

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
(Hybrid meeting: *In person and by Remote Participation*)
Thursday, December 14, 2023
10:00 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair (*via videoconference*)
Brian Kavoojian, Vice Chair
Jessica Andors
Gary Campbell
Kaitlyn Connors (*via videoconference*)
Joan Corey
Dan O’Connell
Kristina Spillane (*via videoconference*)
Juliann Thurlow

DIRECTORS ABSENT: Juan Carlos Morales

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
Marcos Marrero, EVP, Community Development
Cyndy Tonucci, Interim EVP, Finance Programs
David Abdo, Chief of Staff
Victoria Stratton, Recording Secretary

Guests: 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, December 14, 2023, by Remote Participation, as well as in person (See Secretary’s Note, below), pursuant to notice duly given.

Noting the Chair’s presence via videoconference and at her request with Ms. Stolba serving as her designee for voting matters, the Vice Chair welcomed everyone and, confirming the presence of a quorum in the room and/or via videoconference, called the meeting to order at 10:11 a.m.

[Secretary’s Note: It was noted that this Board Meeting was taking place in person, as well as remotely – via zoom videoconference – pursuant to Chapter 2 of the Acts of 2023,

as well as the Agency's Remote Participation Policy. Access codes for general public use were included in the Public Notice for this meeting.]

MISSION MOMENT

- **President/CEO's Report**

Mr. Rivera reported the following highlights:

Agency News. Congratulations to MassDevelopment's former EVP for Finance Programs, Laura Canter, upon whom has been bestowed the 2023 national Council of Development Financing Agencies' Lifetime Achievement Award. Ms. Canter was an important leader at the Agency for decades and MassDevelopment continues to offer her its gratitude and appreciation.

Events. Mr. Rivera joined leaders from the Mass Cultural Council, the Massachusetts Office of Travel and Tourism, the Metropolitan Area Planning Council and others at the Peabody Essex Museum to discuss building vital, resilient and thriving communities, as well as the importance of the Commonwealth's cultural and economic development sectors. Staff members joined Secretary Hao and others in numerous One Stop for Growth announcements throughout Massachusetts, including, among others, \$17 million in grant funding for Underutilized Properties and grants for the Commonwealth Places program.

Healey-Driscoll Administration. Lt. Governor Driscoll and Juan Vega, Assistant Secretary for Communities and Programs at EED, joined Dan Rivera and others for the grand opening of the Survival Center in Chelsea, a new facility by La Colaborativa and financed in part by MassDevelopment, to serve the needs of people in Chelsea, Everett and the surrounding areas. In addition, staff has been working closely with the Massachusetts Division of Capital Asset Management and Maintenance, or DCAMM, and others in the Administration to explore opportunities at Joint Base Cape Cod.

Devens. Federal, state and military leaders attended a recent open house for the Public Safety Building. Both Senators John Cronin and Jamie Eldridge are separately convening ongoing meetings to discuss the future of housing development in Devens. On December 7, the annual tree lighting on Rogers Field, was followed by the Devens Fire Department's annual fire prevention workshop and community dinner for residents at the Eisengrein Community Center. Staff wishes to acknowledge the departure of Lt. Reid Bagley, who served the Devens community for several years as both a trooper and as the Officer in Charge; Lt. Keith Pruitt has been named the new Officer in Charge.

STANDING BOARD COMMITTEES

There were no Committee meetings this month.

REQUIRED HEARING MATTER

1. VOTE – Devens – Approval of Residential and Commercial Tax Rates for Fiscal Year 2024

Mr. Gerlin described this annual request for approval of the residential and commercial tax rates for Devens for FY2024, and a brief discussion ensued. He made note of the growth in tax revenue in Devens over the past five years, and advised of certain Tax Increment Financing, or TIF, Agreements that have or will roll off soon. He called attention to the proposed small changes in the tax rates, noting favorable comparisons to surrounding communities, which enhances Devens' ability to attract businesses. Mr. O'Connell wanted to know if the Devens Fund covers all expenses, including staff, and Mr. Gerlin clarified that the taxes and certain other revenues cover all expenses for Devens. The Chair asked for a Profit & Loss information sheet regarding Devens for next month's Board meeting. The Vice Chair asked for a vote and, upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

VOTED: that the Board of Directors of MassDevelopment approves the FY2024 residential and commercial tax rates for Devens, as outlined in the memorandum and vote dated December 14, 2023, which are attached and made a part of the minutes of this meeting.

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. Without discussion or opposition, and, upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

2. VOICE VOTE – Meeting Minutes (November 9, 2023)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its November 9, 2023 Board meeting, which are attached and made a part of the minutes of this meeting.

3. VOICE VOTE – Executive Session Meeting Minutes (November 9, 2023)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the Executive Session minutes of its November 9, 2023 Board meeting, which are attached and made a part of the minutes of this meeting.

4. VOTE – Real Estate – Devens Tax Increment Financing (“TIF”) Policy Update

VOTED: that the Board of Directors of MassDevelopment approves the Amended TIF Policy, as outlined in the memorandum and vote dated December 14, 2023, which are attached and made a part of the minutes of this meeting.

5. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 6 through 9, 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: Official Action

Official Action Project without State Volume Cap Request

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 Neighborhood of Affordable Housing, Inc., in East Boston, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$14,900,000.

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 (“OA/FA”) resolution that is attached and made a part of these minutes regarding:

a project of Grove Street Senior Living LLC in Worcester, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$100,000,000.

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

a project of Veritas Christian Academy, Inc., in Wayland, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$6,500,000.

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

a project of Brandon Residential Treatment Center, Inc., in several central Massachusetts locations, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$3,300,000.

INFORMATIONAL ITEMS

10. Community Development – Quarterly Update

For informational purposes only, Community Development’s Quarterly Update is attached and made a part of the minutes of this meeting. There was no discussion of this item.

11. Lending – Delegated Authority Report for Loan Approvals (October 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.

12. Media Report (November 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.

STRATEGIC DISCUSSION

- **General Fund**

Messrs. Rivera and Gerlin referred to the draft “General Fund Strategy Discussion” materials provided to the Board members, copies of which are attached and made a part of the minutes of this meeting, advising that this presentation is an update of last month’s

presentation and noting key takeaways. Mr. Gerlin stated that recent focus for year-to-date revenue enhancement and expense management include: ensuring that the Agency is collecting all administrative costs that it is due for all of its programs; being thoughtful and precise on staff allocations; imposing an immediate hiring freeze for positions paid from the General Fund (“GF”). In the longer term, MassDevelopment is exploring moving staff positions, when appropriate, from GF positions to Restricted Fund supported positions and leveraging the MassDevelopment/HEFA Trust for select lending opportunities. When asked whether the Trust documents permit such use, the response was yes. A brief discussion of numbers followed: there are just over 200 Full Time Employees, or FTEs, on staff, including Devens Firefighters and DPW employees; total salary and fringe benefit expense is \$26 million, of which the GF supports \$11.5 million. Mr. Gerlin said management is keeping a close eye on the headcount and 9 open non-Restricted Fund supported FTE positions were cut from the FY2024 budget. A reduction in office space is also being examined; the Agency’s current lease at 99 High Street, Boston, expires in June 2025.

Throughout the discussions to follow were references to the Brownfields Fund and its importance to Massachusetts, including its significant impact in preparing previously underutilized sites for housing. There were brief discussions of the Fund’s history, capitalization versus authorization through the Economic Development Bond Bill, the existing pipeline (all of which, it was confirmed, is housing projects), deployment of funds, and more. Mr. Rivera reminded everyone that MassDevelopment self-capitalized the Fund last year with an amount of up to \$10 million from the GF as authorized by the Board, noting, however, that only \$3.5 million has been committed to date; the remaining \$6.5 could be clawed back, if necessary. When asked what happens to projects if the Fund is not recapitalized, Ms. Andors advised that projects will halt and/or be placed in a holding pattern, and she opined that as a result, it will be necessary for the non-profit fund recipients to increase rates, rents, and the like; Mr. Marrero said it depends on the project and/or developer. He said the majority of Brownfields funding is expended on projects that are underway already and hit a snag. Ms. Andors felt there should be a more specific strategy for Board member actions regarding the Brownfields Fund; she suggested “workshopping” this topic at a Board meeting soon. Ms. Stolba said it would be helpful if information regarding active projects, pipeline, etc., could be provided to Board members in advance of such a discussion.

Mr. O’Connell went on the record to state that the Legislature is irresponsible if it does not capitalize the important Brownfields program. He suggested that the Legislature needs to know that MassDevelopment has done its part in successfully managing the Fund for many years (since inception in 1998; it was last recapitalized by the Legislature in 2014), to the point of self-funding it, and it simply cannot continue without Legislative support. Noting the “tight” Legislative session, Mr. O’Connell said the funding request must be for as much as can be allowed. Mr. Campbell agreed that the Fund is not sustainable, long term, without Legislative funding; he suggested there also needs to be a plan for longevity and continuity.

Before discussing FY2025 and beyond and reminding everyone that information about the impacts of the Commonwealth’s Economic Development Bond Bill will not be known until

at least June, Mr. Kavoojian wanted to know if there are meaningful actions that MassDevelopment can take now that will impact the 2024 Fiscal Year end. With respect to the Brownfields Fund, specifically, and to preserve the uncommitted \$6.5 million therein, he suggested a granular approach, for now (pending a conversation with Legislators), and recommended that all new Brownfields funding be paused immediately and all requests or “asks” therefor must come before the Board for review on an individual basis. Upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

VOICE VOTED: that the Board of Directors of MassDevelopment approves the recommendation as described above regarding the Brownfields Fund.

With respect to Lending, Ms. Tonucci advised that \$2 million less cash went out the door last month than came in, as of October 31. In addition, the Lenders are speaking with borrowers regarding clawbacks on certain project commitments. When asked if the Agency is rescinding commitments, Ms. Tonucci clarified that only such projects that are not proceeding are being approached. When Ms. Thurlow asked if any loans are maturing, Ms. Tonucci advised of one in April 2024.

A discussion ensued regarding funding for the Transformative Development Initiative, or TDI, its history, and more. It was noted that the Agency initially funded this program with proceeds from the sale of 100 Cambridge Street, Boston, in 2015, and property on Fort Point Chanel to General Electric in 2018. While originally conceived as a state-funded program, it was later cut from a previous Administration’s budget under Rule 9C. Ms. Andors asked for program information regarding its economic impact. It was agreed that a list of relevant bullet points would be helpful.

Next, there was a discussion of the Economic Development Bond Bill, including timing and actual filing date(s), and Mr. Rivera said he will circulate a copy of the draft Bill for the benefit of anyone who has not seen it. Ms. Stolba said that EED has been and continues working with the Executive Office of Administration and Finance, or ANF, on what the final language will look like. There is an ANF piece and a Legislative piece and the final Bill is due at the end of the first quarter (by March 31, 2024). Ms. Connors concurred. She also confirmed that about \$2 million is earmarked for the Brownfields Fund in the Bill annually, although this year it received only \$1.3 million. She said it is on the radar for FY2025; it is included in the Bill currently and will be discussed. The Chair advised that there is not a lot of funding for everything in the Bill, but Ms. Stolba and Ms. Connors agreed that the importance of the Brownfields Fund has and is being heard.

In addition, Mr. Kavoojian pointed out that when developers learn that Brownfields funding is being halted, their independent advocacy to Legislators and others will bolster MassDevelopment’s request that the Legislature recapitalize the Fund. Ms. Thurlow said this sounds responsible, and Ms. Corey said it also builds upon MassDevelopment’s story. Mr. Campbell agreed that MassDevelopment must start telling its story: that the Agency has exceeded its allocation and Brownfields funding is absolutely necessary in order for important housing projects to continue – in furtherance of the stated goals of Governor

*Approved:
January 11, 2024*

Healey and the Executive Office of Housing and Livable Communities. The Chair advised that the governor is aware of the status of the Brownfields Fund and suggested that it might be a good idea to also develop criteria for deciding what types of projects to fund and why. Mr. Rivera suggested including information regarding the impacts and strain on such projects in the absence of said funding.

Attention turned to the proposed Action Plans and Mr. Gerlin said Plan A is where the Agency would like to be. This would include recapitalization of the Brownfields Fund (for a desired \$40 million, which would also reimburse MassDevelopment's recapitalization of the Fund last year and ensure its continuation); relief of matching grants in the One Stop program of \$4.75 million for FY2025 and onward; an \$8 million credit in FY2025 for TDI, to support current District work and an additional \$500,000 per District per year going forward. In addition, MassDevelopment has requested an allocation of Volume Cap in the amount of \$450,000,000. Under Plan B, if none of the Plan A requests are realized, there would be no new Brownfields projects funded, and the TDI program would be unsustainable. Reductions in Agency personnel, operations, and programs would all be on the table. The Vice Chair requested that two sets of preliminary, pro forma budgets be prepared – for discussion purposes only – at next month's Board meeting: one pro forma budget related to Plan A and one for Plan B.

MISCELLANEOUS: OLD BUSINESS / NEW BUSINESS

The Chair asked if there was any new or old business to consider, and Mr. Calnan asked the Board to advance a motion to appoint Secretary Hao as a member of the Agency's Compensation Committee. Accordingly, upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

VOICE VOTED: that the Board of Directors of MassDevelopment appoints Secretary Hao to the Compensation Committee.

There being no further discussion or business before the Board of MassDevelopment, the Board meeting was adjourned at 11:54 a.m.