**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, January 10, 2019**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Mike Kennealy, Secy. of Housing & Economic Development, Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 James Blake

 Brian Kavoogian, Vice Chair

 James Chisholm

 Karen Courtney

 Francesca Maltese

 Christopher Vincze

 Ellen Zane

DIRECTORS ABSENT: Grace Fey

 Juan Carlos Morales

Agency Staff: Lauren Liss, President & CEO

 Robert Ruzzo, SEVP, Deputy Director

 Ricks Frazier, General Counsel and Secretary

 Simon Gerlin, Chief Financial Officer

 Laura Canter, EVP for Finance Programs

 Richard Henderson, EVP, Real Estate

 Victoria Stratton, Recording Secretary

 Sean Calnan

 Rob Carley

 Steve Chilton

 Tony Fracasso

 Kate Fraser

 Zach Greene

 Casey McGourty, Marketing Intern

 RJ McGrail

 Dan Morais

 Beth Murphy

 Leigh Natola

 Jan Nuzzolo

 Aiden O’Garro

 Patricia Perez, Legal Intern

 Doug Robinson

 Kelsey Schiller

 Simmee Silton

 Ed Starzec

 Cyndy Tonucci

 Ellen Torres

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, January 10, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Chair welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:08 a.m. He asked if there were any guests present and, if so, to please introduce themselves; there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Meeting Minutes (December 13, 2018)**

The Chair asked if there were any comments on the draft minutes of the December 13, 2018 Board meeting, and there were none. He asked for a vote to approve these minutes and, upon motion duly made and seconded, by the directors present, it was, unanimously

**VOICE VOTED:** That the Board of Directors of MassDevelopment approves the minutes of its December 13, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss welcomed MassDevelopment’s new chair, Mike Kennealy, who was recently appointed to serve as Gov. Baker’s Secretary of Housing & Economic Development (replacing Jay Ash, who resigned at the end of December), and encouraged him and other Board members to ask questions at any time about the Agency– to learn and understand all the things that MassDevelopment does. Ms. Liss noted that Secy. Kennealy delivered a presentation in this Board room the previous day to invited guests and others regarding newly-designated federal Opportunity Zones, and she thanked him for taking time out of his busy schedule to do so.

Noting that year-end is an active time for the Agency, Ms. Liss advised that staff finalized and filed several Annual Reports, as required, including, among others: Collaborative Workspaces; the Cultural Facilities Fund; the Brownfields Redevelopment Fund; the Emerging Technologies Fund; the Transformative Development Initiative; and MassDevelopment’s own Annual Report.

With respect to personnel, Ms. Liss advised that Patrick Scalli, the Agency’s new Director of Marine Facilities, started work in December; he brings a vast skill set to this role, including maritime and other experience. Ms. Liss was pleased to inform Board members that Jessica Strunkin, most recently with the 495/MetroWest Partnership, has accepted the position of SVP Devens and will begin in this role on February 11. Further, Ms. Liss advised that Alan Delaney, who has served as MassDevelopment’s Director of Engineering for many years, retired on January 7; John Marc-Aurele has taken over as interim Director until a permanent replacement for Alan can be found. John Murray, the Agency’s Human Resources Director, resigned in December. MassDevelopment is seeking a senior level individual to fill an open SVP Real Estate position.

Finally, Ms. Liss made a short presentation regarding a possible new logo for the Agency, and a brief discussion ensued. She commented that the proposed new logo is fresh, but not too different; it reflects the Agency’s shift from individual transactions and projects to more of a community-based development approach. Copies of the PowerPoint slides presented are attached and made a part of the minutes of this meeting.

**STRATEGIC PLANNING**

**2. Annual Business Plan (FY2019)**. For informational purposes only, the summary of the Agency’s Strategic Themes and Business Plan Goals is attached and made a part of the minutes of this meeting. No discussion of this item took place.

**MARKETING / Communications**

**3.** **Media Report (December 2018)**. 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. The Chair mentioned a nice article regarding Devens in the *Lowell Sun*. No further discussion of these items took place.

**finance programs**

* **Finance Programs Update**

It was noted this Update is a new item that will appear on the Board agenda every month. Ms. Canter said she will report monthly on such items as activity, volume, budget, and more. She advised that next month’s Board book will include a detailed, bi-annual Finance Programs Closing Report; also in next month’s Board book will be recommendations for recipients in the annual Community Health Center Grants Program. She stated that while the Agency’s FY2019 budget projected Investment Banking revenues to be about $8 million, that number is now estimated to be more like $4.8 million, which she noted is due primarily to a reduction in the number and size of bond transactions by higher education institutions and other non-profits. Staff is busy winding up year-end deals, and overall activity for the remainder of the fiscal year is expected to be consistent with historical levels. Noting there have been more loans than guarantees this year, Ms. Canter stated that lending activity is similar overall to last year – at about $20 million.

Mr. Blake inquired whether the federal government shutdown is having any impact on MassDevelopment or its programs. Ms. Canter advised that a continued shutdown will affect taxable versus non-taxable bond issuances. Ms. Liss added that the shutdown may impact the New Markets Tax Credits program, as well as potential federal funding for the operation of the State Piers. However, while the continued shutdown does not really present programmatic issues for MassDevelopment beyond those mentioned here, it is not known how it will affect the Agency’s customers.

Mr. Gerlin advised there is adequate lending and other activity to support the Agency’s General Fund balance. Staff is monitoring expenses and activities and will continue doing so. A six-month financial review is scheduled for February. Mr. Vincze wanted to know whether risks would be included in the six-month review and Mr. Gerlin said “yes.” He noted that staff is putting together reports now and holding discussions internally. In addition, he advised of two recent Requests for Proposals – one for Enterprise Risk Management (to which there were six responses); and one for Strategic Capital Analysis (to which there were only two responses) – and confirmed that presentations by certain finalists have been scheduled for next week.

[*Secretary’s Note: Mr. Kavoogian departed the meeting after the above discussion, at 10:30 a.m.*]

**4. Bond Detail Memorandum**. For informational purposes, the Bond Memorandum and Summary are attached and made a part of the minutes of this meeting. Mr. Chilton advised, with respect to the approval by this Board in October of a $22,300,000 tax-exempt bond for Conservatory Lab Charter School, that some or all of the bond may need to be issued as taxable, due to the ongoing government shutdown. When the Chair asked about rates for taxable versus non-taxable bonds, Mr. Chilton advised there is a difference of, perhaps, 1 percent.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 5 – 13, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Action Approval**

**Official Action Projects without 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 resolution that is attached and made a part of these minutes regarding:

a project of The Skating Club of Boston, in Norwood, 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.

**Bonds: Final Approvals**

**Final Approvals for Lease Financings**

**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 Official Action / Final Approval (“OA/FA”) resolution that is attached and made a part of these minutes regarding:

a project of Milford Regional Medical Center, Inc., in various locations in Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Lease to finance such project in an amount not to exceed $14,345,000.

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

a project of New England Life Flight, Inc., d/b/a Boston MedFlight, in various locations in Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Lease to finance such project in an amount not to exceed $9,980,000.

[*Secretary’s Note: Ms. Zane advised the Board that she is employed by Tufts Medical Center, Inc., which is affiliated with New England Life Flight, Inc., and Mr. Vincze advised that he, too, has an affiliation with Tufts Medical Center, Inc. Ms. Zane and Mr. Vincze, therefore, recused themselves from the consideration of this matter; they left the room and did not participate in any discussion, deliberation, or vote on the matter.*]

**Final Approval Projects without Volume Cap Requests**

**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 Wellforce, Inc., in various locations in Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bond(s) to finance such project in an amount not to exceed $451,000,000.

[*Secretary’s Note: Ms. Zane advised the Board that she chairs Wellforce, Inc.’s board of trustees, and Mr. Vincze advised the Board that he serves on the board of trustees of Wellforce, Inc. Ms. Zane and Mr. Vincze, therefore, recused themselves from the consideration of this matter; having already left the room, they did not participate in any discussion, deliberation, or vote on the matter. They returned to the meeting room after completion of the above two votes.*]

**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 Partners HealthCare System, Inc., in numerous locations in Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bond(s) to finance such project in an amount not to exceed $250,000,000.

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

a project of Orchard Cove, Inc., in Canton, Massachusetts, for the issuance of Non-profit Housing Bond to finance such project in an amount not to exceed $22,300,000.

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

a project of St. John’s Preparatory School, in Danvers, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $17,000,000.

[*Secretary’s Note: Mr. Kennealy advised the Board that he serves as chairman of the board of St. John’s Preparatory School. Mr. Kennealy, therefore, recused himself from the consideration of this matter; he left the room (and Mr. Vincze chaired the meeting for this vote) and did not participate in any discussion, deliberation, or vote on the matter. He returned to the meeting room after completion of the above vote.*]

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

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

a project of The Learning Center for the Deaf, Inc., in Framingham, Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $11,650,000.

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

a project of Cradles to Crayons, Inc., in Newton, Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $4,440,000.

**Standing Board Committee Reports**

***Origination & Credit Committee***

The Origination & Credit Committee did not meet this month.

**Lending**

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

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

The Real Estate Development & Operations Committee met on Tuesday, January 8, 2019.

**15. Minutes of Prior Meeting**. For informational purposes only, the minutes of the December 11, 2018 Real Estate Development & Operations Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**16. Devens and Devens Environmental Updates**. For informational purposes only, the Devens Updates are attached and made a part of the minutes of this meeting. There was no discussion of these Updates.

**17. Statewide Real Estate Projects Updates**. For informational purposes, the Statewide Updates are attached and made a part of the minutes of this meeting. Mr. Henderson reported that the Agency’s anchor tenant at Jodrey Pier in ***Gloucester*** is realizing reduced catches of herring due to additional recently-imposed federal restrictions, so it is expanding into lobstering. There is tentative agreement over a mitigation plan addressing (Article 97) Open Space issues at the Whaling City Golf Course, ***New Bedford***, so staff is gearing up to reengage with the City on redevelopment of that property. Preliminary capital needs information has been submitted to the Mass. Dept. of Conservation and Recreation (“DCR”) for the ***State Piers***, estimating the need at $49 million for the pier structures themselves; staff is now looking at the buildings and other structures atop the Piers and will supplement the information with DCR upon completion of said evaluation.

With respect to ***Devens***, Mr. Henderson advised that an agreement has been reached with the developers of the next phase of Emerson Green, which is expected to close in February. A meeting with residents has been scheduled for the evening of January 14, over which Mr. Ruzzo will preside, to discuss the Buena Vista Street traffic issues and residents’ concerns, as well as the recent traffic study commissioned by the Agency, and recommendations on efforts to reduce traffic in the Buena Vista neighborhood.

**Miscellaneous: Old Business / New Business**

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

Ms. Liss apologized for neglecting to introduce Casey McGourty, the Agency’s new Marketing Intern, during her President’s Report earlier in the meeting.

**Executive Session**

**18. VOTE – Village Hill, Northampton – Sale of Five Single-Family Houses**

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

* **Litigation Matter**

The discussion of this item occurred in Executive Session.

The Board Secretary advised, at 10:45 a.m., that, pursuant to Mass. General Laws Chapter 23G, Section 2(l), 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 a litigation matter, as well as a matter involving valuation of real property in Northampton, Massachusetts, and potential purchase and lease terms, the discussion of any of which in Open Session would have a detrimental effect on the negotiating position(s) of the Agency. 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 business before the Board of MassDevelopment, the Board Meeting and the Executive Session were adjourned in Executive Session at 11:00 a.m.