**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, June 13, 2019**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Brian Kavoogian, Vice Chair

 Mark Attia, Designee for Secretary of Administration & Finance

 Jonathan Cosco, Designee for Secretary of Housing & Economic Development,

 James Chisholm

 Karen Courtney

 Francesca Maltese

 Ellen Zane

DIRECTORS ABSENT: James Blake

 Grace Fey

 Juan Carlos Morales

 Christopher Vincze

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

 Graeme Brown

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Jamie Errickson

 Zach Greene

 Dena Kavanagh

 Lisa Kalinowski

 Noah Koretz

 RJ McGrail

 Jim Moore

 Leigh Natola

 Adrian O’Garro

 Doug Robinson

 Patrick Rosand, Legal Intern

 Kelsey Schiller

 Simmee Silton

 Jessica Strunkin

 Cyndy Tonucci

 Ellen Torres

 Benny Wong

 George Zhang, Real Estate Intern

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, June 13, 2019, at MassDevelopment’s offices, 99 High Street, 11th floor, Boston, Massachusetts, pursuant to notices duly given.

The Vice Chair welcomed everyone and, confirming the presence of a quorum, he called the meeting to order at 10:02 a.m. He asked if there were any guests in attendance and, if so, to please introduce themselves; there were no guests present.

**MINUTES**

**1. VOICE VOTE – Meeting Minutes (May 9, 2019)**

The Vice Chair asked if there were any comments on the draft minutes of the May 9, 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 May 9, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**2. VOICE VOTE – Executive Session Minutes (May 9, 2019)**

The Chair stated if there are any comments on the draft Executive Session Minutes of the May 9, 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 May 9, 2019 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss called attention to the Agency’s refreshed logo. She then referred to a favorable article about fellow Board member, Juan Carlos Morales, that appeared recently in the *Boston Business Journal*.

With respect to Human Resources, Ms. Liss reported that Richard Henderson is leaving MassDevelopment after fifteen years. She introduced Jamie Errickson, SVP, Development and Planning, who joined the Agency’s Real Estate division recently; Mr. Errickson formerly worked with the Cities of Everett, Lowell, and Natick. She noted that Roseanne Hunter has joined the staff in Devens as an Administrative Assistant. Finally, she advised there are several interns working with various MassDevelopment departments for the summer, including: Adrianne DeLuca (Marketing); Julia Shimano Kuramochi (Cultural Facilities); Matthew Cappucci and Tom McGregor (Devens Dept. of Public Works); Hannah Kong (Finance Programs); Aaron Robicheau (Devens Fire); Patrick Rosand (Legal); and George Zhang (Real Estate)

In other Agency news, Ms. Liss reported that MassDevelopment did not receive an allocation in the current round of federal New Markets Tax Credits, which will have a negative impact on Agency fee revenues and more. She mentioned that the consulting firm Blum Shapiro is actively engaged in three strategic review projects to assist the Agency’s planning efforts. She then provided a snapshot of the Agency’s budget – to be presented by Mr. Gerlin later this morning – noting the challenges in predicting Agency revenues: last year the General Fund balance was projected to be $80 million; on May 22, 2019, it was predicted to be $102 million. As of today, it is $110 million, and staff is already aware of yet another loan that will be repaid ahead of schedule that will add another $1.3 million to the General Fund. Ms. Liss suggested that instead of trying to understand the Agency’s budget in terms of a moment in time, it has been more meaningful for her to think in terms of trends – over 3 years, or 5 years, for example.

**STRATEGIC PLANNING / BUDGET**

**3. VOICE VOTE – MassDevelopment Business Plan (FY2020)**

Mr. McGrail recapped the presentation provided in the Board materials, giving details of the following, among others: restatement of the Agency’s plan / mission / values (p. 2); the current economy of Massachusetts, including job growth numbers and a breakdown of earnings per worker (p. 4); a breakdown and summary of the Agency’s three Strategic Themes, which are Supporting Private Sector Growth, Developing Vibrant Communities, and Achieving Operational Excellence (pps. 8–12); performance, key indicators, and targets (p. 14); and the 1-page Business Plan summary that appears in the Board book every month. Mr. McGrail referred to the back-up information provided in the remainder of the presentation. The Vice Chair asked for a vote to approve the FY2020 Business Plan 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 Agency’s FY2020 Business Plan, that is attached and made a part of the minutes of this meeting.

**4. VOICE VOTE – Agency FY2020 Operating and Capital Budget**

Mr. Gerlin presented the Agency’s FY2020 Operating and Capital Budget for approval. Among others, he provided details amid discussions of the following: key highlights (p. 3) include strong loan grant targets and a strong portfolio, slower bond issuance revenues, no New Markets Tax Credits allocation, costs associated with the State Piers. He noted that the Consolidated Comparative Balance Sheet (p. 5) reflects fewer loans and less fixed assets, including the recent sale of the General Electric property, which demonstrates how one big item can have a major impact on the Agency’s bottom line. He turned to General Fund Balances (p. 9), which have spiked due to early loan payoffs, which ultimately reduces fee revenues. He then reviewed the variety of sources of External Funding that the Agency enjoys (p. 40); Project, Operating, and Grant Expenses (pps. 49–51); and Capital Expenses (pps. 32–33). Mr. Gerlin referred to the detailed back-up provided in the Board materials and offered to answer questions.

A discussion ensued regarding out-of-state bond issuers and the concerns raised by such competition. For instance, Ms. Canter advised of one transaction – being financed by a New Hampshire entity now – for which MassDevelopment will not realize $850,000 in fee revenue. She said it remains a “clear and present danger” and Ms. Liss confirmed the Agency is watching closely. Based on the pipeline, these out-of-state issuances are not a threat to the Agency (yet); nevertheless, potential protective legislation has been investigated by MassDevelopment and other similarly affected authorities.

Ms. Zane recalled a comment Ms. Liss made during her President’s Report – about considering the Agency’s General Fund, etc., in terms of trends (i.e., 3 years or 5 years) – and she suggested that a budget review in such format would be helpful. It was agreed that such a presentation will be prepared and provided.

After discussion, the Vice Chair asked for a vote to approve the FY2020 Operating and Capital Budget 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 Agency’s FY2020 Operating and Capital Budget, that is attached and made a part of the minutes of this meeting.

**MARKETING / Communications**

**5.** **Media Report (May 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**.

Please see the Budget discussion (Tab 4, above).

**BOND TRANSACTIONS**

**6. 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 clarified that the borrowers in the bond issuance for Beth Israel Lahey Health, Inc. (Tab 9) are actually affiliated entities of that company.

The Vice Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 15, to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended.

**Bonds: Official Actions**

**Official Action Projects without Volume Cap Requests**

**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 the Friends of Martin Luther King, Jr. Charter School of Excellence, Inc., in Springfield, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt Bonds to finance such project in an amount not to exceed $5,055,000.

**Official Action Projects with 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 resolution that is attached and made a part of these minutes regarding:

a project of Carol-Hano LLC, in Boston (Allston, Brighton), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $12,600,000.

**Bonds: Final Approvals**

**Final Approval Projects without 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 Official Action / Final Approval (“OA/FA”) resolution that is attached and made a part of these minutes regarding:

a project of Beth Israel Lahey 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 $225,000,000.

**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 the Trustees of Boston University, in Boston and Lenox, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $100,000,000.

**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 Lesley University, in various Massachusetts locations, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $62,000,000.

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

a project of The Beaver Country Day School, Inc., in Brookline (Chestnut Hill), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $7,000,000.

**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 For Kids Only Afterschool, Incorporated, in Revere and Winthrop, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $3,744,000.

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

a project of Sunshine Village, Inc., in Agawam, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $1,220,000.

**Final Approval Projects with Volume Cap Requests**

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

a project of Hearth Four Corners, LLC, in Boston (Dorchester), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $10,000,000.

**Standing Board Committee Reports**

***Origination & Credit Committee***

The Origination & Credit Committee did not meet this month.

**16. Minutes of Prior Meeting**. For informational purposes only, the minutes of the May 7, 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**

**17. Delegated Authority Report for Loan Approvals (April 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.

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

The Real Estate Development & Operations Committee met on Tuesday, June 11, 2019.

**18. Minutes of Prior Meeting**. For informational purposes only, the minutes of the May 7, 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.

**19. 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 this Report.

**20. VOTE – Devens – FY2020 Electric Rate Adjustment**

There was no discussion of this request to reduce electric rates for Devens customers by 2 to 5 percent depending on the rate class. The Vice 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 reduced electric rates for Devens customers, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**21. VOTE – Devens – FY2020 Water Rate Adjustment**

There was no discussion of this request to approve a 4 percent rate increase in the water utility rates for Devens customers. The Vice 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 water rate increase for Devens customers, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**22. VOTE – Devens – FY2020 Sewer Rate Adjustment**

There was no discussion of this request for approval of a 2 percent rate increase in the sewer utility rates for Devens customers. The Vice 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 sewer rate increase for Devens customers, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**23. VOTE – Devens – Amendment of Contract for Water and Wastewater Engineering Services**

Mr. Moore described this request to authorize an increase in the contract with Weston & Sampson Engineers, Inc. for engineering services related to water and wastewater utility systems to an amount not to exceed $745,000, due to additional engineering work that is required to treat Per- and polyfluoroalkyl substances (PFAS). The Vice 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 authorizes an increase in Weston & Sampson’s contract for Devens’ water and wastewater engineering services, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**24. VOTE – Devens – Operation & Maintenance Contract Authorization**

Mr. Moore briefly described this request to authorize and empower staff to negotiate and enter into a contract with the best qualified contractor to provide operation and maintenance services for the Devens Electric Utility distribution system, noting that the current contract with the Wellesley Municipal Light Plant is expiring, and a Request for Proposals has been issued and responses are being vetted. The Vice 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 authorizes and empowers staff to enter into a contract to provide operation and maintenance services for the Devens Electric Utility distribution system, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**25. VOTE – New Bedford State Pier – Commitment of Capital Funds from the State Pier Capital Fund Account for Repairs**

Mr. Walker described this request to approve the commitment of up to $800,000 from the Capital Fund Account for immediate and necessary foundation and fender pile repairs at the south and east pier structures of the New Bedford State Pier, which funds will be used to reimburse the Department of Conservation and Recreation. The Vice 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 commitment of up to $800,000 from the Capital Fund Account, as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**26. VOTE – Award of Designer Selection Board Architectural Consultants as House Doctor Contracts**

Mr. Errickson described this request to award six new “house doctor” contracts for architectural design and related services in accordance with recommendations of the Massachusetts Designer Selection Board. He noted that four firms are currently under contract, but in view of the active real estate development market in the Commonwealth, a greater pool of consultants is required so that staff has discretion to use the best and/or available firm(s). Ms. Maltese was pleased to see not only western Massachusetts firms included in the finalists, but good choices. The Vice 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 six new house doctor contracts to: Dietz & Company Architects, Inc. (Springfield); HDR Architecture, P.C. (Omaha, NE); ICON Architecture, Inc. (Boston); Kuhn Riddle Architects, Inc. (Amherst); Scott Payette Architects (Boston); and Utile, Inc. (Boston), as outlined in the memorandum and vote dated June 13, 2019, that are attached and part of the minutes of this meeting.

**27. 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 congratulated and welcomed Jamie Errickson, noting he is a great addition to the Agency. He noted slight changes regarding certain recipients in the Transformative Development Initiative (“TDI”) TDI Local grants program: he clarified that the TDI Partners in Lawrence and Fitchburg requested, and staff agreed, that the fiscal agents / grant recipients on behalf of the partners in those communities would be Lawrence Partnership, Inc. (a non-profit) and Fitchburg State University, respectively.

Confirming his resignation at the end of June, Mr. Henderson took advantage of this opportunity to recognize and thank the Board for his years of success at MassDevelopment. He noted the following highlights during his fifteen years with the Agency: 100 Cambridge Street; Village Hill, Northampton; the TDI Program; the Technical Assistance Program; and individual projects, including a pocket park in North Adams; and others.

**Miscellaneous: Old Business / New Business**

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

**Executive Session**

**28. VOTE – Sale of 63 Hospital Road, Lot 5, Devens**

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.

**Litigation Matter**

The discussion of this item occurred in Executive Session.

The Board Secretary advised, at 11:12 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 real estate matter and a litigation matter, the discussion of either 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 11:25 a.m.