**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, April 11, 2019**

**10:00 a.m.**

**M I N U T E S**

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

 Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 James Chisholm

 Karen Courtney

 Grace Fey

 Francesca Maltese

 Juan Carlos Morales

DIRECTORS ABSENT: James Blake

 Christopher Vincze

 Ellen Zane

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, Finance Programs

 Richard Henderson, EVP, Real Estate

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 David Bancroft

 Graeme Brown

 Delphine Callahan

 Steve Chilton

 Tony Fracasso

 Kate Fraser

 Dena Kavanagh

 RJ McGrail

 Paul Moran

 Leigh Natola

 Jan Nuzzolo

 Julie O’Neill

 Kelsey Schiller

 Simmee Silton

 Jessica Strunkin

 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, April 11, 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 no guests in attendance.

**MINUTES**

**1. VOICE VOTE – Meeting Minutes (March 14, 2019)**

The Chair asked if there were any comments on the draft minutes of the March 14, 2019 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 March 14, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (March 14, 2019)**

The Chair stated if there are any comments on the draft Executive Session Minutes of the March 14, 2019 Board meeting, they must be discussed in Executive Session. There were no comments. 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 Executive Session minutes of its March 14, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss began her report with the following personnel updates: Julie O’Neill is Executive Assistant to Ms. Liss and Bob Ruzzo; Delphine Callahan is the Sr. Administrative Assistant for Finance Programs; and Graeme Brown is new counsel in the Legal Department. All three of these new employees joined MassDevelopment this week.

Budget season is in full swing and Ms. Liss advised that internal budget meetings are taking place with department managers. She noted it is the intention of the Executive Team to “level fund” the deficit realized by the Agency over the past year. Also, relative to the budget and overall Agency operations, Ms. Liss advised of recent Requests for Proposals (“RFPs”) regarding enterprise risk management, information technology, and capital analysis. She stated that while the RFP process and selection of candidates is complete, the contracts are not all in place yet.

Ms. Liss advised that staff has been keeping Secy. Kennealy up to date regarding the Agency’s management of the State Piers. A full Conditions Report is expected to be provided to the Department of Conservation and Recreation in June.

With respect to the Transportation Network Initiative – where, by statute, MassDevelopment receives $0.05 from every Uber or Lyft fare that originates in Massachusetts – the Agency is working to determine how best to expend these funds; the use of the funds is limited by the legislation.

In conclusion, Ms. Liss said she hopes to continue the conversation regarding Board members’ roles and responsibilities, and she encouraged the Board at any time to raise any issues or questions its members may have.

**STRATEGIC PLANNING**

**3. 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**

**4.** **Media Report (March 2019)**. 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.

**Finance programs**

**Updates from Chief Financial Officer and Executive Vice President, Finance Programs**. Mr. Gerlin, CFO, said not much has changed since last month. The Agency has a healthy General Fund balance, and unexpected prepayment of certain loans continues to affect cash flow. When asked about the source(s) of these prepayments, Ms. Canter advised they are due mostly to unanticipated sales of property by the borrowers. There then ensued a brief discussion regarding recurring revenues versus recurring expenses, and Mr. Gerlin confirmed that everything other than bond revenues remains “on budget.” Lastly, Mr. Gerlin advised that BlumShapiro has been retained to examine MassDevelopment’s Enterprise Risk Management, and Phase I is underway; representatives of BlumShapiro are expected to conduct interviews with numerous staff members in the coming weeks as part of this exercise.

***Walk-in*. *VOTE* – Recission of Brownfields Repayment Policy**

Noting that the Brownfields Redevelopment Fund was established in order to help get contaminated sites redeveloped through loans and grants, Ms. Canter briefly described the history of the Fund, as well as the Agency’s Repayment Policy approved in early 2017, and the recent decision to rescind this policy. The Chair offered some additional background (noting, for example, that the Administration has not budgeted for any such repayments), adding his surprise at how often this subject comes up during regional visits around the Commonwealth. Ms. Maltese agreed that the repayment policy appears to have, and has had, a dampening effect on communities, and she was pleased that the decision to rescind this policy has been made. After further discussion, 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 rescinds the Agency’s Brownfields Repayment Policy retroactive to January 12, 2017 (the date of its original approval), as outlined in the vote dated April 11, 2019, that is attached and part of the minutes of this meeting.

**BOND TRANSACTIONS**

**5. Bond Detail Memorandum**. For informational purposes only, the Bond Memorandum, Summary, and Delegated Authority Report are attached and made a part of the minutes of this meeting.

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 6 – 11, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**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 Atrius Health, Inc., in numerous Massachusetts locations, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $200,000,000.

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

a project of William B. Rice Eventide Home, Inc., in South Weymouth, Massachusetts, for the issuance of a non-profit Housing Bond to finance such project in an amount not to exceed $66,000,000.

**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 Trustees of The Cushing Academy, in Ashburnham, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $20,500,000.

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

a project of The Bancroft School, in Worcester, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $12,000,000.

**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 Youth Opportunities Upheld, Inc., in several central Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $6,000,000.

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

a project of Clear Path for Veterans New England, Inc., in Devens, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $1,545,000.

**Standing Board Committee Reports**

***Audit & Administration Committee***

Mr. Morales reported that the Audit & Administration Committee met this morning with the Auditors of the STAR Fund, who offered a “clean” opinion. He noted, too, that Mr. Attia, in his capacity as the Designee of the Secretary of Administration & Finance, has been appointed to serve as this Committee’s Chair going forward.

**12. Minutes of Prior Meeting**. For informational purposes only, the minutes of the November 8, 2018 Audit & Administration Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

***Origination & Credit Committee***

Mr. Chisholm reported that the Origination & Credit Committee met on Tuesday, April 9, 2019.

**13. Minutes of Prior Meeting**. For informational purposes only, the minutes of the March 12, 2019 Origination & Credit Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**14. Delegated Authority Report for Loan Approvals (February 2019)**. 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.

**15. Approved Minutes of Emerging Technology Fund (“ETF”) Advisory Committee Meeting (December 5, 2018)**. For informational purposes, the approved minutes of the December 5, 2018 ETF Advisory Committee Meeting are attached and made a part of the minutes of this meeting. There was no discussion of these Minutes.

**16. VOTE – Wamsutta II, LLC (New Bedford) – $5,100,000 Commercial Real Estate Loan**

Mr. Moran briefly described this request for a $5.1 million Real Estate Loan to support the renovation and redevelopment of a distressed mill building into 33 transit-oriented market rate rental housing units in downtown New Bedford; total project costs are estimated to be just under $7.3 million. This project is located a few blocks from a new T station that, if approved, will open in 2022. The project meets all relevant guidelines and will be managed by Acorn Management, which has significant real estate holdings and an extensive background owning, managing, and developing multi-family residential income property in Southeastern Massachusetts and specializes in large scale adaptive reuse projects like this one. 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 $5,100,000 Real Estate Loan to Wamsutta II, LLC, as outlined in the memorandum and vote dated April 11, 2019, that are attached and part of the minutes of this meeting.

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

The Real Estate Development & Operations Committee did not meet this month.

**17. Minutes of Prior Meeting**. For informational purposes only, the minutes of the March 12, 2019 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.

**18. 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.

**19. 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 staff is pursuing certain federal funding programs in connection with projects to improve conditions at the Fall River and New Bedford ***State Piers*** to support improved ferry service. In ***Northampton***, construction is underway on the co-housing project.

Mr. Henderson then reviewed activity in ***Devens***. Later this morning, a large pharmaceutical company will tour an available large-user site. The next round of hearings has begun in connection with proposed rezoning of Vicksburg Square, and Mr. Henderson and Ms. Strunkin recently met with the Devens Committee to explain the proposed revisions; numerous opinions were voiced at the meeting, including a recurring concern that the new rules could double the number of residents in the community virtually overnight. Finally, construction work for the second phase of development of Emerson Green has commenced.

With respect to Real Estate ***Municipal Services***, staff is currently reviewing 56 applications. An announcement was made on March 28 in Chicopee of an additional $2.3 million in funding for the *Site Readiness Program*.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**Litigation Matter**

The Board Secretary advised, at 10:37 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 review a litigation matter, the discussion 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 10:52 a.m.