**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, August 10, 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 Blake

 James Chisholm

 Karen Courtney

 Grace Fey

 Rachel Madden, Designee for Secretary of Administration & Finance

 Christopher Vincze

DIRECTORS ABSENT: Juan Carlos Morales

 Patricia McGovern

Agency Staff: 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

 Roy Angel

 Naomi Baruch

 Deb Boyce

 Sean Calnan

 Rob Carley

 Steve Chilton

 Tony Fracasso

 Ken Goode

 Anne Haynes

 Thatcher Kezer

 Noah Koretz

 Victoria Maguire

 Mark Martinez, Legal Intern

 RJ McGrail

 Dan Morais

 Leigh Natola

 Aiden O’Garro

 Deb Rosser

 Meggie Quackenbush

 Bob Seega

 Mark Sternman

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, August 10, 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 10:01 a.m. The Chair asked if there were any guests present, and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (July 20, 2017)**

The Chair asked if there were any comments on the draft Minutes of the July 20, 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 July 20, 2017 Board meeting, attached and part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Executive Session Minutes (July 20, 2017)**

Noting that the matters in the two sets of July 20, 2017 Executive Sessions 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 Sessions Minutes, and there were none. He asked for a vote to approve these two sets of Executive Sessions 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 two sets of Executive Sessions Minutes of its July 20, 2017 Board meeting, attached and part of the minutes of this meeting.

**3. VOICE VOTE – Approval of Executive Session Minutes (June 8, 2017)**

Noting that the matters in the June 8, 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 June 8, 2017 Board meeting, attached and part of the minutes of this meeting.

**Strategic Planning**

**4. 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.

**MARKETING / Communications**

**5.** **Media Report (July 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**

**6. 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 no changes to the materials as provided in the August Board Book.

The Chair asked if there were any recusals on the upcoming bond votes, and there were none. He advised that the Board would vote on the approvals and findings for the matters in Tabs 7 – 14, 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**

**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 attached and part of these minutes regarding:

a project of The Mount Pleasant Home, in Boston (Jamaica Plain), Massachusetts, for the issuance of a Non-Profit Housing Bond to finance such project in an amount not to exceed $6,500,000.

The Chair wanted to know, generally, how such projects are found. He wondered if Agency staff goes out and finds these projects, or do the projects find Agency staff? The answer is “both.” Mr. Chilton advised that staff keeps in regular close contact with banks and other lenders, as well as contacts connected with prior projects.

**Official Action Projects with Volume Cap Request**

**8.** Ms. Madden asked if this project had been included in the 2017 volume cap allocation list, and Mr. Fracasso said the project was not included in the 2017 volume cap allocation because it is new. The transaction may be ready to close at year end but, more likely, the closing will be pushed to 2018. When asked, Mr. Fracasso stated that total project costs are $5.6 million. 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 206 West LLC, in Boston (South Boston), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $2,540,860.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Request**

**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 attached and part of these minutes regarding:

a project of Preparatory Foundation, Inc., in Boston (Hyde Park), 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.** It was noted there is also a related New Markets Tax Credits request before the Board (see Tab 22, below) for this 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 Official Action / Final Approval (“OA/FA”) resolutions attached and part of these minutes regarding:

a project of Athol Memorial Hospital, in Athol, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $11,500,000.

**11.** The Chair asked about this service provider, and Mr. Wong explained that it provides sports counseling services (i.e., an athletic regimen), similar to a YMCA membership, to individuals on the path to recovery. Ms. Fey added there are several of this new type of facility, Inner City Lifting, for instance, and others, that are realizing success in dealing with certain inner city youth issues and other behavioral issues through sports counseling. 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 Phoenix Multisport, 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 $3,150,000.

**Final Approval Projects with Volume Cap Request**

**12.** The Chair asked what the total project costs are for this transaction, and Mr. Fracasso responded $33.1 million; Mr. Fracasso added that this is the fifth time the Agency has financed projects with this borrower and it has a very good track record. 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 Wayne at Schuyler, LLC, in Boston (Roxbury), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $16,677,252.

**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 attached and part of these minutes regarding:

a project of Sever Street Development LLC, in Worcester, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $15,000,000.

**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 resolution attached and part of these minutes regarding:

a project of 242 Spencer Limited Partnership, in Chelsea, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $6,885,580.

**Standing Board Committee Reports**

***Manufacturing & Defense Sectors Committee***

Mr. Chisholm stated the Committee met on Tuesday, August 8, 2017. It was noted, again, this Committee currently has only one member.

**Advanced Manufacturing**

**15. VOTE – Massachusetts Manufacturing Extension Partnership, Inc. (“MassMEP”) – Amendment of Sub-Grant Award from U.S. Dept. of Defense (“DoD”) Office of Economic Adjustment (“OEA”) Grant**

Noting that staff works closely with OEA and is pleased with the performance under this grant, Mr. Gerlin requested approval of an amendment to increase the amount of the existing OEA grant sub-award to MassMEP related to the Defense Industry Economic Diversification Study and Implementation Strategy. The Chair asked for a vote and, upon motion duly made and seconded, it was

**VOTED:** That the Board of Directors of MassDevelopment approves the amendment to increase the sub-grant award to MassMEP from the DoD OEA grant, as outlined in the memorandum and vote dated August 10, 2016, attached and part of the minutes of this meeting.

**16. VOTE – UMass/Lowell – Sub-Award from DoD OEA Grant**

Referring to the revised memorandum and vote provided today, Mr. Gerlin briefly described this request for approval of an OEA grant sub-award in the amount of $475,000 to UMass/Lowell related to the Defense Industry Economic Diversification Study and Implementation Strategy, the proceeds of which will be used to establish a Fabric Discovery Center and two talent pools (one of engineering experts; one of technical assistant experts) to be available to small manufacturers that do not have the resources to hire staff expert(s) in these fields. The Chair asked for a vote and, upon motion duly made and seconded, it was

**VOTED:** That the Board of Directors of MassDevelopment approves the $475,000 sub-grant award to UMass/Lowell from the DoD OEA grant and authorizes staff to enter into an MOA with UMass/Lowell in connection therewith, as outlined in the revised memorandum and revised vote dated August 10, 2016, attached and part of the minutes of this meeting.

Referring to the two requests above, the Chair commented this is a “good story,” noting the strong partnerships formed by and among MIT/Lincoln Labs, UMass, the Agency, MassMEP, DoD, OEA, and others. He said the Baker Administration is already seeing certain businesses relocating to Massachusetts because of the research and development currently underway in connection therewith.

***Origination & Credit Committee***

Mr. Blake reported that the Committee met on Tuesday, August 8, 2017.

**17. Minutes of Prior Meeting**. For information purposes only, the minutes of the July 18, 2017 Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**18. Delegated Authority Report for Loan Approvals (June 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.

**19. Minutes of Charter School Loan Guarantee Fund Advisory Committee Meeting (January 10, 2017)**. For information purposes only, the approved minutes of the January 10, 2017 Charter School Loan Guarantee Fund Advisory Committee meeting are attached and part of the minutes of this meeting. No discussion of these minutes occurred.

**Community Development**

**20. Delegated Authority Report for Community Development Approvals (June 2017)**. For information purposes only, the Delegated Authority Report regarding Community Development is attached and part of the minutes of this meeting. No discussion of the Report took place.

**21. VOTE – Approval of Collaborative Workspace Grants**

Mr. Calnan described this request to approve the award of several grants totaling $2,145,000 million from the Collaborative Workspace Program as part of a larger state strategy to foster community-based innovation and creativity across the Commonwealth. This successful Program was piloted through the TDI Program to promote collaborative workspaces – which often feature open floor plans, community meeting spaces and shared tools or equipment – in Gateway Cities; it was then expanded to other, non-Gateway Cities. Grant recipients were selected through a Request for Proposals (“RFP”) process, to which there were 82 responses – the most responses to an Agency RFP to date, noted Mr. Calnan. Approval is requested of 30 grants (23 fit-out grants; 7 seed grants), after review and selection by a committee that included staff members and outside consultants and experts. 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 award of thirty grants from the Collaborative Workspace Program, as outlined in the memorandum and vote dated August 10, 2017, attached and part of the minutes of this meeting.

**New Markets Tax Credits (“NMTC”)**

**22. VOTES – Athol Memorial Hospital NMTC Holdings, Inc. (Athol) – $17,000,000 NMTC Allocation, Capitalization, and Guarantee**

Ms. Baruch described this request to approve the assignment of a $17,000,000 allocation award, capitalization of the award, and a related guarantee, all in connection with the financing of construction of a new and expanded Emergency Department, as well as construction/expansion of a medical office building for specialty services for this critical access hospital serving nine cities and towns comprising approx. 244 square miles in an underserved rural community. Ms. Baruch informed everyone that a third-party tenant offering addiction treatment services would be leasing part of the expanded medical office building. When asked if there has been any pressure to begin and/or complete this project, Ms. Baruch said, “No, the project is ready to go.” Some initial site work has already begun. 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 NMTC financing for Athol Memorial Hospital NMTC Holdings, Inc., as outlined in the memorandum and votes dated August 10, 2017, attached and part of the minutes of this meeting.

**GENERAL**

**23. Finance Programs FY2017 Closed Projects Report**. For information purposes only, the Finance Programs FY2017 Closed Projects Report is attached and part of the minutes of this meeting. No discussion of the Report took place.

**24. Finance Programs FY2017 Closed Projects Presentation**. Ms. Canter stated the Agency closed 282 discrete projects in FY2017, representing the third largest bond income fiscal year in MassDevelopment’s history. She noted two emerging themes: (i) redevelopment of Gateway Cities – citing Worcester, for example; and (ii) microbreweries. She described the history of Worcester’s Gateway Park, including various projects in the Park in which the Agency has assisted with financing, including BlueSky Biotech, and others. When asked about the total number of jobs created in Gateway Park, Ms. Canter said she would find out that information. She then described the surprising success that has been realized by financing local breweries. She advised these are popular projects because people eat locally and they drink locally; customers are not going to stop drinking and, given the option and availability of local craft brews, they are unlikely to return to drinking “bad beer.” She cited several success stories, including the expansion of Night Shift Brewery and ongoing craft brewing at Idle Hands Craft Ales. In conclusion, Ms. Canter stated there are eleven more breweries in the pipeline.

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

Mr. Kavoogian reported that the Committee met on Tuesday, August 8, 2017.

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

**26. VOTE – Devens – Natural Gas Supply Contact**

Mr. Kezer described briefly this request to authorize and empower staff to negotiate and execute a natural gas supply contact with a qualified firm to supply the natural gas requirements of Devens, through an RFP process, to which responses are due on August 31, 2017. That this request seeks delegated authority is due to timing issues; once an agreeable rate is negotiated and accepted, there is a window of only one hour to lock in the rate. Mr. Kezer noted that obtaining natural gas contacts in this manner, unlike other utilities contracts, is not unusual. 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 request to enter a contract for natural gas supply services, as outlined in the memorandum and vote dated August 10, 2017, attached and part of the minutes of this meeting.

**27. VOTE – Devens – Fire Truck Acquisition**

Mr. Kezer briefly explained this request to authorize the purchase of a new pumper truck for the Devens Fire Department. He described the constrictions of the fire station in Devens, noting it was not designed for modern trucks, so a custom-built vehicle is required; some discussions have taken place regarding making improvements to the fire station, but no decisions have been made in this regard. Noting, too, that two older fire vehicles are being retired, Mr. Kezer explained the proposed 15 year lifecycle: the plan is to buy a second fire truck in five years and a third one five years after that, then to replace the oldest of the three trucks every five years going forward so there is never a vehicle in service older than fifteen years; over time, the costs for the vehicles will have been assessed through a tax levy. Mr. Gerlin added that the Agency has also applied for a grant through Homeland Security to help finance the costs of this new fire truck. 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 authorizes the purchase of a new pumper truck for the Devens Fire Department, as outlined in the memorandum and vote dated August 10, 2017, attached and part of the minutes of this meeting.

**28. 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.

**EXECUTIVE SESSION**

* **4 and 5 Necco Court, Boston – Update**

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

The Chair advised, at 11:49 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 a matter involving valuation of real property in Boston, Massachusetts, and potential purchase and sale and lease terms, the discussion 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 this matter to leave the room. He noted that the Board will 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 10:55 a.m.