

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
(Hybrid meeting: *In person and by Remote Participation*)
Thursday, January 11, 2024
10:00 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair
Brian Kavoojian, Vice Chair
Jessica Andors
Gary Campbell (*via videoconference*)
Kaitlyn Connors
Juan Carlos Morales
Dan O’Connell
Kristina Spillane (*via videoconference*)
Juliann Thurlow (*via videoconference*)

DIRECTORS ABSENT: Joan Corey

Agency Staff: Dan Rivera, President and CEO
Theresa Park, Deputy Director and SEVP
Simon Gerlin, Treasurer and CFO
Sean Calnan, Acting General Counsel
Tania Hartford, EVP, Real Estate
Marcos Marrero, EVP, Community Development
Cyndy Tonucci, Interim EVP, Finance Programs
David Abdo, Chief of Staff
Victoria Stratton, Recording Secretary

Guests: Ashley Stolba, Undersecretary of Community Development,
Executive Office of Economic Development (“EED”)
Unidentified caller (401-***-488)

A Meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, January 11, 2024, by Remote Participation, as well as in person (See Secretary’s Note, below), pursuant to notice duly given.

The Chair welcomed everyone and, confirming the presence of a quorum in the room and via videoconference, called the meeting to order at 10:03 a.m. She asked if there were any guests in addition to Undersecretary Stolba, and the caller did not identify him- or herself.

[Secretary's Note: It was noted that this Board Meeting was taking place in person, as well as remotely – via zoom videoconference – pursuant to Chapter 2 of the Acts of 2023, as well as the Agency's Remote Participation Policy. Access codes for general public use were included in the Public Notice for this meeting.]

MISSION MOMENT

- **President/CEO's Report**

Mr. Rivera reported the following highlights:

Agency News. As of December 31, 2023, the Agency had closed ten State Small Business Credit Initiative, or SSBCI, transactions. Most recently, the Central region and Lending teams closed a \$1.2 SSBCI loan participation with M&T Bank to pay off an existing mortgage and fund capital improvements to property located in downtown Worcester, which will house a new medical facility that includes an ophthalmology specialist who will treat a large BIPOC patient population in central Massachusetts that relies primarily on Medicare and Medicaid for health insurance coverage. Agency staff joined the Boston Chapter of Women in Public Finance to celebrate the holidays; Rebecca Sullivan, SVP of Investment Banking, serves as president of this organization.

Events. Agency staff joined Lt. Gov. Driscoll, the state's new Housing Secretary and others at a recent event celebrating the commencement of construction of much needed housing. Last year, the Foxboro Housing Authority ("FHA") engaged MassDevelopment's Real Estate Technical Assistance services to work with the community and issue a Request for Proposals, or RFP, to develop more than 100 units of senior affordable housing at the former state property that was turned over to the FHA by DCAMM in 2011.

Healey-Driscoll Administration. MassDevelopment has been working with Secretary Hao and her team at EED to develop "Business Front Door" – a one stop solution for businesses and entrepreneurs looking for assistance from the Commonwealth's Business support system – a need voiced at listening sessions held by Secretary Hao and others last year.

Devens. In response to issues raised at the Agency's October Board meeting in Devens, the developer of Emerson Green attended a productive meeting at the beginning of the year and agreed to meet again in late January for ongoing discussions to improve communications and address homeowner concerns. To summarize 2023, the Devens Fire Department responded to 1,025 calls – the most ever for the Department in a single year; four new EMT / Firefighters have begun service with the Department. Finally, Devens Firefighter / EMT Maggie Gabriel has been activated by the U.S. Air Force for a 90-day deployment. Lt. Gabriel is currently a Master Sergeant in the USAF Reserves with 14 years of service; she works as a C-5 Loadmaster delivering essential cargo and humanitarian supplies around the world.

State Piers. An amended RFP for redevelopment of the New Bedford State Pier has been issued with responses due at the end of February. Interested parties gathered for a tour of the site yesterday with Gary Walker and the Piers team. Additionally, the Piers team is working with a consultant to develop a strategic plan for the Jodrey State Pier in Gloucester.

STANDING BOARD COMMITTEES

There were no Committee meetings this month.

CONSENT AGENDA

The Chair asked if there were any questions or issues for discussion regarding the items on the Consent Agenda, and there were none. Without discussion or opposition, and, upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

1. VOICE VOTE – Meeting Minutes (December 14, 2023)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its December 14, 2023 Board meeting, which are attached and made a part of the minutes of this meeting.

2. VOTE – Annual Approval and Confirmation of Agency Officers

VOTED: that the Board of Directors of MassDevelopment approves and confirms the MassDevelopment Slate of Officers, as identified in the vote dated January 11, 2024, which are attached and made a part of the minutes of this meeting.

3. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 4 through 13, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended. There was no discussion or presentation of the bond transactions; there was no opposition.

Bonds: Official Action

Official Action Project without State Volume Cap Request

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Springfield Day Nursery, d/b/a Square One, in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$6,000,000.

Bonds: Final Approvals

Final Approval Projects without State Volume Cap Requests

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the Official Action / Final Approval (“OA/FA”) resolution that is attached and made a part of these minutes regarding:

a project of The Children’s Hospital in numerous Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$1,000,000,000.

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

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

a project of Northeastern University in Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$220,000,000.

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Benjamin Franklin Cummings Institute of Technology, in Boston (Roxbury), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$25,000,000.

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

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

a project of The Kingsley Montessori School, 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 \$25,000,000.

Final Approval Projects with State Volume Cap Requests

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of BC Leefort Terrace LLC, in Salem, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such affordable housing project in an amount not to exceed \$45,000,000.

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution that is attached and made a part of these minutes regarding:

a project of Walnut Street Phase One 4 LLC, in Foxborough, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such affordable housing project in an amount not to exceed \$23,200,000.

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

a project of 3371 Washington Owner LLC, in Boston (Jamaica Plain), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such affordable housing project in an amount not to exceed \$16,210,000.

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

a project of 275 Chestnut, LLC, in Springfield, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such affordable housing project in an amount not to exceed \$8,191,034.

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

a project of Tough Stuff Recycling, Inc., in Fitchburg, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed \$2,400,000.

INFORMATIONAL ITEMS

14. Real Estate – Quarterly Update

For informational purposes only, Real Estate’s Quarterly Update is attached and made a part of the minutes of this meeting. There was no discussion of this item.

15. Community Development – Brownfields Redevelopment Fund – Impact Data

For informational purposes only, data regarding the Brownfields Redevelopment Fund is attached and made a part of the minutes of this meeting. Ms. Andors suggested that adding tax impact information to the data sheet would be helpful. There was no discussion of this item.

16. Community Development – Transformative Development Initiative (“TDI”) – Impact Data

For informational purposes only, data regarding the TDI is attached and made a part of the minutes of this meeting. There was no discussion of this item.

17. Lending – Delegated Authority Report for Loan Approvals (November 2023)

For informational purposes only, the Delegated Authority Report regarding Loan Approvals is attached and made a part of the minutes of this meeting. There was no discussion of this report.

18. Media Report (December 2023)

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

STRATEGIC DISCUSSION

- **General Fund**

Messrs. Rivera and Gerlin referenced the draft “General Fund Strategy Discussion (dated 1/9/2024)” materials provided to the Board members, copies of which are attached and made a part of the minutes of this meeting. The Chair was pleased to see the return of approximately \$6.5 million to the General Fund from the Brownfields Fund.

Ms. Andors wanted to know if the hiring freeze is having an effect on the Agency’s ability to do its work. Mr. Rivera admitted that there has been some impact, but not too much. When Mr. Morales asked what this means for Lending, Mr. Rivera stated that all of the Agency’s Lenders remain in place and additional Lenders have been hired to re-staff the Emerging Technology Fund, or ETF, as well. Ms. Tonucci confirmed this and described the Lenders as “one person Armies” who do it all. Ms. Thurlow reminded everyone of the recommendation of the Origination & Credit Committee that MassDevelopment needs to hire administrative support (i.e., Loan Administrators) who can shoulder some of the Lenders’ burden, thereby freeing up the Lenders to devote more time to making loans, thereby generating revenue.

Mr. Morales expressed the need to understand what he called “the people costs.” Mr. Rivera said the Agency must be strategic in this regard and maintain adequate staff to manage case load(s). Mr. Gerlin clarified that nine open positions were eliminated from this year’s budget through attrition but no employees were let go. Somewhat related to this, Mr. O’Connell later asked if MassDevelopment’s headquarters need to be in “downtown” Boston? He suggested that management should consider employee locations and commutes when evaluating options for new leased space.

Mr. Morales was pleased to see projected increases in the scenarios laid out by Mr. Gerlin, but expressed concern that the General Fund is spending \$18 million, while recognizing only \$15+/- million in recurring revenue. Mr. Rivera said one must consider the Restricted Funds as well. When Mr. Gerlin advised that one scenario assumes relief for the TDI program and reflects the various requests for funding that MassDevelopment has made, the Chair made clear that there is “no certainty” in the current budget environment. Ms. Connors wanted to know what happens if the Agency were to receive only \$10 million for Brownfields, for instance, and not the \$40 million requested. Mr. Gerlin said the \$10 million would likely be deployed to address current demand only – for projects that have already commenced and/or remain in active progress.

There then ensued a brief discussion of the MassDevelopment/HEFA Trust and its lending capabilities. Mr. Calnan explained how the Trust came to the Agency when the Massachusetts Health and Education Facilities Authority was merged into MassDevelopment in 2010. Traditional uses include grant rounds through the Community Health Centers program. In addition, MassDevelopment has funded certain loans out of the Trust, which Ms. Tonucci confirmed must qualify under the terms thereof.

*Approved:
February 8, 2024*

It was noted that staff met in recent weeks with members of the Executive Offices of Administration & Finance (“ANF”), Economic Development, and Housing & Livable Communities regarding volume cap. Calling attention to the Agency’s significant pipeline, Mr. Rivera reported that MassDevelopment has received an allocation of volume cap that is \$15 million greater than last year’s allocation. Mr. O’Connell was encouraged by the allocation and thanked ANF therefor. He emphasized the importance of putting the entire allocation to use. Noting the Agency’s initial request for volume cap at almost double the amount allocated, Ms. Connors advised of a pipeline larger than the Administration could fund.

With respect to TDI, Ms. Thurlow asked if the program was pre-funded. The response was yes; therefore, it was made clear that the current request would cover what the Agency has already spent. It was noted that funding must come from the Legislature for this program to continue beyond FY2025. Mr. Rivera added that there are discussions taking place about including funding for TDI in the Economic Development Bill, with a possible reduction in the number of program Districts.

Next, there ensued a brief discussion regarding the federal New Markets Tax Credit program (“NMTC”), its history, and why MassDevelopment no longer applies for such funding. The Agency submitted applications for many years without success; it even employed the assistance of a consulting firm on its more recent application, which was denied. In recent years, many organizations that look like MassDevelopment were also unsuccessful in receiving an NMTC allocation. It was noted that while the NMTC program is profitable for agencies like MassDevelopment and provides important federal dollars, the funds can be difficult to secure, deploy, and use. Mr. Rivera said there’s been some talk recently about getting back in the NMTC game.

Mr. Morales said he continues to grapple with the Agency’s sustainability issue given the rapid burn rate. Mr. Rivera stated that MassDevelopment in no uncertain terms requires certain funding from the Commonwealth in order to fully meet its Mission, but that the Agency should be able to earn enough beyond said funding to be sustainable.

The Chair then advised that she and Mr. Rivera had spoken about today’s discussion and lots of work has gone into the presentation, and it shows. The Board members agreed and appreciated the helpful information and discussion.

MISCELLANEOUS: OLD BUSINESS / NEW BUSINESS

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

EXECUTIVE SESSION

• **Devens – Strategic Discussion**

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

The Board Secretary advised, at 10:53 a.m., that, pursuant to Mass. General Laws Chapter 23G, Section 2(1), and Chapter 30A, Sections 21 & 22, 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 the value of real properties in Massachusetts and terms of potential land valuation, purchases, and leases, the discussion of which in Open Session would have a detrimental effect on the Agency's negotiating position(s). The Board Secretary 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 discussion or business before the Board of MassDevelopment, the Board meeting was adjourned at 11:55 a.m.