

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
(Hybrid meeting: *In person and by Remote Participation*)
Friday, April 26, 2024
10:00 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair
Brian Kavogian, Vice Chair (*via videoconference*)
Jessica Andors
Gary Campbell (*via videoconference*)
Kaitlyn Connors
Juan Carlos Morales
Dan O’Connell
Juliann Thurlow

DIRECTORS ABSENT: Joan Corey
Kristina Spillane

Agency Staff: Theresa Park, Deputy Director and SEVP
Simon Gerlin, Treasurer and CFO
Sean Calnan, Acting General Counsel
Tania Hartford, EVP, Real Estate (*via videoconference*)
Marcos Marrero, EVP, Community Development
Cyndy Tonucci, Interim EVP, Finance Programs
David Abdo, Chief of Staff
Victoria Stratton, Recording Secretary
George Durante, TDI Senior Fellow (*for Strategic Discussion only*)
Anabelle Rondon, TDI Director (*for Strategic Discussion only*)

Guests: Ashley Stolba, Undersecretary of Community Development,
Executive Office of Economic Development (“EED”)

A Meeting of the Board of Directors of the Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Friday, April 26, 2024, by Remote Participation, as well as in person (See Secretary’s Note, below), pursuant to notice duly given.

The Chair welcomed everyone and, confirming the presence of a quorum in the room and via videoconference, called the meeting to order at 10:05 a.m. She asked if there were any guests in attendance in addition to Undersecretary Stolba, and there were none. The Chair

apologized for rescheduling this April Board meeting and expressed her appreciation to the Board members for their understanding and flexibility.

[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.]

STANDING BOARD COMMITTEES

Audit & Administration Committee

Ms. Connors reported that the Audit & Administration Committee met on Wednesday, March 27, and Thursday, April 11, 2024, to discuss the recent Agency audit and findings and financial statements (at Tab 22, below), as well as the recent STAR Fund audit. She began with a briefing of the March 27 meeting, reminding everyone that in November 2023 the Agency's audit firm, RSM US LLP, had indicated that audited financial statements expressing a clean audit with no findings would be issued. Months later, when no such statements were forthcoming, the Committee met to discuss the status thereof. The Committee learned that, due to changes in the staff of the Agency's team at RSM, a disagreement arose over the interpretation of a particular accounting standard – GASB 91 – which resulted in the issuance of financial statements with a “clean audit,” technically, but one that included a disclaimer in the footnotes describing the disputed interpretation. Ms. Connors reminded the Board that the issuance of a Request for Proposals, or RFP, for audit services had also been suggested by the Board Chair several months prior to the audit's conclusion. The review of three responses to the RFP is underway, currently, and the Committee Chair advised that another Committee meeting will be necessary before the fiscal year end to select a new audit firm to replace RSM. She then advised that the April 11 meeting concerned two items: the STAR Fund and the Ernst & Young audit thereof. Ms. Connors was pleased to report that the STAR Fund continues to grow and there are no concerns and no issues related to the STAR Fund audit.

CONSENT AGENDA

After a moment of consideration, the Chair asked if there were any questions or issues for discussion regarding the items on the Consent Agenda; two items were discussed as indicated below. Following discussion and without opposition, and, upon motion duly made and seconded, by a roll call of the directors present and/or on the videoconference, it was, unanimously

1. VOICE VOTE – Meeting Minutes (March 14, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its March 14, 2024 Board meeting.

[Secretary's Note: The Chair and Ms. Andors abstained from the above vote, having not attended the March 14, 2024 Board meeting.]

2. VOICE VOTE – Meeting Minutes (February 8, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its February 8, 2024 Board meeting.

3. VOICE VOTE – Executive Session Meeting Minutes (February 8, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the Executive Session minutes of its February 8, 2024 Board meeting.

4. VOTE – Lending – La Colaborativa, Inc. (Chelsea) – Guarantee on Eastern Bank Loan and Reapproval of Increase to Existing Mortgage

VOTED: that the Board of Directors of MassDevelopment approves the guarantee and reapproval for La Colaborativa, as described in the memorandum and vote dated April 26, 2024.

5. VOTE – Community Development – Cultural Facilities Fund – Round 16 Grant Awards

VOTED: that the Board of Directors of MassDevelopment approves the grant awards identified in Round 16, as described in the memorandum and vote dated April 26, 2024.

6. VOTE – Community Development – MassDevelopment/HEFA Charitable Trust – Recommendation for a Community Health Centers Decarbonization Pilot

Ms. Andors asked for a better understanding of this program, which, in her opinion, does not seem like a good use of dollars when compared to previous use(s) of funds to support the industry. Mr. Marrero explained how this new community health centers (“CHC”) program, which is in the testing phase only and is not as yet permanent, may better position CHC buildings to meet the 2050 climate goals set and identified as a priority by the federal government. An important component of this pilot is technical assistance, and Mr. Marrero compared the “old” CHC program, which he said has been getting smaller and smaller, to this new climate initiative, noting that taking a portion of what the Agency is already spending can make a greater impact on CHCs, while also building upon their and MassDevelopment’s credibility. Without opposition, 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 community health centers decarbonization pilot program, as described in the memorandum and vote dated April 26, 2024.

7. VOTE – Community Development – Transformative Development Initiative (“TDI”) – Transfer of Funds to the Massachusetts Housing Finance Agency (“MassHousing”) for the Neighborhood Stabilization Program

VOTED: that the Board of Directors of MassDevelopment approves the transfer of funds to MassHousing for the Neighborhood Stabilization Program, as described in the memorandum and vote dated April 26, 2024.

8. VOTE – Devens – Contract with BSC Group, Inc., for Design, Permitting and Construction Administration Services related to the Permanent Lovell Road Bridge Replacement

VOTED: that the Board of Directors of MassDevelopment approves the design, permitting and construction administration services contract with BSC Group, Inc., related to the Lovell Road Bridge replacement, as described in the memorandum and vote dated April 26, 2024.

9. VOTE – Devens – Contract with Energy New England for Power/Gas Supply Administrative Services

VOTED: that the Board of Directors of MassDevelopment approves the contract with Energy New England for power/gas supply services, as described in the memorandum and vote dated April 26, 2024.

10. VOTE – Devens – Contract with Principal Assessor

VOTED: that the Board of Directors of MassDevelopment approves the contract for principal assessor services in Devens, as described in the memorandum and vote dated April 26, 2024.

11. VOTE – Real Estate – Underutilized Properties Program (“UPP”) – Grant to 2 Ionic Avenue (Worcester)

When asked to do so, Mr. Marrero walked the Board members through the reorganization of the capital stack in this transaction. He identified the gap financing necessary to advance the project and the Agency’s ability to fill that gap, noting certain aspects of the transaction were complicated by timing issues that MassDevelopment could also address. Without opposition, 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 UPP grant to 2 Ionic Avenue, Worcester, as described in the memorandum and vote dated April 26, 2024.

12. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 13 through 21, 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

13. VOTE – Bond – Lighthouse Personalized Education for Teens, Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution regarding:

a project of Lighthouse Personalized Education for Teens, Inc., in Holyoke, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$2,000,000.

Official Action Project with State Volume Cap Request

14. VOTE – Bond – DKA Realty, LLC / Sinicon Plastics Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution regarding:

a project of DKA Realty, LLC / Sinicon Plastics Inc., in Pittsfield, Massachusetts, for the issuance of a Tax-Exempt Industrial Development Bond to finance such project in an amount not to exceed \$6,000,000.

Bonds: Final Approvals

Final Approval Projects without State Volume Cap Requests

15. VOTE – Bond – Brandeis University

VOTED: that the Board of Directors of MassDevelopment approves and adopts the Official Action / Final Approval (“OA/FA”) resolution 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 \$145,000,000.

16. VOTE – Bond – CHF Merrimack, Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the OA/FA resolution regarding:

a project of CHF Merrimack, Inc., in Andover and North Andover, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt and Taxable Bond to finance such project in an amount not to exceed \$110,000,000.

17. VOTE – Bond – Conservatory Lab Foundation, Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the OA/FA resolution regarding:

a project of Conservatory Lab 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 \$18,000,000.

18. VOTE – Bond – Sherrill House, Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the OA/FA resolution regarding:

a project of Sherrill House, 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 \$6,630,000.

19. VOTE – Bond – Springfield Day Nursery Corporation, d/b/a Square One

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution regarding:

a project of Springfield Day Nursery Corporation, d/b/a Square One, in Springfield, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$6,000,000.

20. VOTE – Bond – Gándara Mental Health Center, Inc.

VOTED: that the Board of Directors of MassDevelopment approves and adopts the OA/FA resolution regarding:

a project of Gándara Mental Health Center, 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 \$1,350,000.

Final Approval Project with State Volume Cap Requests

21. VOTE – Bond – Catalyst Housing LLC

VOTED: that the Board of Directors of MassDevelopment approves and adopts the resolution regarding:

a project of Catalyst Housing LLC, in Lynn, Massachusetts, for the issuance of a Tax-Exempt Bond to finance such project in an amount not to exceed \$7,520,000.

INFORMATIONAL ITEMS

22. Finance & Accounting – Audited FY2023 Financial Statements

For informational purposes only, the Audited Financial Statements for FY2023 were included in the meeting materials. There was no discussion of this item beyond the update from the Audit & Administration Committee Chair earlier in this meeting.

23. Finance & Accounting – Financial Update through February 29, 2024

For informational purposes only, the Financial Update through the month of February were included in the meeting materials. There was no discussion of this item.

24. Community Development – Quarterly Report

For informational purposes only, the Quarterly Report for Community Development were included in the meeting materials. There was no discussion of this item.

25. Community Development – TDI – Additional TDI Equity funding for project at 44 Troy Street, Fall River

For informational purposes only, material regarding additional TDI funding for a project at 44 Troy Street, Fall River, was included in the meeting materials. There was no discussion of this item.

26. Lending – Delegated Authority Reports for Loan Approvals (January and February 2024)

For informational purposes only, the Delegated Authority Reports regarding Loan Approvals for the prior two months were included in the meeting materials. There was no discussion of this report.

27. Media Reports (February and March 2024)

For informational purposes only, the Selected Press Clips, Media Report and Web Statistics for the previous two months were included in the meeting materials. No discussion of these items took place.

MISCELLANEOUS: OLD BUSINESS / NEW BUSINESS

The Chair asked if there was any new or old business to consider. She referenced an email Dan Rivera sent to all Board members and staff this morning submitting his resignation as MassDevelopment’s Executive Director and President/CEO, effective at 5 p.m. today. The Chair said Mr. Rivera is excited to see what lies ahead for him, and the Healey/Driscoll Administration is grateful for his leadership of the Agency. She explained that Mr. O’Connell would resign from the Board momentarily, so that he may accept the position of Acting Executive Director and President/CEO while a search firm is engaged to find a permanent replacement.

Ms. Andors felt that Mr. Rivera had done a great and equitable job and was making a real impact on Gateway Cities, in particular, which she expressed will be missed. She commended his leadership, noting that MassDevelopment was doing important, creative and constructive things, and that the numbers have improved in recent months. She wanted to hear about the Administration’s direction for the Agency, given Mr. Rivera’s departure. The Chair confirmed that there would be no fundamental change in the Agency’s direction or mission. Monday will mean “business as usual” with no changes to the strategic plans. Rather, MassDevelopment will continue to accelerate the important programs, plans and initiatives that Mr. Rivera began. There then ensued a brief discussion regarding the leadership transition’s impact on the Agency’s budget process and assumptions, and Mr. Gerlin advised that the first round is complete and the process is on track for presentation and approval of the FY2025 budget at the June Board meeting.

When asked about process with respect to the transition, the Chair advised that the first step will be to retain a search firm; the Administration is looking at the firm currently working with MassPort and the Convention Center. A spec will be drafted next, based on interviews with MassDevelopment staff at all levels. Next, a wide net will be cast over a broad, diverse group for candidates, and this group will be narrowed to acceptable candidates. The Chair said she anticipates an accelerated process for this attractive position.

Mr. Morales advised that this will be the Agency’s third CEO during his tenure on the Board and he was saddened to hear of Mr. Rivera’s decision to leave. He said he is grateful for Mr. Rivera’s accomplishments and acknowledged that “change is hard.” Mr. Campbell echoed Mr. Morales’ sentiments, noting he sees potential in building upon what’s already been started. Mr. Kavooogian agreed; he was grateful for Mr. Rivera’s accomplishments and looks forward to the next chapter. He said the Board will continue to figure out the Agency’s financial challenges, and he is ready to be supportive and helpful.

VOTE – Resignation(s) and Appointment of Acting Executive Director and President/Chief Executive Officer of MassDevelopment

Mr. O’Connell stated for the record that his resignation from the MassDevelopment Board of Directors would take place as of 5 p.m. today. The Board Secretary read a Resolution dated April 26, 2024, into the record 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: (1) accepts the resignation of Mr. Rivera as MassDevelopment’s Executive Director and President/CEO; (2) accepts the resignation of Mr. O’Connell from the Agency’s Board; and (3) appoints Mr. O’Connell as Acting Executive Director and President/CEO, all as described in the Resolution dated April 26, 2024.

[Secretary’s Note: Mr. O’Connell stepped out of the meeting room at 10:27 a.m. and did not participate in the above discussion; he returned to the room at 10:36 a.m., tendered his resignation as a member of the MassDevelopment Board and stepped out of the room again at 10:37 a.m.; he did not participate in the vote on the matter and returned to the meeting room upon its conclusion at 10:40 a.m.]

STRATEGIC DISCUSSION

- **Community Development – TDI Program Briefing**

Mr. Marrero offered some history of the TDI program’s origins, noting that the prosperity of mill cities in the 19th century, followed by de-industrialization in the twentieth century, has resulted in today’s Gateway Cities, known for large immigrant communities, housing and density, and small businesses and job opportunities. He noted that advocacy efforts for state investments into such communities in 2014 resulted in the 2015 legislation that originally funded the TDI program, while Rule 9C cuts in later years challenged the program’s continuation.

Mr. Marrero called the TDI program unique. He stated that TDI is not transactional; rather, the program provides an engaged commitment dedicated to solving a series of problems/issues that encumber economic opportunities in Gateway Cities. While program Fellows are its central feature, the program’s toolbox also includes, among other options: Technical Assistance (planning and guidance); ongoing networking; TDI Local (grants to

foster business, resident and property owner engagement); TDI Equity (a gap-filler for real estate projects); and the ability to leverage investments, which is a key component. Case studies were provided next, including: freight farms in Holyoke; PROVA parties in Brockton, resulting in the establishment of a brewery and 400+ units of housing; the innovation corridor in Lowell; and more.

A brief discussion then ensued regarding the current status of the TDI program, and Mr. Marrero noted that a second tranche of funding from the Barr Foundation is committed through September 2025. When asked what happens in 2026, Mr. Marrero responded that decisions must be made.

When questioned about the relationship with the Barr Foundation, Mr. Marrero said the Agency enjoys a good relationship with the Barr Foundation, which has recognized the TDI's ability to identify gamechangers. He explained, further, that one "can throw tons of money at a community" but the funds cannot be deployed meaningfully without the appropriate people in place to make connections. Ms. Rondon interjected that many, many such connections have been made as a result of the TDI's strategic redirection in 2018 into Gateway Cities.

Ms. Andors was excited to learn about the successful "network organizing." She wondered if there is a way to identify the tax impacts of the TDI program. Mr. Marrero said such data can be difficult to stitch together, and staff is working on establishing a database and determining what criteria to include. Ms. Rondon confirmed this, advising that the goal of advancing the program to the national level can only be done through data, and MassDevelopment is working with its consultant, Cambridge Econometrics, on a report of this nature, which will be shared with the Board when complete. Mr. O'Connell was impressed with the impact of the TDI program to date and said he looks forward to further updates.

EXECUTIVE SESSION

28. Informational – Real Estate – Joint Base Cape Cod Update

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

29. Informational – Real Estate – Chapter 40B Update

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

30. Informational – Real Estate – Sherman Square Update

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

31. Informational – Real Estate – Lease Update

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

32. Informational – Real Estate – MBTA Lynn Garage Update

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

The Board Secretary advised, at 11:23 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 various Massachusetts locations, 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 not reconvene in Open Session following Executive Session.

[Executive Session held.]

There being no further discussion or business before the Board of MassDevelopment, the Board meeting and its Executive Session were adjourned in Executive Session at 11:36 a.m.