**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, November 9, 2017**

**10:00 a.m.**

**M I N U T E S**

DIRECTORS PRESENT: Jay Ash, Secy. of Housing & Economic Development, Chair

 Brian Kavoogian, Vice Chair

 James Blake

 James Chisholm

 Karen Courtney

 Grace Fey

 Rachel Madden, Designee for Secretary of Administration & Finance

 Juan Carlos Morales

 Christopher Vincze

DIRECTORS ABSENT: Patricia McGovern

Agency Staff: Lauren Liss, President and CEO

 Simon Gerlin, Chief Financial Officer

 Patricia A. DeAngelis, General Counsel and Board Secretary

 Laura Canter, EVP, Finance Programs

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Kelsey Abbruzzese

 Roy Angel

 Deb Boyce

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Amanda Chisholm

 Robin Churray

 Zack Dovitz

 Tony Fracasso

 Zack Greene

 Anne Haynes

 Victoria Maguire

 RJ McGrail

 Dan Morais

 Leigh Natola

 Aiden O’Garro

 Deb Rosser

 Meggie Quackenbush

 Robert Seega

 Simmee Silton

 Ed Starzec

 Rebecca Sullivan

 Benny Wong

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, November 9, 2017, at MassDevelopment’s offices, 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

The Vice Chair welcomed everyone and, noting the presence of a quorum, he called the meeting to order at 10:05 a.m. The Chair asked if there are any guests and there were none.

**MINUTES**

**1. VOICE VOTE – Approval of Minutes (October 12, 2017)**

The Vice Chair asked if there were any comments on the draft Minutes of the regular October 12, 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 October 12, 2017 Board meeting, attached and part of the minutes of this meeting.

**2. VOICE VOTE – Approval of Residents Session Minutes (October 12, 2017)**

The Vice Chair asked if there were any comments on the draft Minutes of the residents’ session of the October 12, 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 residents’ session of the October 12, 2017 Board meeting, attached and part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Noting this is her third month as President and CEO of the Agency, Ms. Liss commented that she continues to be impressed by staff and with all that MassDevelopment accomplishes. Of note this month, Ms. Liss toured a few Transformative Development Initiative (“TDI”) Districts and learned more about the TDI program, visited Fall River and Joint Base Cape Cod; she was present for a grant award to the YMCA and attended a Brownfields Advisory Group meeting. She noted the Brownfields Advisory Group wishes to be kept up to date on Brownfields repayment policy. She attended the “Current Topics in Tax-Exempt Bonds” breakfast, sponsored by MassDevelopment.

Acknowledging that people in this room and, indeed, around the table have differing views with respect to federal tax reform(s), Ms. Liss advised of potential impacts on the Agency if private activity bonds and New Markets Tax Credits are eliminated by the impending tax reform(s). Ms. Liss advised that if these two programs had not existed at MassDevelopment in the prior year, then 292 projects would not have been completed, for a total investment of $10.5 billion; these projects include approximately 42,000 jobs (15,000+ permanent jobs and 26,750+ construction jobs). In addition, 7,000 units of affordable housing would not have been built. The absence of these programs would affect how the Agency operates. Ms. Liss advised that in FY2017, MassDevelopment had approximately $20 million “cash on hand;” this number would have been $7.5 million if these programs did not exist. Operating costs, however, would remain at approximately $15 million, impacting all Agency programs, not just Finance Programs.

As a result of these unknown issues and noting that implementation of any tax reform(s), if approved, is targeted for January 1, 2018, several entities are looking to come in and refinance certain transactions before year-end. Accordingly, MassDevelopment is looking to schedule an additional Board meeting for Thursday, November 30, for approval of these transactions. Ms. Delorier will be in touch with details.

**GENERAL MATTERS**

**3. VOTE – Annual Approval and Confirmation of Agency Officers**

Ms. DeAngelis explained this routine vote, noting the replacement of Marty Jones as President and CEO with Lauren Liss and confirming there are no other changes to report. 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 and confirms the Agency’s Officers, as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**4. FY2018 1st Quarter Financial Results.** For information purposes only, the 1st Quarter Financial Results for FY2018 are attached and part of the minutes of this meeting. No discussion of this item took place.

**Strategic Planning**

**5. 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**

**6.** **Media Report (October 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**

**7. 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 eleven requests before the Board today.

The Vice Chair asked if there were any recusals on the upcoming bond votes, and he advised the Board that he is a member of Partners HealthCare System, Inc. (Tab 12) and, therefore, he will recuse himself from any discussion, deliberation, and vote on that bond issuance and leave the room during the deliberation and vote on that matter.

The Vice Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 8 – 18, 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 with Volume Cap Request**

**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 attached and part of these minutes regarding:

a project of 250 Centre Street Housing LLC, in Boston (Jamaica Plain), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $27,120,000.

**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 resolution attached and part of these minutes regarding:

a project of RiverMills Assisted Living, LLC, in Chicopee, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $19,500,000.

**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 attached and part of these minutes regarding:

a project of South End 10, LLC, in Boston (South End), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $7,886,160.

**Bonds: Final Approvals**

**Final Approval Projects for Lease Financing**

**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 attached and part of these minutes regarding:

a project of New England Life Flight, Inc., d/b/a Boston MedFlight, in several Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Lease to finance such project in an amount not to exceed $30,000,000.

**Final Approval Projects without Volume Cap Request**

**12.** See below (*after Tab 18*).

**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 NewBridge on the Charles, Inc., in Dedham, Massachusetts, for the issuance of a Non-Profit Housing Bond to finance such project in an amount not to exceed $260,605,000.

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

a project of Wheaton College, in Norton, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $70,000,000.

**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 attached and part of these minutes regarding:

a project of Boston Medical Center Corporation, in Boston, Massachusetts, for the issuance of an 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $50,000,000.

**16.** 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 attached and part of these minutes regarding:

a project of Evergreen Center, Inc., in several cities and towns in central Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $16,370,000.

**17.** 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 Behavioral Health Network, Inc., in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $7,480,000.

**18.** 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 Boston Collegiate Charter School Foundation, Inc., in Boston (Dorchester), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $7,200,000.

[*Secretary’s Note: The Chair arrived at the meeting during the above bond transaction votes (at 10:15 a.m.); he was not present for the votes at Tabs 1 – 18, excluding Tab 12 (below).*]

**12.** Mr. Chilton called attention to the revised resolution provided today and, 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 revised resolution attached and part of these minutes regarding:

a project of Partners HealthCare System, Inc., 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 $1,495,000,000.

[*Secretary’s Note: Having recused himself from this matter, Mr. Kavoogian left the room and did not participate in any discussion, deliberation, or vote on this matter. He returned to the meeting room after completion of the above vote.*]

**Standing Board Committee Reports**

***Audit & Administration Committee***

Mr. Morales reported that the Committee met this morning, but there was not a quorum present. He stated that the Committee received and reviewed the Agency’s audited Financial Statements. He and Mr. Gerlin were disappointed to report that the result of the audit is a “qualified approval” – due to certain terms and language imbedded in the Emerging Technology Fund (“ETF”) in connection with warrants, relative to GASB rules. This is a technical issue under GASB53 and as long as the Agency takes warrants as collateral in certain ETF transactions, then its audit result will be “qualified approval.” When Ms. Madden noted that GASB rules have been in place for quite a while and wondered why this is this just coming to light this year, Mr. Gerlin advised that certain benchmarks had been reached to trigger certain reporting. But for the language, it was noted this rating has no impact on the Agency, and staff is working on language going forward that will satisfy the auditors and support a better audit result. In conclusion, Mr. Morales advised that the Committee met privately with the auditors, who opined the accounting staff is excellent; there are no issues to report.

**19. Minutes of Prior Meeting**. For information purposes only, the minutes of the May 31, 2017 Audit & Administration Committee meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

***Compensation Committee***

Mr. Morales reported only that the Committee met this morning, but there was not a quorum present.

***Origination & Credit Committee***

Mr. Blake reported the Origination & Credit Committee met on Tuesday, November 7, 2017. A quorum was not present at the Committee meeting, so no votes were taken.

**20. Minutes of Prior Meeting**. For information purposes only, the minutes of the October 10, 2017 Origination & Credit Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**21. Delegated Authority Report for Loan Approvals (September 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.

**22. VOTE – Amendment to Export Development Fund Operating Rules**

Ms. Canter described this request to amend the Export Development Fund Operating Rules to increase the maximum amount of an allowable guaranty from $500,000 to $1,000,000, thereby aligning the Fund’s Operating Rules with the enabling legislation for the Fund, which has also been amended to increase the maximum guaranty amount to $1,000,000. 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 amendment of the Export Development Operating Rules, as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**23. VOTE – Little Leaf Farms, LLC (Devens) – $5,000,000 Commercial Real Estate Mortgage Loan**

Calling attention to the revised memorandum and vote provided today, attached and part of the minutes of this meeting, Mr. Angel described this request from a current borrower to refinance existing mortgage debt, purchase new equipment and to exercise its option to purchase twelve additional acres of land adjacent to the company’s expanding hydroponic greenhouse operation. Little Leaf Farms grows lettuce, arugula and other mixed greens that are sold and distributed to supermarkets, institutions and other retailers throughout New England. Having completed its first phase of development, this successful company needs more space for cold storage, loading docks and office space in preparation for its Phase II expansion. In addition to its excellent history with MassDevelopment, Mr. Angel noted this company also consumed $1 million worth of electricity in Devens last year. He noted, too, that in this expanded project, the value of the Agency’s collateral will triple. 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 $5,000,000 real estate mortgage loan to Little leaf Farms, LLC, as outlined in the revised memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**24. VOTE – Weissman Real Estate, LLC, and Modu Form, Inc. (Fitchburg) – $4,500,000 Commercial Real Estate Mortgage Loan and $1,000,000 Export Loan Guaranty**

Mr. Angel described this request to refinance existing mortgage debt and pay off certain other debt, as well as provide long-term working capital related to the 2016 acquisition of a competitor. Modu Form, which makes durable institutional furniture products, employs 80 people in manufacturing in Fitchburg, and, with the acquisition of the competitor’s product line and customer list (Adden Furniture of North Carolina), it has realized an expanded market presence in the Northeast and Southern states; the company has added 18 jobs since the acquisition. Mr. Angel briefly described MassDevelopment’s long history with these borrowers, noting it has been a good customer since 1998. 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 real estate mortgage loan to and export guaranty for Weissman Real Estate, LLC, and Modu Form, Inc., as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**Community Development**

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

**26. Minutes of Brownfields Advisory Group Meeting (March 23, 2017)**. For information purposes only, the approved minutes of the March 23, 2017 Brownfields Advisory Group meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

**New Markets Tax Credits (“NMTC”)**

**27. Minutes of NMTC Advisory Committee Meeting (June 15, 2017)**. For information purposes only, the approved minutes of the June 15, 2017 NMTC Advisory Committee meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

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

Mr. Kavoogian reported that the Committee met on Tuesday, November 7, 2017.

**28. Minutes of Prior Meeting**. For information purposes only, the minutes of the October 10, 2017 Real Estate & Operations Committee Meeting are attached and part of the minutes of this meeting. No discussion of these minutes took place.

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

**30. VOTE – Devens – Acceptance of a Portion of Chance Street as a Public Way**

Mr. Carley explained this request to accept a portion of Chance Street, Devens, as a public way, noting that the Devens Enterprise Commission (“DEC”) voted likewise at a public hearing earlier this morning. Mr. Carley pointed out this makes the first time in Devens that a roadway constructed by a developer and not by MassDevelopment or the DEC has been so accepted. He noted the road, which was built by the developer of Emerson Green, has been inspected and deemed acceptable by the DEC and by the Agency. 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 accepts the proposed portion of Chance Street, Devens, as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**31. VOTE – Devens – Reappointment of Thatcher Kezer to the Devens Board of Tax Assessors**

Mr. Carley briefly explained this request to reappoint Thatcher Kezer, Senior Vice President of Devens Operations, to the Devens Board of Assessors as the Agency’s representative for a three-year term commencing on November 12, 2017. 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 reappoints Mr. Kezer to the Devens Board of Tax Assessors, as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**32. VOTE – Selection of Brokerage Firms for House Doctor Contracts**

Mr. Greene briefly described this request to award contracts to three professional firms selected through a Request for Qualifications and Proposals (“RFQ/P”) process – Fort Point Commercial Company, Inc., d/b/a NAI Hunneman; North Central Realty Group, LLC, d/b/a Keller Williams Realty North Central; and Samuel D. Plotkin & Associates, Inc., d/b/a NAI Plotkin – for brokerage services on a “house doctor” basis, in an amount not to exceed $150,000 each over an initial three-year term with options for two additional one-year terms. All work under these contracts will be performed and paid through a work-order basis. Mr. Greene noted these brokerage services contracts will not conflict with the Agency’s current brokerage contracts for Devens and 1550 Main Street, Springfield. 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 house doctor contracts for brokerage services, as outlined in the memorandum and vote dated November 9, 2017, attached and part of the minutes of this meeting.

**33. 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**

**34. Joint Base Cape Cod – Wastewater and Water Facilities Updates**

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

***WALK-IN*. VOTE – Employment Matter**

The discussion of this item occurred in Executive Session because it involves a personnel matter.

The Chair advised, at 10:36 a.m., that, pursuant to MGL Chapter 30A and Chapter 23G, section 2, 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 an employment (personnel) matter, as well as matters involving valuation of real property in Devens and on Cape Cod, Massachusetts, and potential purchase and sale and lease terms, the discussion of either 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 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 Open Session and Executive Session portions of the meeting were adjourned in Executive Session at 11:35 a.m.