**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, September 14, 2017**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Chair

 James Chisholm

 Karen Courtney

 Grace Fey

 Mark Attia, Designee for Secretary of Administration & Finance

 Patricia McGovern

 Juan Carlos Morales

DIRECTORS ABSENT: James Blake

 Christopher Vincze

Agency Staff: Lauren Liss, President and CEO

 Simon Gerlin, Chief Financial Officer

 Patricia A. DeAngelis, General Counsel and Board Secretary

 Richard Henderson, EVP, Real Estate

 Laura Canter, EVP, Finance Programs

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Roy Angel

 Deb Boyce

 Sean Calnan

 Rob Carley

 Steve Chilton

 Robin Churray

 Zack Dovitz

 Tony Fracasso

 Ken Goode

 Zack Greene

 Anne Haynes

 Dena Kavanagh

 Jim Kenney

 Andrew Levine

 Noah Koretz

 Victoria Maguire

 Jon Markowitz

 Laura Masulis, TDI Fellow, Springfield

 RJ McGrail

 Dan Morais

 Elizabeth Murphy

 Leigh Natola

 Aiden O’Garro

 Deb Rosser

 Meggie Quackenbush

 Ed Starzec

 Rebecca Sullivan

 Cindy Tonucci

 Gary Walker

 Benny Wong

Guests: John Chesto, business reporter, *The Boston Globe*

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, September 14, 2017, 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 10:08 a.m. The Chair asked if there are any guests present to please introduce themselves, and Mr. Chesto did so.

**PRESIDENT / CEO REPORT**

Ms. Liss remarked that she is thrilled to be here, and she thanked the members of the Board of Directors for their faith in her abilities and for appointing her to this exciting new position.

Highlights of Ms. Liss’ first eight days as President and CEO of MassDevelopment include: meetings with the Agency’s executives and senior staff; participation in a Massachusetts Military Task Force meeting, along with Gov. Baker, Sen. Warren, Congresswoman Tsongas, Secy. Ash, and others; and attendance at a meeting of the Interagency Housing Preservation Group.

With respect to the October Board meeting, Ms. Liss advised it will take place in Devens on Thursday, October 12. The Board meeting will be followed directly by the Devens residents meeting; a driving tour of Devens can be arranged if anyone is interested. There ensued a brief discussion regarding the meeting time, and Ms. Liss advised that Ms. Delorier will be providing details of the October Board meeting in the days and weeks to come. It was noted that the October Committee meetings will take place on Tuesday, October 10, in Boston, as usual.

In closing, Ms. Liss said she learns more and more about MassDevelopment every day, and she looks forward to doing her very best for the Agency and the Commonwealth.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (August 10, 2017)**

The Chair asked if there were any comments on the draft Minutes of the August 10, 2017 Board meeting, and there were none. He asked for a vote to approve these minutes and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the Minutes of its August 10, 2017 Board meeting, attached and part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (August 10, 2017)**

Noting that the matters in the August 10, 2017 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 August 10, 2017 Board meeting, attached and part of the minutes of this meeting.

**GENERAL MATTERS**

Mr. Dovitz described the recommendation of staff to dissolve certain of the Agency’s subsidiaries, where necessary and/or appropriate to do so, noting that one entity has already been so dissolved. MassDevelopment staff recommends that the approximately $600,000 in assets held by MassCare Capital, Inc., a 501(c)(3) entity that was converted to a foundation in 2006, would be managed more efficiently by dissolving MassCare and distributing the assets to a restricted fund within MassDevelopment to be used to continue to backstop the Agency’s Tech Dollars Lending Program. There then ensued a brief discussion of process and the history of this matter. Mr. Dovitz noted the following three approvals, which are housekeeping in nature, are necessary to dissolve MassCare Capital, Inc., and it was suggested these three votes be taken together.

**3. VOTE – MassCare Capital, Inc. – Appointment of New Directors**

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 appointments of new Directors (Lauren Liss, Patricia DeAngelis, Laura Canter), as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**4. VOTE – MassCare Capital, Inc. – MassCare Board Appoints New Officers**

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 and accepts the Unanimous Written Consent Action of MassCare Capital, Inc., dated September 14, 2017, attached and part of the minutes of this meeting.

**5. VOTE – MassCare Capital, Inc. – Dissolution of Corporation**

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 and accepts the Unanimous Written Consent Action of the Sole Member to dissolve the entity, dated September 14, 2017, attached and part of the minutes of this meeting.

**Strategic Planning**

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

**7. MassDevelopment FY2017 Annual Performance Report Presentation**. For information purposes, the Annual Performance Report for FY2017 is attached and part of the minutes of this meeting, and Mr. McGrail presented the following highlights: the numbers indicate that the volume of financing transactions is similar to the prior year (p. 2 of the presentation); when the disproportionately large transactions are backed-out of the analyses, the numbers are running about average on jobs, housing units (p. 4). Mr. McGrail advised that the Agency continues to see growth in volume of jobs and housing units supported by its activities. He clarified that the numbers presented today are Agency numbers only. He pointed out that regional distribution of resources looks more evenly dispersed (p. 5) when you back-out the larger deals and he commented on interesting data regarding jobs per program in the longer term analysis (p. 6).

Mr. McGrail advised that a longer, more in-depth briefing will take place soon regarding the Defense Sector activities at MassDevelopment and in the Commonwealth (p. 10). The Chair advised that the Baker Administration is committed to supporting the military bases in Massachusetts and he was pleased to confirm, after recent meetings on the subject, that the state and federal government are “on the same page” in this regard.

An overview of the Transformative Development Initiative (“TDI”) Program followed (pp. 12, 13). Also, Mr. McGrail mentioned the successful co-work program and noted the Emerging Technology Fund produces good news year after year (p. 11). Mr. McGrail then observed that lending transactions outpaced expectations (p. 14). Next, he advised there is good geographic distribution of Brownfields transactions and funding, and he called attention to the exciting, successful new Site Readiness Program (p. 16). He commented on the five-year summary of Gateway Cities activity (p. 17) and spoke about the develop-ability of Devens (p. 19). Mr. McGrail concluded his presentation with certain Agency achievements (p. 20).

**MARKETING / Communications**

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

**Bond Transactions**

**9. Bond Detail Memorandum**. For information purposes only, the Bond Memorandum is attached and part of the minutes of this meeting. Mr. Chilton advised there are eleven requests before the Board today and there is a revised Resolution for the proposed bond issuance to Hope House II and III (Tab 19, below).

The Chair asked if there were any recusals on the upcoming bond votes, and Ms. McGovern advised the Board that she sat on the Board of Directors of the Lawrence General Hospital (“LGH”) (Tab 14) for many years 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, even though she no longer sits on LGH’s Board.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 10 – 20, 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 Brooksby Village, Inc., in Peabody, Massachusetts, for the issuance of a Non-Profit Housing Bond to finance such project in an amount not to exceed $30,000,000.

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

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

a project of American International College, in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $8,000,000.

**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 resolution attached and part of these minutes regarding:

a project of The Somerville Community Corporation, Inc., in Somerville, Massachusetts, for the issuance of a Non-Profit Housing Bond to finance such project in an amount not to exceed $4,971,810.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**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 Official Action/Final Approval (“OA/FA”) resolutions attached and part of these minutes regarding:

a project of Tufts Medical Center, Inc. and Tufts Medial Center Real Estate Company, Inc., in Boston and Stoneham, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $150,000,000.

**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 resolutions attached and part of these minutes regarding:

a project of Lawrence General Hospital and LGH Charitable Trust, Inc., in Andover, Lawrence and Methuen, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $70,000,000.

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

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

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

a project of Southfield Redevelopment Authority, at the development known as Union Point in Abington, Rockland and Weymouth, Massachusetts, for the issuance of an Infrastructure Tax-Exempt Bond to finance such project in an amount not to exceed $29,000,000.

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

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

a project of DW NP Property, LLC and Efekta House Inc., in Cambridge, Massachusetts, for the issuance of an Infrastructure Tax-Exempt Bond to finance such project in an amount not to exceed $25,000,000.

**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 resolutions attached and part of these minutes regarding:

a project of Holyoke Retirement Community, Inc., in Holyoke, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt and/or Taxable Bond to finance such project in an amount not to exceed $10,000,000.

**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 OA/FA resolutions attached and part of these minutes regarding:

a project of Charles River Association for Retarded Citizens, Inc., in various cities and towns in Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $5,600,000.

**19.** Mr. Chilton called attention to the revised resolution provided, nothing a new entity has been created to be co-borrower on the Leyland Street portion of the project. 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 OA/FA resolutions attached and part of these minutes regarding:

a project of Hope House II, Inc. and Hope House III, Inc., in Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $5,000,000.

**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 OA/FA resolutions attached and part of these minutes regarding:

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

**Standing Board Committee Reports**

***Manufacturing & Defense Sectors Committee***

There was no Committee meeting this month.

**21. Minutes of Prior Meeting**. For information purposes only, the minutes of the August 8, 2017 Manufacturing & Defense Sectors Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**22. Joint Base Cape Cod – Update on Water System and Wastewater Treatment Facilities**. Mr. Gerlin briefly updated the Board on what has transpired since its vote in April. Staff asked Wright-Pierce to perform additional due diligence, particularly, to conduct a rainwater study, and the findings thereof were positive and no major capital needs were identified. When asked what a Letter of Intent (“LOI”) for this project might look like, Mr. Gerlin advised that a draft LOI was provided to the Massachusetts Air National Guard in June; a process is underway, and staff continues to perform due diligence on the proposed acquisition.

***Origination & Credit Committee***

Reporting of behalf of Mr. Blake, Mr. Kavoogian said the Committee met on Tuesday, September 12, 2017, and discussed several loan transactions. A quorum was not present at the Committee meeting, so no votes were taken.

**23. Minutes of Prior Meeting**. For information purposes only, the minutes of the August 8, 2017 Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**24. Delegated Authority Report for Loan Approvals (July 2017)**. For information purposes only, the Delegated Authority Report regarding Loans is attached and part of the minutes of this meeting. No discussion of the Report took place.

**25. VOTE – Prognosys Analytics, Inc., d/b/a ZyloTech (Cambridge) – $500,000 Emerging Technology Fund (“ETF”) Loan**

Mr. Kenney described this request for term financing to support the growth of Prognosys Analytics, Inc., d/b/a ZyloTech, and salaries of three new full-time employees out of twenty-one potential new hires over the next five years. ZyloTech – founded by an MIT-trained team – has developed an artificial intelligence-powered, algorithm-based, customer analytics platform for marketing operations in connection with various social media marketing campaigns and/or advertisements; the platform solves data quality issues and analyzes customer data continuously and in real time. 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 $500,000 ETF loan to Prognosys Analytics, Inc., d/b/a ZyloTech, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**26. VOTE – Commonwealth Fund III, LLC – Extension of Investment Period**

Mr. Kenney then explained this request to enter into with MassVentures a mutually agreed upon extension to October 1, 2018 of the Investment Period of Commonwealth Fund III, LLC, which is a sole purpose entity created to establish and manage a $5 million venture capital Fund that is funded by the ETF. He described the excellent relationship between MassDevelopment and MassVentures, as well as the history and certain uses of this Fund, noting its investments to date in nine early-stage emerging technology companies and, noting, further, this approval is requested in light of liquidity events concerning two equity investments in the Fund. 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 extension of the Investment Period for Commonwealth Fund III, LLC until October 1, 2018, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**27. VOTE – Sterling Hill Holdings, LLC (Leominster) – $4,500,000 Multi-Family Real Estate Mortgage Loan**

Mr. Angel described this request for a $4,500,000 multi-family real estate mortgage loan to facilitate the development of 36 market rate housing units in downtown Leominster in a vacant, former toy factory. Mr. Angel advised a portion of this loan will bridge certain financing expected from Massachusetts Historic Tax Credits for which the Borrower has applied. 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 real estate mortgage loan to Sterling Hill Holdings, LLC, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**28. VOTE – Canal District Partners, LLC (Worcester) – $2,600,000 Economic Stimulus Loan**

Mr. Angel then described this request for $2,600,000 to assist with the financing of 48 market rate housing units in highly-visible Kelly Square, Worcester, as well as the development of 17,000 SF of retail and commercial ground-floor space. He described the new vertical construction with excellent access by well-known, local developers, adding that the Worcester City Council has already approved the project and placed it in the queue for Housing Development Incentive Program (HDIP) tax credits. 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 Economic Stimulus Loan to Canal District Partners, LLC, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

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

Mr. Kavoogian reported that the Committee met on Tuesday, September 12, 2017.

**29. Minutes of Prior Meeting**. For information purposes only, the minutes of the August 8, 2017 Real Estate & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**30. Devens and Devens Environmental Updates**. For information purposes only, the Devens Updates are attached and part of the minutes of this meeting. There was no discussion of the Updates.

**31. Statewide Real Estate Projects Updates**. For information purposes only, the Statewide Updates are attached and part of the minutes of this meeting. There was no discussion of the Updates.

**32. Real Estate Portfolio Presentation**. For information purposes only, the Portfolio Presentation is attached and part of the minutes of this meeting. It was noted this Presentation was made by the Project Managers and discussed in depth at the Committee meeting; therefore, no discussion of the Presentation took place today.

**33. VOTE – Worcester Office Lease Extension**

Mr. Greene explained this request for approval to exercise a five-year extension option in the Agency’s current sub-lease with Worcester Business Development Corporation (“WBDC”), with an additional five-year extension option beyond that to be considered at that time. Mr. Greene noted increases in rent over the years were attributable to significant tenant improvements performed by WBDC, and he advised the rent will drop nearly $10 per SF going forward, which is below market-rate for this type of space. 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 five-year lease extension of the Agency’s Worcester office lease, with an option for an additional future extension, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**34. VOTE – TDI – House Doctor Contract Increase – Nelson/Nygaard Consulting Associates, Inc.**

Mr. Levine called attention to the revised memorandum and vote provided today and he briefly described this request to increase the amount of the contract with Nelson/Nygaard Consulting Associates, Inc. for planning consulting services going forward. He stated there remain enough scopes of work on TDI and other projects, as well as support for site selection efforts, to warrant such request. He noted this is not a permanent increase in this house doctor contract; rather, it will address immediate needs, and expenses will, as always, be paid on a delivery order basis. 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 increase in the amount of the house doctor contract between the Agency and Nelson/Nygaard Consulting Associates, Inc., as outlined in the revised memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

***WALK-IN*. VOTE – House Doctor Contract Increase – VHB, Inc.**

The Chair called attention to the memorandum and vote provided today and he briefly described this request to increase the amount of the contract with VHB, Inc. for technical assistance services in connection with site selection efforts. He advised that there are numerous large projects in the Site Readiness Program for which these services can be used going forward, and he confirmed that expenses will, as with all house doctor contracts, be paid on a delivery order basis. 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 increase in the amount of the house doctor contract between the Agency and VHB, Inc., as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**35. VOTE – TDI – Revised Program Guidelines**

Ms. Haynes advised that staff has learned a great deal during the operation of the existing TDI Program, resulting in this request to approve revised Program Guidelines – mostly regarding eligibility. She presented highlights of a PowerPoint presentation, attached and part of the minutes of this meeting, noting there are currently ten TDI Districts. Stakeholder interviews were conducted in August and staff has been working with developers, property owners, larger and smaller developers who inform one another, and others, all in an effort to encourage these stakeholders to “step up” and become involved in mentoring relationships. Conversations with sister agencies have taken place and efforts to decode technical assistance and to provide road maps regarding partnerships remain ongoing. This request to approve revised Guidelines for the TDI Program is the first step in rolling out the Agency’s “Call for Districts” and extension of certain others. Noting finite resources and capacity, Ms. Haynes briefly described the framework and process of moving forward as it relates to extending Districts versus naming new Districts. 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 revised TDI Program Guidelines, as outlined in the memorandum and vote dated September 14, 2017, attached and part of the minutes of this meeting.

**Executive Session**

**36. VOTE – Northampton – Co-Housing Land Disposition Agreement**

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

***WALK-IN*. VOTE – Devens – Potential Sale of 33 Saratoga Boulevard**

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

The Chair advised, at 11:38 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 in Devens and Northampton, Massachusetts, and potential purchase and sale and lease terms, the discussion of either 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, the Open Session and Executive Session portions of the meeting were adjourned in Executive Session at 11:58 a.m.