, September 1, 2015 at 12:00 noon at the MassDevelopment office, 99 High Street, 11th Floor, Boston, MA, pursuant to notice duly given. This meeting covered business of the Brownfields Advisory Group for the months of July and August and other matters set forth below.

**Introductions**

Ms. Li, Chair of the Brownfields Advisory Group, opened the meeting by welcoming the Group and asking all attendees to introduce themselves.

Ms. Li welcomed Jeanne Dubois of the Dorchester Bay Economic Development Corporation and a former member of the Group, and Larry Field from the Massachusetts Smart Growth Alliance.

It was noted that a quorum of the Group was present.

Ms. Li announced that she has been offered a new position in Pittsburgh, Pennsylvania where she will be able to use her considerable experience with waterfront planning and brownfields redevelopment in Massachusetts. She said she will resign from the Brownfields Advisory Group at the end of September. Ms. Li expressed her deep appreciation for the opportunity to serve as Chair of the Group, which she said brought with it vast learning experience about brownfields issues and an in depth understanding of the significant policies raised by this critically important activity.

Ms. Jones expressed her gratitude and the gratitude of the Brownfields Advisory Group for Ms. Li’s many years of service, beginning with the inception of the Brownfields Redevelopment Fund. Ms. Jones referred to the first annual report of the Fund and acknowledged Mike Crawford and Jeanne DuBois who along with Ms. Li served as members of the Group from the beginning of the program.

Ms. Li said she wanted to express her gratitude for the exceptional job MassDevelopment staff have done over the entire period that she has been the Chair.  She said their knowledge, professionalism and general understanding of the various projects and Brownfield issues were exceptional.

Ms. Jones then presented Ms. Li with a festive cake and a basket of locally manufactured edibles for her to take with her to her new venture in Pittsburgh.

**Approval of Minutes of the Advisory Group meeting held on July 8, 2015**

Ms. Li asked if members of the Group had any comments on the minutes of the meeting on July 8, 2015. There being no comments from the Group, Ms. Li asked that on page seven in the fifth paragraph words should emphasize the ability to have more confidence when dealing with brownfields. Ms. Li said that on page 11 the minutes describe Mr. McGrail’s explanation of the charts that were handed out, and she said the charts should be included in the minutes as an attachment.

There being no additional requests for amendments, Mr. Lothrop moved approval, Mr. Crawford seconded the motion, and the minutes were approved as amended.

**Brownfields Fund Financial Status**

Ms. Li asked Ms. Canter to present the Brownfields Redevelopment Fund financial statements as of June 30, 2015, which had been included in the meeting materials. Ms. Canter said these are the official fiscal year end financials produced by the Finance Department after the books were closed. Ms. Canter said the financials show $11,335,944 in available cash. With a pipeline of $18 million but only $6.6 million adjusted based on the staff’s estimate of the probability of closings, the program looks to be in good shape for the foreseeable year.

Ms. Jones said this hopefully will take us through fiscal year 2016 at which time we may not be able to continue taking applications until the Fund is recapitalized.

Mr. Kriesberg asked if the loan repayments line meant $16.8 million were in repayment. Ms. Canter replied this figure represented repayments that have been made over the lifetime of the fund.

Ms. Li said she was concerned about staff and the availability of money for operating expenses. Ms. Canter said operating expenses include operating funds for staff. Ms. Andors asked if the operating expense line covered all staff in the room. Ms. Canter said no, the staff works on many different things and allocates the amount of their time spent on the Fund.

Mr. Lothrop asked about the $11,721,642 shown as undisbursed grants/predevelopment/loans. Ms. Canter said this is cash to be advanced for funds already committed. Ms. Li asked about the remaining pipeline. Ms. Canter said the pipeline weighted based on the probability of closing is $6.6 million. Ms. Li asked if the East Boston project was part of the $6.6 million. Ms. Jones replied that the East Boston Priority Project had a high probability of going to the board for approval at its next meeting.

Ms. Li said she thought the minutes of the previous meeting were very well done in the way they explained how the program was structured, and she asked if we can get them up on line. She said she thought they should be posted right away.

Ms. Andors observed that part of the argument for getting recapitalized was having a strong pipeline, and she asked if staff is still trying to find more business. Ms. Canter said if we had to give a number it would be $18 million. Mr. Kriesberg said we should then be saying the pipeline is $18 million. Ms. Canter replied yes, this is correct.

Ms. Jones said that later in the meeting when we come to the Brownfields outcomes data that was collected by our summer intern, we will be able to see if that data is a way to identify projects that need to be done.

Ms. Kreuter asked about the breakdown of loans vs. grants. Ms. Canter said certain types of projects have a funding gap that prevents them from supporting a loan. Ms. Jones added that there are a large number of affordable housing projects which, if we turned them into loans, then it would become a need for more money from the Department of Housing and Community Development. For CDCs, the need is usually for grants.

**Brownfields Delegated Authority Report**

Ms. Conway said the Brownfields Delegated Authority Report for July shows two Brownfields grants approved through Delegated Authority and one approved by the board. She said in response to a request from the Group at its last meeting for an in depth discussion of certain projects, we have provided the full write-ups for these three projects and added a fourth example of a housing project that was completed. With this variety of examples provided in advance of the meeting, she suggested the Group move to the next agenda item for the in-depth discussion of specific projects. Ms. Li asked if the three projects indicated activity is traditionally slower in the summer. Ms. Conway replied that the number of projects is a function of the flow of work and the variety of things the staff is working on. We approve projects when they are ready.

**Discussion of Specific Brownfields Projects**

Ms. Li suggested moving on to the in-depth discussion.

Mr. Walsh, Community Development Officer for the South Region, presented the three projects which were in his region.

The first was an amendment to increase a grant to the Attleboro Redevelopment Authority, sponsor of the former Automatic Machine Products South project being remediated for re-use as housing in the downtown. This was a Brownfields Support Team site located adjacent to the train station and part of the downtown revitalization project, which includes a new Greater Attleboro and Taunton (GATRA) bus facility. After remediation, the ARA will sell the property to a developer who is already building housing on the AMP North site. Both housing sites will have ground floor retail and parking on site. The ARA had earlier received a grant of $249,000 for remediation at the AMP South site, but in the course of work, it was discovered that contamination was higher than had previously been thought. An extraction system was being used to remediate the site, and the work needed to continue through the winter so the system was upgraded. The increase was approved as a grant.

Mr. Kriesberg said he didn’t think market rate housing could support repayment. With the ARA obligated to repay the Federal Transit Authority, he saw no way the profits would be coming back to the Fund. Mr. Walsh replied there was no excess money. The sales price of $1.6 million leaves a negative number.

Ms. Li said this is a policy for discussion. Ms. Jones said the only sources of repayment would be to say to the City you are getting a benefit over time that could be paid back over time. She said the harder question is that we are not in the transaction working with the future landowner. Ms. Canter said the upside may be the property taxes, which for different projects vary. Ms. Jones said the same issue would apply to affordable housing, which pays property taxes. Ms. Jones informed the Committee that Secretary Ash, Chairman of the MassDevelopment board, has asked if we could get more repayment back to the Fund.

Ms. Li said that the City will pay back the Federal Transit Authority up to 80% of the sales proceeds if the property purchased with FTA funds were used for something other than the Intermodal Transit Facility. Mr. Porter explained that this was an atypical investment, with the federal government providing $11 million.

Ms. Li said the policy question is whether there is a way to get the money back. Mr. Daniel asked if there is a likelihood that this project will come back with a request for more money. How do we keep track of that? Ms. Canter replied that many of the projects in our pipeline need to be cleaned up. We don’t like to commit to more money than is known to be needed. If a project comes back needing more money, we are satisfied with that.

Mr. Leone asked about the Massachusetts Contingency Plan and whether changes in it will precipitate the need for additional awards. Mr. Walsh said the City is aware of this and has been working through the year to try to meet the MCP deadlines.

Ms. Kreuter said the Executive Office of Housing and Economic Development have provided $3.9 million in MassWorks funds to this BST site. When you take the holistic view and think about what this project can bring, i.e., housing that is transit-oriented, and market rate housing, it is already transforming the downtown.

Mr. Bowie said these BST projects are done over a long period of time and there are opportunities to come back to address different sites. He said the former Mayor, Judith Robbins, who was chair of the ARA, recently passed away. He said she had made a significant impact. Mr. Walsh said the downtown project was planned when Judith Robbins was Mayor. She was then replaced by the current Mayor who asked her to come back to the ARA to implement the plan.

Mr. Walsh then described the second Brownfields site assessment grant, which was approved for the Town of Whitman in the South Region. He said the former Regal Shoe site was located on Route 27 near downtown Whitman on the commuter rail line. The shoe factory for 100 years had been abandoned and then demolished in the 1980s with the plan being to create a shopping area. Storage tanks and contamination were discovered by an LSP and the developer then abandoned the site. In 2000 the EPA came in and removed contaminated materials from the site. The EPA placed a lien on the property and fined previous owners who were liable for the contamination.

The Town is in the process of taking the property but wants to assess it before taking title. The site is owned by a corporation with a majority shareholder who is unknown and a minority shareholder who cannot provide access. A site assessment grant of $35,900 was approved subject to the Town going to court to get access. Once that condition is met, then MassDevelopment will enter into a Memorandum of Agreement with the Town and the assessment will be able to begin. If the Town comes in for remediation funding, it will need first to have a developer for the site. In this case, the Brownfields funding would be recoverable.

Mr. Porter asked if it were possible for DEP to issue an order to gain access to the site and thereby save the court costs. Mr. Walsh said this was discussed with Gerard Martin in the DEP South Regional Office. Mr. Martin had said he did not think this was a possibility with the EPA having done removal of contaminated soil at the site. Ms. Harper said she didn’t know what the DEP would be in a position to do, and she would follow up with a conversation with Mr. Martin to clarify his reasoning. Mr. Porter said for the minutes that this is an opportunity for interagency cooperation that would see the money go a little further. He added that Mr. Martin probably had a good reason for saying no to DEP issuing an order.

Ms. Jones said the problem is there is no owner here, with authority to call. Mr. Bowie said as a member of the Boston Support Team working on this site, he would follow up with Ms. Harper to discuss the right steps legally in order to leverage money from EPA. People at DEP have concerns. Ms. Jones said if we can help get access to the site that would be great.

Mr. Walsh then spoke about the third project in his region, the Priority Project grant of $1.5 million to the Attleboro Redevelopment Authority that had been voted by the MassDevelopment board. The project includes remediation and demolition of the former Swank manufacturing facility at 6 Hazel Street to create an opportunity for a jewelry manufacturer, Stern/Leach, to preserve 250 existing jobs and create additional jobs in the future. The site would initially be used for parking and eventually be an opportunity for expansion to create additional jobs in the future.

Stern/Leach’s predecessor had entered a purchase and sale agreement for 6 Hazel Street, 0 Pearl Street and 0’Neil Boulevard in 2006 that included the transfer of 6 Hazel Street if and when it was cleared and cleaned. The purchase price of $800,000 was paid to the ARA in 2007, and 0 Pearl and 0 “O’Neil were transferred to Stern/Leach in 2014. Stern/Leach will take Title of 6 Hazel Street if the building is demolished.

MassDevelopment’s history with this property is described in the write-up which was included in the meeting materials sent to the Group in advance of the meeting. The City is highly motivated to retain Stern/Leach and allow it to grow within the City. To that end, the City is planning to issue bonds to raise $1.7 million for the project. An appraisal of the property requested by the MassDevelopment board showed 6 Hazel Street appraised for $220,000 assuming the building is demolished and the property is free from environmental contamination.

Two parking lots were appraised at $90,000 for the lot at 0 Pearl Street and $155,000 for the lot at 0 O’Neil Boulevard. Stern/Leach is planning to sell these lots and give the proceeds to the City towards the City’s costs of demolition and remediation.

The $1.5 million from the Brownfields Fund was approved as a grant because the City’s contribution to the hazardous building materials abatement, building demolition, and parking lot construction of 6 Hazel Street is $1,772,049, and the City will likely receive only $245,000 in connection with its transfer to Stern/Leach.

Mr. Kriesberg asked for more information about the benefits of jobs relative to the requirements of the Brownfields statute. Ms. Jones said this gives us an opportunity to preserve and create new jobs. She said the statute allows us to have many kinds of benefits, including parks for example. In this case, the City is going out with a bond issue to contribute to the project because it cares about keeping the jobs. Mr. Porter commented that the City had stepped up. Ms. Li said from a policy perspective we have traditionally said jobs and housing are important, along with Transit Oriented Development and other benefits. Mr. Bowie said from a policy perspective it is important to understand the benefits as we are dealing with Attleboro through the BST, and this site can unlock other sites. Ms. Andors said it would be good to know what is going on around the site to get a fuller picture.

Mr. Calnan then presented the fourth example of a Brownfields site, this one being a completed affordable housing project in Pittsfield which initially was known by its developer, Rees-Larkin Development LLC and now known as the Silk Mill.

Mr. Calnan said MassDevelopment was first approached about the site in 2006 after the mill had closed and there was interest in a mixed-use development that would include artists housing and studios. This approach was not successful. The project was sold to Rees-Larkin Development LLC led by Jon Rudzinski who was familiar with MassDevelopment and was setting out on his own. With a small site assessment loan of $13,400 from the Brownfields Fund, the project was able to establish itself as a viable proposition, and it was completed in 2012 with two market rate units and 43 units with rents set at 60% of the adjusted median income level. Mr. Calnan said it is a huge success for the Morningside neighborhood, one of the most distressed in Pittsfield. The City contributed new infrastructure and the developer helped improve the local elementary school. The developer used his own funds for remediation and also used the Brownfields Tax Credit program.

Ms. Jones agreed with Mr. Calnan’s assessment of the success of the project and said she has toured the site on several occasions. Mr. Lothrop, speaking as a Pittsfield resident, said the project took five acres of a depressed neighborhood and turned it into a very nice piece of property. He said it is on a bus line, walk able to the downtown, and living there does not require a car. Children from the school were invited to the groundbreaking, and the project has significant meaning for the community. He added that it has inspired the local housing authority to take action on one of its properties in the vicinity.

Mr. Calnan said Mr. Rudzinski has told him that the Brownfields award gave confidence and credibility with other funders. Also, a 40R designation was a critical factor in its success. Mr. Bowie remarked that these developers understand how to put the different resources together.

Mr. Harper asked if she could inquire about a project that has been on her radar screen—the Katrina Road site in Chelmsford. Ms. Jones replied that this Priority Project went to the MassDevelopment board in the spring. She said it is a very complicated remediation site on an aquifer. Staff anticipated that potentially interested bidders would include but not be limited to Solar farms. The possibility of a Solar farm was not likely to be acceptable to our board which may require an active use when it reconsiders the project in September. Ms. Li said the Group had talked about solar at the last meeting. She said there were mixed views with a variety of opinions, including the importance of renewable energy.

Ms. Harper said she had provided language describing the Covenant Not To Sue, and Ms. Canter said that language will be included in the RFP. Ms. Jones said it is useful language for all the Community Development Officers to use. Mr. Porter said he was confident that Ms. Harper’s description would be clear, and he thought the comments around the table today would be good for the board and staff to share, to make sure the limited money in the Brownfields Fund is used in the best way that is possible.

Ms. Li said Ms. Harper’s language will be shared. Mr. Bowie said he agrees with the position that sites should be put to the highest and best use, but he said he also thinks that something done on a site is better than nothing.

Ms. Li said she thought the four projects that were presented were good examples so the Group could get a sense of the range of possibilities for using the Brownfields Fund.

**Progress Report on Update of Brownfields Outcomes Study**

Ms. Conway said this summer the Community Development Department had a wonderful intern working with us. Ian Roche took on the major task of updating a Brownfields Outcomes Study that was done in 2013, taking a look at all projects that were funded since the inception of the program. Mr. Roche’s assignment was to find out what had happened on the sites since 2013. He worked with the Community Development Officers and Regional Teams in all of the offices and drove many miles to see for himself what had happened on the sites.

Ms. Conway directed the Group’s attention to the second of two sheets that had been included in the meeting materials. It shows 100 transactions at sites where we have not seen development.

Ms. Conway said the first sheet shows the universe of 676 Brownfields transactions. She emphasized that these are not 676 sites, because often sites have more than one transaction. The chart shows 383 transactions where sites were developed, 132 transactions where sites are in development, 38 transactions where sites were successfully remediated but not developed, and 121 transactions where site assessments were completed but not developed, 21 of which have planning and predevelopment work continuing that we hope will lead to development.

Mr. Porter said the information was useful and showed an appropriate use of site assessment dollars especially in a resource restrained environment. Ms. Jones said it was the start of important data that she thought could be used by going back and looking at the sites to see if we should add them to our pipeline because we could do something more to help them be developed.

**Discussion of Themes for the Brownfields Annual Report**

Ms. Li then turned to the suggested themes for the Brownfields Annual Report that had been included in the meeting materials. She said this is the time to start working on a draft that will go to the legislature in December 2015.

Ms. Andors said she thought we should highlight those items where we talk about additional tax revenue for the communities and jobs that were created or retained. Ms. Harper said she agreed on the importance of bringing money back to the community. Ms. Jones said identifying additional tax revenue for a community is difficult because we don’t always know the end point of a transaction.

Mr. Kriesberg said we can emphasize the pipeline and put that in front of the legislature. Mr. Lothrop said we can take an example from each region. If we are looking at the site in Attleboro, it makes sense to talk about both the public and private benefits and how the money leverages other kinds of money. Ms. Li said the annual report will be very timely for the discussion of House 1 for fiscal year 2017 budget.

Mr. Daniel said we have raised a lot of policy strategies at this meeting. Ms. Li said the discussion of policy strategies will continue at the next meeting of the Group. As the representative of the MassDevelopment board, Mr. Porter will be able to share the insights of the Group with the board.

Ms. Li said the next meeting of the Group will be in either November or December.

There being no further discussion, the meeting was adjourned at 1:52 p.m.