**Massachusetts Development Finance Agency**

**Meeting of the Board of Directors**

**Thursday, December 13, 2018**

**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

 Mark Attia, Designee for Secretary of Administration & Finance

 James Chisholm

 Karen Courtney

 Francesca Maltese

 Juan Carlos Morales

DIRECTORS ABSENT: James Blake

 Grace Fey

 Christopher Vincze

 Ellen Zane

Agency Staff: Lauren Liss, President & CEO

 Robert Ruzzo, SEVP, Deputy Director

 Simon Gerlin, Chief Financial Officer

 Ricks Frazier, General Counsel and Secretary

 Laura Canter, EVP for Finance Programs

 Richard Henderson, EVP, Real Estate

 Meg Delorier, Chief of Staff

 Victoria Stratton, Recording Secretary

 Laura Barrett

 Sean Calnan

 Frank Canning

 Rob Carley

 Steve Chilton

 Tony Fracasso

 Kate Fraser

 Zach Greene

 Jim Kenney

 Will Kidston

 Noah Koretz

 Andrew Levine

 Jessica Martinez, TDI Fellow, Lawrence

 Carlos Matos, TDI Fellow, Chelsea

 RJ McGrail

 Mike Mitchell

 Jim Moore

 Paul Moran

 Joe Mulligan, TDI Fellow, Lynn

 Leigh Natola

 Jan Nuzzolo

 Aiden O’Garro

 Ivette Olmeda TDI Fellow, Worcester

 Patricia Perez, Legal Intern

 Doug Robinson

 Kelsey Schiller

 Simmee Silton

 Ed Starzec

 Rebecca Sullivan

 Cyndy Tonucci

 Ellen Torres

 Francisco Torres, TDI Fellow, Fitchburg

 Gary Walker

Guests: None

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, December 13, 2018, 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 10:04 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 (November 8, 2018)**

The Chair asked if there were any comments on the draft minutes of the November 8, 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 November 8, 2018 Board meeting, that are attached and made a part of the minutes of this meeting.

**PRESIDENT / CEO REPORT**

Ms. Liss wished everyone a Happy Holidays and reported it has been a busy month. She reported that she, Mr. Ruzzo and Mr. Gerlin attended a meeting in Falmouth with surrounding communities regarding the potential transfer of responsibility for the Wastewater Treatment Facility at Joint Base Cape Cod and why MassDevelopment has decided not to participate in the process at this time.

In connection with the recent natural gas disaster in *Lawrence*, Ms. Liss advised that she and others spent time in Lawrence on Small Business Saturday; she was delighted to report that the community’s “resilience and entrepreneurial spirit are alive and well!” She toured the Transformative Development Initiative (“TDI”) District in Lawrence as well.

With respect to Agency personnel, Ms. Liss advised that the new position of Director of Marine Facilities & Operations has been filled by Patrick Scalli, who will begin December 17 and will report to Gary Walker, who has been promoted to SVP for Real Estate Projects, including the State Piers. In addition, Amanda Chisholm has been promoted to Director of Community Technical Assistance. The position of SVP for Real Estate Development is being posted.

Ms. Liss advised that she attended award galas at the National Association of Industrial and Office Properties (NAIOP) and at MassEcon, which celebrated the retirement of its long-time CEO, Susan Houston. Yesterday, Laura Canter attended and moderated a panel at a conference sponsored by the Executive Office of Housing & Economic Development (“HED”) and UMass Lowell regarding Opportunity Zones. The Chair advised that this program had about 350 attendees, and Ms. Courtney commented that she got the impression that these particular groups of attendees had never been in the same room together before. So, she was pleased about the networking and the introductions that were able to be facilitated as a result. Ms. Canter said there are several different takes on how to define “opportunity zones,” and the Chair referred everyone to a website developed by HED regarding Opportunity Zones.

[*Secretary’s Note: Mr. Kavoogian arrived and took his seat during the President’s Report above at 10:10 a.m.*]

**GENERAL MATTERS**

**2.** **VOTE – Interagency Agreement for the Selection of Chapter 40B Land Value Appraisal Services**

Mr. Ruzzo briefly explained this request to authorize MassDevelopment’s participation in an Interagency Agreement with MassHousing, the Massachusetts Department of Housing and Community Development (“DHCD”), and the Massachusetts Housing Partnership Fund Board related to the selection of Chapter 40B land value appraisal services. The Agreement, which is the result of discussions between DHCD and the Office of the Massachusetts Inspector General, is designed to establish a uniform procedure for selecting prequalified appraisal firms to complete land value appraisals – part of the 40B Project Eligibility Letter application process – so it is consistent with current Chapter 40B Guidelines. 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 Agency’s participation in an Interagency Agreement in connection with Chapter 40B land value appraisal services, as outlined in the memorandum and vote dated December 13, 2018, that are attached and made a part of the minutes of this meeting.

**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 (November 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. No discussion of these items took place.

**Bond Transactions**

* **Finance Programs Update**

Noting she wanted to provide the Board with a snapshot of where MassDevelopment stands relative to its current budget for bond fee revenues, Ms. Canter advised that the FY19 projected budget for bond fee income was $8,000,000, but it is looking like actuals will be more like $4,500,000 – $5,000,000. She stated that overall bond issuances are down, mostly due to both lesser new investments and refinancings by nonprofits, but also some revenue has been lost because of the new out of state issuer as well as the inability to launch the Property Assessed Clean Energy (PACE) Program. When Mr. Morales asked how this news will impact the Agency’s lending and grant programs, Ms. Liss advised there will be little or no impact this year, but it will likely impact the budget going forward.

**5. Bond Detail Memorandum**. For informational purposes only, the Bond Memorandum and Summary are attached and made a part of the minutes of this meeting. Mr. Chilton reported no changes from the materials provided. Ms. Maltese wanted to know how a “deferred developer fee” can be identified as a source of revenue for a particular project and Mr. Fracasso explained that very often developers in housing projects will not take such fees and indeed contribute these fees to the project(s).

The Chair then advised that the Board would vote on the approvals and findings for the matters in Tabs 6 – 7 and 9 – 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 Approval**

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

a project of Trinity Acquisitions LLC, in Lawrence, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $20,400,000.

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

a project of Broadway Everett TND LLC, in Everett, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $6,600,000.

**Bonds: Final Approvals**

**Final Approval Projects without Volume Cap Requests**

**8.** Recusals by the Chair and Vice Chair (both citing existing business relationships) resulted in the loss of a quorum for a vote on the proposed bond issuance for Partners Healthcare System, Inc. and, therefore, this item is removed from consideration today.

**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 Brandeis University, in Waltham, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $175,000,000.

**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 Suffolk University, in Boston, Massachusetts, for the issuance of 501(c)(3) Tax-Exempt and Taxable Bonds to finance such project in an amount not to exceed $165,000,000.

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

a project of Trinity Health Corporation, in various western Massachusetts locations, for the issuance of a Michigan Finance Authority 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed $36,000,000.

**Final Approval Projects with Volume Cap Requests**

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

a project of Talbot Commons I Limited Partnership, in Boston (Dorchester), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $10,165,755.

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

a project of EAFD Brook Ave Developer LLC, in Boston (Roxbury), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $5,300,000.

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

a project of Coppersmith Village Rental Limited Partnership, in Boston (East Boston), Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed $400,000.

**Standing Board Committee Reports**

***Origination & Credit Committee***

It was noted that the Origination & Credit Committee meeting scheduled for Tuesday, December 11, 2018, was canceled.

**15. Minutes of Prior Meeting**. For informational purposes only, the minutes of the October 9, 2018 Origination & Credit Committee Meeting are attached and made a part of the minutes of this meeting. No discussion of these minutes took place.

**Lending**

**16. Delegated Authority Report for Loan Approvals (October 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.

**17. Minutes of Emerging Technology Fund (“ETF”) Advisory Committee Meeting (June 6, 2018)**. For informational purposes only, the approved minutes of the June 6, 2018 ETF Advisory Committee meeting are attached and made a part of the minutes of this meeting. There was no discussion of these minutes.

**18. Minutes of ETF Advisory Committee Meeting (September 5, 2018)**. For informational purposes only, the approved minutes of the September 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.

**19. VOTE – Hutchens Holdings II, LLC (Fall River) – $729,528 Development Finance Insurance Fund (“DFIF”) Loan Guarantee**

Mr. Moran described this request for a DFIF guarantee up to $729,528 on a $4,250,000 Bristol County Savings Bank loan to support the expansion of an existing cold storage facility used to store seafood in a Fall River industrial park. MassDevelopment issued a guarantee to this customer on the first phase of this project (construction of the cold storage facility; completed in July 2017) and this guarantee will support the planned second phase of the project (construction of a 44,000 square feet addition to the cold storage facility, which has now reached full capacity). Mr. Moran described the terms of the transaction, including, among others, debt service, site inspections, and more. Mr. Moran noted that the company is also diversifying into the baking and cranberry businesses. 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 $729,528 DFIF Loan Guarantee for Hutchens Holdings II, LLC, as outlined in the memorandum and vote dated December 13, 2018, that are attached and part of the minutes of this meeting.

**20. VOTE – Medumo, Inc. (Boston) – $1,500,000 ETF Working Capital Loan**

Mr. Kenney described this request for a $1.5 million ETF loan to support the salaries of new full-time Medumo employees, as well as growth of the company, which has developed a novel, customizable medical patient-interaction product (called CareTour) to reduce no-shows, cancellations, and under-prepared patients through an individualized messaging system. The product instructs patients regarding compliance with pre- and post-operative activities and has resulted in a 65 percent reduction in inadequately prepared patients and a 35 percent reduction in no-shows or cancelations of scheduled medical procedures. Mr. Kenney described certain terms of the transaction, and he noted the product is HIPPA compliant and is audited annually. When Mr. Morales asked about the intellectual property of the algorithms involved, Mr. Kenney said that Medumo has taken steps to protect its property rights. 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 $1,500,000 ETF Loan to Medumo, Inc., as outlined in the memorandum and vote dated December 13, 2018, that are attached and part of the minutes of this meeting.

**21. VOTE – Leverage for Charter School Guarantee Program Fund 4**

Ms. Canter described this request to allow leverage of the Charter School Loan Guarantee Program’s new Fund Four by two times, thereby allowing the Agency to write guarantees totaling up to two times the available cash balance in the Fund, similar to and consistent with a Board vote in May 2015 to leverage Funds Two and Three. Ms. Canter noted the minimal risk involved in this Program and, when the Chair asked what the pipeline looks like, she advised that not many new charter schools are coming along and the current pipeline is about $6 million. 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 allow leverage of the Charter School Loan Guarantee Program’s new Fund Four, as outlined in the memorandum and vote dated December 13, 2018, that are attached and part of the minutes of this meeting.

**22. Emerging Technology Fund Presentation**. Ms. Canter noted this presentation was prepared in response to a request by Mr. Attia for information about the ETF Program. She gave an overview of the Program, noting that ETF transactions are labor intensive and involve substantial portfolio work; further, the ETF Advisory Committee sees every loan request before such request(s) come to this Board. Ms. Canter then introduced Mr. Kenney, who described various uses for ETF loans, including machinery and equipment, expansion and build-out, and more; he said ETF Loans often support “people needs.” Mr. Kenney described typical ETF borrowers as “teenage” companies, neither start-ups nor mature businesses. He described the Program’s strategy to take warrants for future equity interests in return for grant funding. A discussion then ensued about the venture capital-like structure of the ETF and Mr. Kenney advised that the Fund is going to sustain some losses from time to time – that’s the nature of this business. But, he confirmed that the ETF is currently approximately $10 million above its original capitalization, including losses. He also described the $5 million carve-out of the ETF for MassVentures and noted investments thereby in nine start-up companies. When asked, Ms. Canter advised that the strategy for the ETF is to continue investing until there is a constraint on the amount of capital available, and Mr. Kenney noted that all revenue from the Program is returned back to the Fund.

**Community Development**

**23. Delegated Authority Report for Community Development Approvals (October 2018)**. For informational purposes only, the Delegated Authority Report regarding Community Development 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, December 11, 2018.

**24. 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.

**25. VOTE – Devens – Residential and Commercial Tax Shift Factors for
Fiscal Year 2019**

Mr. Gerlin explained this request for approval of the tax rates and residential and commercial shift factors that will be used in setting FY2019 tax rates for Devens and for authorization to impose the residential and commercial tax rates correlating therewith upon recommendation of the Devens Board of Assessors and approval of the Commissioner of Revenue. He reminded the Board that Devens has a split tax structure where different rates apply to the residential, commercial, and industrial tax classes. This is due to the commercial/industrial class consisting of the vast majority of the total assessed property valuation versus residential property. With respect to this type of dual tax rate, Ms. Maltese noted staff must be mindful that the differential between residential and commercial rates can become a limitation on economic growth and she cautioned against such a “slippery slope.” Mr. Gerlin stated the tax rates for FY2019 represent an increase in the residential rate (of 2.55%) and in the commercial and industrial rates (of 2.98% and 3.38%, respectfully); further, he noted there is a tax levy reserve of approximately $6.2 million. 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 tax rates and residential and commercial shift factors used in setting the FY2019 tax rates for Devens and authorization to impose the residential and commercial tax rates correlating therewith, as outlined in the memorandum and vote dated December 13, 2018, that are attached and made a part of the minutes of this meeting.

[*Secretary’s Note: The Chair informed the Board members their signatures are required on a Classification Tax Allocation form certifying that this hearing and vote occurred, in connection with the approval above, to be provided to the Massachusetts Department of Revenue, Bureau of Accounts; he noted the form was being circulated for signatures at this time.*]

**26. VOTE – Devens – Request for Delegated Authority to Execute Master Power Supply Agreement Confirmations**

Mr. Moore described this annual request to delegate authority to the President and CEO of the Agency to enter agreements from time to time to purchase future electric power supply load requirements for Devens. Mr. Moore reminded everyone that such pre-approved contracts have been in place since 2013 (there are currently six such agreements in place), thereby allowing staff to respond quickly to opportunities to lock in rates for blocks of energy when necessary. It was noted that all costs and/or savings resulting from these agreements pass through the Devens community, and the goal is to stay as competitive as possible. 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 President and CEO to execute certain transaction confirmations under existing Master Power Supply Agreements between January 1 and December 31, 2019, as outlined in the memorandum and vote dated December 13, 2018, that are attached and made a part of the minutes of this meeting.

Mr. Morales asked if anything had been done to address the concerns recently expressed by Devens residents (at Board meeting in Devens in October) regarding traffic issues. Mr. Ruzzo advised that a traffic study has been completed and analyzed, and the findings of the study will be presented and recommendations to address those findings will be made at a public meeting at the Devens Commons in January.

**27. Transformative Development Initiative (“TDI”) – Program and District Highlights.** Mr. Koretz began the presentation, that is attached and made a part of the minutes of this meeting, by asking the four new TDI Fellows – all present today – to introduce themselves, and they did: Carlos Matos (Chelsea); Francisco Torres (Fitchburg); Jessica Martinez (Lawrence); and Ivette Olmeda (Worcester). Mr. Koretz noted the rather large group of ten TDI Fellows works very well together. He advised that the TDI program is refining co-investment models (pps. 4, 5 of the presentation) and cited examples thereof (pps. 6, 7). Mr. Koretz said the Fellows act as conduits through which information regarding economic development tools and resources is passed on to communities, and again he cited examples (pps. 9 – 16). Finally, Mr. Koretz was pleased to note that already some projects in this young TDI Program have shown that progress continues to grow even after the Fellows complete their work.

When asked if there was any overlapping of newly named Opportunity Zones with TDI Districts and/or Gateway Cities, it was noted there is considerable overlap and these programs serve many of the same communities, in varying ways. Mr. Kavoogian said the Fellows need to be as educated as possible regarding all economic development tools (at the local, state, federal levels, and more) so they can advise the people in their Districts about these tools and all available resources.

At this time, the Chair stated that 50 percent of all the Administration’s economic development dollars, including TDI and other programs, go to Gateway Cities. He then advised that Wayfair recently approached the Administration about expanding its operations over the next few years and he was pleased to announce that, after negotiations, the company will establish a 300+ person call center in Pittsfield.

**28. 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 noted that the last major expense at the ***Myles Standish Industrial Park, Taunton*** – roadwork in connection with Route 140 – is underway and the project is nearing completion. He advised that the Agency could begin pulling dollars out of project reserves soon, and the Chair suggested compiling a Project Closing Report to address lessons learned and other relevant issues. Mr. Henderson said there is much work to do with respect to the ***State Piers***, noting that Gary Walker now has responsibility to oversee the Piers. At ***1550 Main Street, Springfield***, Mr. Henderson advised of negotiations with the school department regarding “market rate” rent. In ***Devens***, Mr. Henderson noted the following: Quiet Logistics is expanding; a closing is anticipated soon for the next phase of the Emerson Green housing project; hearings recently held regarding the rezoning of Vicksburg Square have been very positive and additional meetings are taking place next week. In connection with the ***Site Readiness Program***, an application deadline yesterday saw 17 responses, and staff is sorting through and vetting them.

**Miscellaneous: Old Business / New Business**

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

There being no further business before the Board of MassDevelopment, the Board Meeting was adjourned at 11:36 a.m.