

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
Thursday, November 9, 2023
10:00 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair
Brian Kavogian, Vice Chair
Jessica Andors
Gary Campbell
Kaitlyn Connors
Joan Corey
Juan Carlos Morales
Juliann Thurlow
Dan O’Connell
Kristina Spillane

DIRECTORS ABSENT: None

Agency Staff: Dan Rivera, President and CEO
Theresa Park, Deputy Director and SEVP
Simon Gerlin, Treasurer and CFO
Sean Calnan, Acting General Counsel
Tania Hartford, EVP, Real Estate
Cyndy Tonucci, Interim EVP, Finance Programs
David Abdo, Chief of Staff
Victoria Stratton, Recording Secretary
Kendall Cardwell, Sr. Project Engineer
Mike Mitchell, VP, Real Estate
Eleni Varitimos, VP, Community Development

Guests: Louis Ricciardi, President, Taunton Development/
MassDevelopment Corporation (“TD/MDC”)
Victor Santos, VP, Treasurer, TD/MDC
Dick Shafer, Project Manager, TD/MDC
Ashley Stolba, Undersecretary of Community Development,
Executive Office of Economic Development (“EED”)

A meeting of the Board of Directors of Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, November 9, 2023, at the Agency’s offices at 99 High Street, Boston, Massachusetts, pursuant to notice duly given.

The Chair welcomed everyone and, confirming the presence of a quorum in the room, called the meeting to order at 10:02 a.m. She asked if there were any guests and there were only those identified.

MISSION MOMENT

- **President/CEO's Report**

Mr. Rivera reported the following highlights:

Devens. Board members were reminded of last month's Board meeting, which took place in Devens where everyone heard from certain residents about issues regarding the Now Communities Emerson Green housing project. To that end, a meeting took place yesterday between principals of MassDevelopment and the developer/builder to discuss these issues and Mr. Rivera was pleased to let everyone know that the developer has agreed to attend a public meeting with residents later this month to hash out concerns. In addition, the Board was thanked for its recent approval to construct a state-of-the-art public safety building, which will open in early 2025; the work has begun and progress has already been made. Finally, the Patton Water Treatment Plant is now operational and the Massachusetts Department of Environmental Protection, or MassDEP, has issued an approval to begin producing treated water. Congratulations to Jim Moore and the Utilities team.

Events. The Healey-Driscoll Administration announced \$164 million in One Stop for Growth projects across Massachusetts, and MassDevelopment oversees six of these programs – including Brownfields, Commonwealth Places, CoWork, Real Estate Technical Services, Site Readiness, and Underutilized Properties; more such announcements will take place in the coming weeks. In addition, the latest round of Cultural Facilities Fund grants – \$3.1 million for 28 cultural institutions – was announced in Pittsfield where Mr. Rivera joined state Sen. Paul Mark, state Reps. Tricia Farley-Bouvier and Smitty Pignatelli, and Pittsfield Mayor Linda Tyer for the celebration. Mr. Rivera recognized Lillian Muñoz and the Cultural Facilities Fund team for their efforts. Staff members also celebrated the groundbreaking of the Fitchburg Arts Community project, where two vacant schools and a former horse stable will be transformed into housing for artists in the City of Fitchburg; this project is the result of 11 years of effort with support from MassDevelopment's Transformative Development Initiative, or TDI, Collaborative Workspace program, the Brownfields Redevelopment Fund, and the Underutilized Properties program. Lastly, MassDevelopment co-hosted a webinar with members of the Mass. Department of Energy Resources regarding the Property Assessed Clean Energy program, or PACE, at which nearly 60 attendees learned how to achieve their clean energy goals for commercial and industrial properties in Massachusetts through PACE program financing for energy improvements and sustainable new construction projects.

Federal Programs. At a recent event in Providence, Rhode Island – sponsored by a collaboration of federal agencies, national and regional philanthropic organizations, and community leaders committed to unlocking opportunities from President Biden's Investing

in America Agenda – Messrs. Rivera and Marrero met funders interested in financing commercial industrial development; the invitation to this event was extended by the Boston Federal Reserve Bank, or FRB, in recognition of MassDevelopment’s strong pipeline and ability to deploy capital in an impactful way. Additionally, the Agency was a proud sponsor and participant in the U.S. Department of Housing and Urban Development’s first Developers of Color Summit, “Shifting the Paradigm through Equity and Access,” at the FRB, where developers of color learned about private and public capital resources and capacity building practices that can be leveraged for business growth.

Agency News. The Executive Team held a quarterly strategic off-site meeting in North Adams in late October. Mr. Rivera recognized the contributions of longtime Devens DPW employees Quintin Burks and Gary Teague, who, after 27 years each, are retiring, with the Agency’s heartfelt thanks.

- **Guest Speaker(s)**

Ms. Mitchell described the history and highlights of the Myles Standish Industrial Park Expansion project in Taunton and, following a slide presentation, a copy of which is attached and made a part of the minutes of this meeting, she introduced Louis Ricciardi, president of TD/MDC, who made brief comments about the success of the project and the collaboration with MassDevelopment.

[Secretary’s Note: Following the presentation above, the guest speakers and Ms. Mitchell departed the meeting, at 10:37 a.m.]

STANDING BOARD COMMITTEES

Origination & Credit Committee

The Origination & Credit Committee did not meet this month.

Real Estate Development & Operations Committee

Mr. Kavogian reported that the Real Estate Development & Operations Committee met on Tuesday, November 7, 2023, for a routine discussion.

Audit & Administration Committee

Ms. Connors stated that the Audit & Administration Committee met this morning to learn the results of the FY2023 audit from the Agency’s audit firm, RSM US, LLP. She described the meeting as straight forward, confirming that the audit is near completion and there are no issues or deficiencies to report. The Chair wanted to know when the Agency last issued a Request for Proposals, or RFP, for a new audit firm, and a brief discussion ensued. Mr. Gerlin advised that an RFP for this purpose was conducted about nine years

ago and staff is and remains pleased with RSM, adding that RSM internally rotates its audit partners on a regular basis. The Chair indicated that good practice suggests that such an exercise should be done about every five years and she said the Agency may want to consider doing so.

CONSENT AGENDA

The Chair asked if there were any questions or issues for discussion regarding the items on the Consent Agenda, and there were none. Noting the removal of the bond to Grove Street Senior Living (Tab 8) from consideration, the Chair asked for a vote to approve all other Consent Agenda items below (Tabs 1 through 7, and 9 and 10), without discussion or opposition, and, upon motion duly made and seconded, by the directors present, it was, unanimously

1. VOICE VOTE – Meeting Minutes (October 12, 2023)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its October 12, 2023 Board meeting, which are attached and made a part of the minutes of this meeting.

2. VOTE – Devens – Master Power Supply Agreements – Delegated Authority to Execute Transactions Confirmations

VOTED: that the Board of Directors of MassDevelopment authorizes the Agency to execute transaction confirmations to secure electric power supply load requirements for Devens, as outlined in the memorandum and vote dated November 9, 2023, which are attached and made a part of the minutes of this meeting.

3. VOTE – Devens – Hospital Road Substation Switchgear Purchase

VOTED: that the Board of Directors of MassDevelopment authorizes the Agency to purchase the necessary switchgear assembly and associated spare parts in connection with the upgrade of the Devens Hospital Road Substation, as outlined in the memorandum and vote dated November 9, 2023, which are attached and made a part of the minutes of this meeting.

4. VOTE – Devens – Reappointment of David Abdo to Devens Board of Assessors

VOTED: that the Board of Directors of MassDevelopment reappoints David Abdo as the Agency's representative on the Devens Board of Assessors, as outlined in the memorandum and vote dated November 9, 2023, which are attached and made a part of the minutes of this meeting.

5. VOTE – Real Estate – Renewal of Smartsheet Advance Contract

VOTED: that the Board of Directors of MassDevelopment authorizes the Agency to expend up to an additional \$400,000 for annual software/license renewals of Smartsheet Advance, as outlined in the memoranda and votes dated November 9, 2023, which are attached and made a part of the minutes of this meeting.

6. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 7, 9 and 11, pointing out the removal of the bond for Grove Street Senior Living (Tab 8), to be considered following the opportunity for discussion, pursuant to Section 8 of Chapter 23G of the General Laws, as amended. There was no discussion or presentation of the bond transactions; there was no opposition.

Bonds: Final Approvals

Final Approval Projects without State 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 Official Action / Final Approval resolution that is attached and made a part of these minutes regarding:

a project of Mass General Brigham Incorporated 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 \$1,300,000,000.

8. This item was removed from consideration.

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

a project of The Wheeler School, in Seekonk, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$11,000,000.

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 Official Action / Final Approval resolution that is attached and made a part of these minutes regarding:

a project of North Suffolk Community Services, Inc., in various Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$10,000,000.

INFORMATIONAL ITEMS

11. Finance & Accounting – 1st Quarter Financials Update

For informational purposes only, the Agency’s 1st Quarter Financials Update is attached and made a part of the minutes of this meeting. There was no discussion of this item.

12. Lending – Delegated Authority Report for Loan Approvals (September 2023)

For informational purposes only, the Delegated Authority Report regarding Loan Approvals is attached and made a part of the minutes of this meeting. There was no discussion of this report.

13. Lending – Summary Portfolio Report

For informational purposes only, the Summary Portfolio Report for Lending is attached and made a part of the minutes of this meeting. There was no discussion of this report.

14. Media Report (October 2023)

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.

EXECUTIVE SESSION

15. Tax Increment Financing Policy (“TIF”) Discussion

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

The Board Secretary advised, at 10:45 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 matters involving the value of real

properties in Massachusetts and terms of potential land valuation, purchases, and leases, the discussion of which in Open Session would have a detrimental effect on the Agency's negotiating position(s). 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 reconvene in Open Session following Executive Session.

[Executive Session held.]

Following the Executive Session, the Chair reconvened the Open Session of this Board meeting at 11:34 a.m.

STRATEGIC DISCUSSION

- **General Fund**

Mr. Gerlin referred to the draft "General Fund Analysis" materials provided to the Board members, copies of which are attached and made a part of the minutes of this meeting, noting that the basic questions before the Board today are – where is our General Fund right now and why is it declining? – and discussion(s) ensued. A brief review of recurring and non-recurring revenues took place, followed by a look at expenses, including salary and fringe, operational costs, program matches, capital improvements, and more. The bottom line is that the Agency expects a \$25 million reduction in its General Fund, or GF, this fiscal year, based on current projections.

A discussion ensued regarding mitigating efforts and the "Bridge to Break Even," as referenced on p. 6 of the materials, including reduced levels in GF lending, and other reductions. When Ms. Connors asked why these particular program reductions are being considered, Mr. Gerlin replied with respect to lending that the Agency "only has so much to lend" and described the other reductions as "low hanging fruit;" Mr. Rivera agreed that the expenses identified are the drivers of the Agency's burn rate. Mr. Morales agreed as well, emphasizing that this is the most important page of the materials, and Board members must keep in mind that MassDevelopment is *not* a for-profit organization; in his opinion, recent interfund transfers represent the biggest challenges for the Agency.

The discussion turned to sustainability and Mr. Morales cautioned that MassDevelopment must move away from the myth that it is self-sustaining. Ms. Thurlow disagreed; she was pleased with the presentation of materials and suggested that the sustainability is there but needs to be identified. She said MassDevelopment needs to figure out what it can do within its mission that's sustainable.

In addition to the Board's basic fiduciary responsibilities – to make sure the Agency can operate – Ms. Andors reminded everyone of MassDevelopment's mission to the Commonwealth. She wondered how much would not happen if not for the Agency's programs and funding, and she asked about legislative strategy.

Mr. Campbell said MassDevelopment is involved in numerous activities and it would be helpful to have a breakdown of ongoing activities and programs along service lines. He later reiterated that more granular information, on a program-by-program basis, would be appreciated. That way, the delta between program costs and expenses could be identified and the Agency could better make its case to the Legislature. Ms. Andors agreed, adding that time spent on a discussion of each program in the Board meetings to come would be helpful, indeed. She suggested, too, that the Agency may need to narrow its focus to better align with the governor's priorities.

Mr. Kavogian pointed out that the Agency did not always have this balance sheet; he noted prior windfalls (i.e., the 100 Cambridge Street project and the General Electric property sale) and commitments made as a result thereof. He stated that if MassDevelopment did not have the surplus from these windfalls, then it would not/could not have funded certain efforts. He suggested that the Agency must decide how large it wants its balance sheet to be now. He also opined that MassDevelopment must be clear about the direction of using its remaining cash while figuring out ways to preserve it.

Mr. O'Connell expressed concern and felt that expenses must be reduced as much as possible, significantly. He said quasi-public agencies like MassDevelopment are viewed as "rich," and one cannot rely on funding from the Administration. He commented that the "windfall days" are over and he would not rule out a recommendation to reduce the size of the Agency. Mr. Morales agreed, noting the loan discussion is easy: you can only lend out what you get back. The more difficult decisions are the ones related to not making interfund transfers. He wondered: how do you stop certain programs and what are the implications of doing so? Ms. Andors suggested that it is a bad idea to "give up the fight before we even have it," with respect to funding from the Administration. Mr. Kavogian agreed, noting that if the governor or the legislature thinks a program is important, they may find a way to fund it. Ms. Thurlow agreed, but suggested MassDevelopment must look for other sources of funding as well. Mr. Rivera suggested, for instance: volume cap funding; federal funding, including the State Small Business Credit Initiative, or SSBCI; tactics to control costs, including a reduction in office space; head count; etc.

When Mr. Morales asked for the current head count number, Mr. Rivera responded, "208." Mr. Kavogian advised that office space and staff numbers should match the needs of the Agency's programs, and Mr. Gerlin suggested that a review of salaries could also be conducted. The Board was advised that nine positions that had been budgeted for will not be filled; a hiring freeze was recommended, and quickly agreed to.

In conclusion, the Chair advised that the Board must decide, philosophically, whether the Agency is self-sustaining or not, which will inform the direction of forthcoming decisions/actions. She welcomed feedback from all Board members and looks forward to continuing this discussion in the months to come.

*Approved:
December 14, 2023*

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 discussion or business before the Board of MassDevelopment, the Board meeting was adjourned at 11:54 a.m.