

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Meeting of the Board of Directors
(Hybrid meeting: *In person and by Remote Participation*)
Thursday, June 13, 2024
10:30 a.m.**

MINUTES

DIRECTORS PRESENT: Yvonne Hao, Chair
Jessica Andors
Joan Corey
Bran Shim
Kristina Spillane (*via videoconference*)
Juliann Thurlow

DIRECTORS ABSENT: Brian Kavogian, Vice Chair
Gary Campbell
Juan Carlos Morales

Agency Staff: Dan O’Connell, Acting President/CEO
Simon Gerlin, Treasurer and CFO
David Abdoo, Chief of Staff
Victoria Stratton, Recording Secretary
Lisa Kalinowski
Destinee Neal
Kelsey Schiller

Guests: Meggie Quackenbush, Director of Communications,
Executive Office of Economic Development (“EED”)
Ashley Stolba, Undersecretary of Community Development,
EED
1781****853 (unknown caller)
1781****854 (unknown caller)
1857****897 (unknown caller)
1978****143 (unknown caller)

A Meeting of the Board of Directors of the Massachusetts Development Finance Agency (“MassDevelopment” or the “Agency”) was held Thursday, June 13, 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 10:34 a.m. She asked if there were any guests in attendance in addition to Undersecretary Stolba and Ms. Quackenbush, and the three parties attending by telephone did not speak or introduce themselves.

[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.]

GENERAL

1. Finance & Accounting – Agency FY2025 Operating and Capital Budget

The Chair advised that she would like to “dive into” the Budget discussion today but would prefer to hold off on approving the Budget until more Directors are present to do so. She requested that no vote be taken today on this matter. Accordingly, Mr. Gerlin led the discussion and a presentation, provided as part of the June Board materials.

With respect to what the Agency is doing / funding currently (p. 1 of the presentation), Mr. Gerlin mentioned – in addition to numerous restricted fund programs – the following projects: urgent repairs to the North Wharf at New Bedford State Pier; ongoing development in Belchertown (mostly funded through grants); planned activities at Joint Base Cape Cod; others. The Chair found the summaries provided in the presentation materials and outlined by Mr. Gerlin to be helpful and suggested that it would also be helpful to see the year-to-year progression/comparison of Agency projects and programs, to better understand how they are trending.

Mr. Gerlin advised that MassDevelopment is very much still in the lending business (p. 4), specifically, with respect to the Emerging Technology Fund (“ETF”), the State Small Business Credit Initiative (“SSBCI”) and the General Fund. The Chair made the same request as above, reiterating that it would be helpful to understand how these loan programs are trending, year-to-year.

Most of the Agency's capital funding (p. 6) is related to ongoing operations in Devens, including the new Public Safety Building and preparing Salerno Circle for a large-scale project. Mr. O'Connell advised that only two slabs remain to be remediated at Salerno Circle, and there is a high level of interest in this property. Upgrades to Devens Utilities are necessary to meet the requirements of the Agency's tenant users.

Mr. Gerlin referred to the Consolidated Comparative Statement of Revenue and Expenses as “basically, the P+L,” and a discussion ensued regarding how the projections for the fourth quarter of FY2024 were calculated, and projected numbers versus actuals. Mr. Gerlin advised that the budget process begins in March, annually, so the FY2025 budget is informed by actual expenditures from most of FY2024 with some projections. Typically, the Agency will come back to the Board for reapproval of an adjusted FY2025 budget, if and as adjustments become necessary. Again, the Chair commented on the projections versus actuals, the delta between the two, knowing which numbers are assumptions and which numbers change, understanding the logic behind the budgeted amounts, and so forth;

she related that it would be helpful to understand, for instance, “How does p. 3 map to p. 7?” Mr. Gerlin explained that, as is often the case, the variances are frequently timing related. Mr. O’Connell stated that FY2024 was a strong year for Investment Banking (i.e., bond transactions) and Mr. Gerlin advised that the Agency budgets conservatively on bonds.

Regarding the graphic on p. 10, Mr. Gerlin made reference to important investments, including, among others, the Transformative Development Initiative (“TDI”), Brownfields, Belchertown, and various other grant programs. The Chair asked how the projection changed from \$20.3 million to \$42.3 million, and a brief discussion ensued. When Mr. Gerlin advised the numbers were based on recent Board conversations to not continue certain program funding, the Chair advised that it is important to have discussions regarding these types of intentional decisions.

Next, a discussion ensued regarding recapitalization of the Brownfields Fund and related timing issues and gap funding. Ms. Andors stated that both Brownfields and TDI offer “short funding for long term gains.” Mr. O’Connell agreed that small TDI grants can be very impactful. The Chair noted that the decision(s) to continue certain program(s) – like these and others – are “real choices to be made.” Mr. O’Connell said the Agency needs to determine a bottom-line figure; in doing so, Ms. Thurlow reminded everyone to include loan losses, and other similar considerations.

Regarding budget highlights (p. 13), Mr. Gerlin referred to the Property Assessed Clean Energy program (“PACE”) as a “wildcard,” that could generate significant revenue. Mr. O’Connell called the regulations of the PACE program “challenging,” but noted these are federal dollars, like the SSBCI program. When Ms. Andors asked if there is value in partnering with MassHousing related to “green banking,” it was explained that the Agency is looking into this.

Real Estate (p. 19) and Community Investments (p. 20) use more capital than other divisions at MassDevelopment. The Chair expressed that it is impossible to look at Real Estate with a one year P+L; one needs to see multi-year investments of this nature. She suggested separating real estate transactions from the annual P+L, and also separating the “normal” real estate matters from “investments.” She also suggested creating a third category for programs with more “philanthropic” purposes. These terms must be clarified and include an explanation of how they fit together. Mr. O’Connell stated that MassDevelopment often creates “value” in cities and towns – for example, Lynn – but it is difficult to quantify value of this nature. In addition, MassDevelopment has limited discretion over the real estate projects recommended by the Commonwealth. Another component, Ms. Andors noted, is the tax revenue generated by the Agency’s efforts, and a brief discussion ensued regarding obtaining a consultant to study this issue. Mr. Gerlin added that many of the Agency’s real estate projects are challenging and complicated, often taken on at a loss, and more money goes in than comes back. Ms. Thurlow reminded the group that the return on investment often goes to the community (as it should in light of the Agency’s mission), not to MassDevelopment.

Discussion turned to Devens (pps. 22-26) and Mr. Gerlin reported that things in Devens are going well; revenue keeps growing and Devens is financially healthy. Utilities are well run and the low rates are what has attracted and keeps tenants like KSP and others. There ensued a brief discussion of “green energy,” specifically solar, and it was noted that much of the land in Devens is protected and there are few, if any, sites that would be suitable for solar uses.

There next ensued a review and discussion of Salary and Headcount (pps. 27-32). Mr. Gerlin advised of a current headcount of approximately 200. It was noted that leaving several unfilled positions open will allow the incoming CEO some flexibility in filling those roles. A discussion ensued regarding the importance of an intern program and Mr. O’Connell indicated that he expects the return of such a program next year. Ms. Andors pointed out that intern programs are a burden to manage, but well worth the effort. Ms. Spillane agreed that such programs need structure and she asked if past interns have continued on to become Agency employees. Mr. Gerlin said a few, but not many. It was noted that a 4 percent Cost of Living Adjustment (“COLA”) is budgeted for FY2025, and the Chair said this was consistent with other quasis. Mr. O’Connell announced that he would not accept such COLA for himself, as he has only recently taken the position of Interim President/CEO. Mr. Gerlin advised that performance reviews are anticipated in the near future; after four years without, a new system is coming.

As indicated above, no vote on the proposed Agency FY2025 Operating and Capital Budget was taken.

STANDING BOARD COMMITTEES

Audit & Administration Committee

No report from the Audit & Administration Committee Chair was presented.

Origination & Credit Committee

No report from the Origination & Credit Committee Chair was presented.

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; one recusal was identified, 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

2. VOICE VOTE – Meeting Minutes (April 26, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the minutes of its April 26, 2024 Board meeting.

3. VOICE VOTE – Executive Session Meeting Minutes (April 26, 2024)

VOICE VOTED: that the Board of Directors of MassDevelopment approves the Executive Session minutes of its April 26, 2024 Board meeting.

4. VOTE – Lending – 200 Merrimack LLC (Haverhill) – DFIF Guaranty

VOTED: that the Board of Directors of MassDevelopment approves the guaranty for 200 Merrimack LLC, as described in the memorandum dated May 23, 2024 and vote dated June 13, 2024, provided as part of the June Board materials.

5. VOTE – Community Development – House Doctor Contracts

VOTED: that the Board of Directors of MassDevelopment approves the House Doctor contracts identified in Appendix B, except the contract with Andre Leroux (see Secretary’s Note, below), as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

[Secretary’s Note: Noting a business relationship, Ms. Andors recused herself from the consideration of the house doctor contract with Andre Leroux, individually. Such disclosure resulted in the loss of a quorum to approve said contract. It was noted that the vote on this individual contract would be placed on the next Board meeting agenda. The remaining 42 house doctor contracts were approved as indicated.]

6. VOTE – Devens –Water Utility Operations and Maintenance Contract Extension

VOTED: that the Board of Directors of MassDevelopment approves the Water Utility Operation and Maintenance Contract Extension with Veolia North America, as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

7. VOTE – Devens – Sewer Utility FY2025 Rate Adjustment

VOTED: that the Board of Directors of MassDevelopment approves the FY2025 Sewer Rate adjustment, as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

8. VOTE – Devens – Water Utility FY2025 Rate Adjustment

VOTED: that the Board of Directors of MassDevelopment approves the FY2025 Water Rate adjustment, as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

9. VOTE – Devens – Extension of Paving Contract

VOTED: that the Board of Directors of MassDevelopment approves the Paving Contract extension with P.J. Albert, Inc., as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

10. VOTE – Devens – Extension of Cleaning Contract

VOTED: that the Board of Directors of MassDevelopment approves the Cleaning Contract extension with Transcend Maintenance Services, Inc., as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

11. VOTE – Devens – Fire Department – Increase in Ambulance Fees

VOTED: that the Board of Directors of MassDevelopment approves the increase in ambulance fees for the Devens Fire Department, as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

12. VOTE – Devens – Fire Department – Increase in Permit Fees

VOTED: that the Board of Directors of MassDevelopment approves the increase in permit fees for the Devens Fire Department, as described in the memorandum and vote dated June 13, 2024, provided as part of the June Board materials.

13. Bond Detail Memorandum

It was noted that the Board would vote on the approval and findings for the matters in Tabs 14 through 22, 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

14. VOTE – Bond – Old Dartmouth Historical Society

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

a project of Old Dartmouth Historical Society, in New Bedford, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$25,000,000.

15. VOTE – Bond – Falmouth Academy, Inc.

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

a project of Falmouth Academy, Inc., in Falmouth, 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.

Bonds: Final Approvals

Final Approval Projects without State Volume Cap Requests

16. VOTE – Bond – President and Trustees of Williams College

VOTED: that the Board of Directors of MassDevelopment approves and adopts the Official Action / Final Approval (“OA/FA”) resolution regarding:

a project of the President and Trustees of Williams College, in Williamstown, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$450,000,000.

[Secretary’s Note: The Chair disclosed that she is a Trustee of her alma mater, Williams College. She, therefore, recused herself from the consideration of this transaction. She turned chairing duties over to her designee, Ms. Stolba, to vote on this matter on her behalf when the Roll Call Vote for this transaction was taken later in the meeting, and she did not participate in any deliberation, discussion, or vote on the matter.]

17. VOTE – Bond – Tufts Medicine, Inc.

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

a project of Tufts Medicine, Inc., in numerous Massachusetts locations, for the issuance of a 501(c)(3) Taxable Bond to finance such project in an amount not to exceed \$150,000,000.

18. VOTE – Bond – Malden Catholic High School, Inc.

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

a project of Malden Catholic High School, Inc., in Malden, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$37,000,000.

19. VOTE – Bond – The Brimmer and May School

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

a project of The Brimmer and May School, in Newton (Chestnut Hill), Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$16,500,000.

20. VOTE – Bond – Community Alternative Residential Environments, Inc.

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

a project of Community Alternative Residential Environments, Inc., in several cities and towns in northeastern Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$14,000,000.

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

VOTED: that the Board of Directors of MassDevelopment approves and adopts the OA/FA 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 \$2,500,000.

22. VOTE – Bond – Boys & Girls Club of Chicopee, Inc.

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

a project of Boys & Girls Club of Chicopee, Inc., in Chicopee, Massachusetts, for the issuance of a 501(c)(3) Tax-Exempt Bond to finance such project in an amount not to exceed \$1,700,000.

[Secretary's Note: At this time in the meeting the Chair and Assistant Board Secretary asked for one roll call vote, upon motion duly made and seconded, to approve all items on the Consent Agenda (Tabs 2 through 22). An individual vote was taken for the bond issuance for Williams College (Tab 16), due to the recusal identified above. Accordingly, all items were approved as indicated above.]

INFORMATIONAL ITEMS

23. Community Development – Quarterly Report

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

24. Lending – Quarterly Summary Portfolio Review

For informational purposes only, the Quarterly Summary Portfolio Review was included in the June meeting materials. There was no discussion of this report.

25. Lending – Delegated Authority Report for Loan Approvals (April 2024)

For informational purposes only, the Delegated Authority Report regarding Loan Approvals was included in the June meeting materials. There was no discussion of this report.

26. Media Reports (May 2024)

For informational purposes only, the Selected Press Clips, Media Report and Web Statistics for the previous month was included in the June meeting materials. No discussion of this item took place.

MISCELLANEOUS: OLD BUSINESS / NEW BUSINESS

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

At this time, a caller on the telephone identified himself as Dan Rivera, MassDevelopment's former President/CEO, and asked for permission to address the Board. Calling attention to recent articles in the press, Mr. Rivera asked whether the Board would consider issuing a statement in response to a *Boston Business Journal* article, in particular, and standing by the work Mr. Rivera, the Agency, and the Board accomplished together during his tenure with the Agency. Mr. Rivera admitted to owning a high turnover rate among staff during his tenure, noting he was trying to make impactful changes. He said it is not accurate that he came to MassDevelopment and spent down the General Fund, and noted this is an opportunity to correct such misstatements. Agreeing that one cannot control the media, the Chair advised that the Healey Administration welcomes inquiries from the press; she then introduced Ms. Quackenbush, Director of Communications for EED, and noted that Ms. Quackenbush is available to assist Board members with any press inquiries. Further, the Chair advised that the Administration's communications have been consistent: the Administration is grateful for what Mr. Rivera accomplished during his tenure with MassDevelopment, and the focus is now on the future. Mr. Rivera thanked the Board for its consideration of his request.

*Approved:
July 11, 2024*

[Mr. Rivera disconnected his telephone connection following the above discussion.]

There being no further discussion or business before the Board of MassDevelopment, the Board meeting was adjourned by a roll call vote at 11:56 a.m.