

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

Special Meeting of the Board of Directors

Wednesday, August 22, 2007

9:00 a.m.

MINUTES

ATTENDANCE:

Joseph Craven, Vice Chairman  
Katherine Craven, Director  
Dix Davis, Director  
Christopher Goode, Director  
Matthew Gorzkowitz, Director  
Brian Kavogian, Director  
Stan McGee, Director  
Daniel O'Connell, Director  
Judy Pagliuca, Director

Robert L. Culver, President/CEO  
Ann E. Howard, Chief Operating Officer  
John Champion, Chief Financial Officer  
Meg Delorier, Chief of Staff  
Richard W. Holtz, General Counsel  
Anne Marie Dowd, Executive VP, Legislative Affairs  
Richard C.J. Henderson, Executive VP, Real Estate  
Laura Canter, EVP, Finance Programs  
William M. Burke, Executive VP, Military Initiatives  
Richard Montucci, Executive VP, Devens Operations  
Karla Clifford, Staff  
Ron Dahill, Staff  
Janet Hoeknile, Staff  
James Kenney, Staff  
James Lydon, Staff  
Stan Reimers, Staff  
Victoria Stratton, Staff  
Paul Worcester, Staff

A Special Meeting of the Board of Directors of the Massachusetts Development Finance Agency (hereinafter referred to as "MassDevelopment" or the "Agency") was held Wednesday, August 22, 2007, at 9:00 a.m., at the Agency's offices, 160 Federal Street, Boston, Massachusetts, pursuant to notice duly given.

The Vice Chair called the meeting to order at 9:10 a.m. He welcomed all attendees and immediately introduced Mr. Holtz to address some housekeeping issues regarding today's meeting.

Mr. Holtz informed everyone that today's Special Meeting is held pursuant to the provisions of Section 204 of the Agency's By-Laws. Due to the "special" nature of this meeting, only one topic is on the Agenda: The Evergreen Solar, Inc. (hereafter "Evergreen") Project. No other items are before the Board today, and no other items will be discussed. Mr. Holtz disclosed to the Board that Ranch C. Kimball, the Chair, has recused himself from this vote and from any discussion or deliberation thereof, because of his involvement with the Massachusetts Opportunity for Relocation and Expansion jobs capital program (the "MORE" grant program) which will be part of the discussion, while he was Secretary of Economic Development for the Commonwealth. Therefore, Mr. Craven, the Vice Chair, will preside over today's meeting. Mr. Holtz explained that there are two circumstances under which the Board might go into Executive Session, given the agenda for today's meeting: (i) to discuss the valuation of real property; and (ii) to discuss items of a confidential nature - such as financials that have not been disclosed to the public - and/or items that may reveal proprietary trade secrets. Mr. Holtz indicated that he would determine if and when such discussions occur, prompting the necessity to go into Executive Session. Mr. Holtz referenced the folder distributed to the Board members today, which contains the final vote, as well as a redlined version of the vote that shows two additional minor edits that were made to the vote after it was distributed earlier this week. Finally, Mr. Holtz explained that providing grants is not the usual manner of business for MassDevelopment, but it is allowed to do so under the provisions of Section 19 of the Agency's enabling act.

Mr. O'Connell then introduced Mr. McGee, who currently serves as Assistant Secretary for Policy & Planning at the Executive Office of Housing & Economic Development. Mr. O'Connell stated that Mr. McGee is here as designee for Undersecretary Coughlin. Mr. O'Connell also stated that Mr. Coughlin has accepted a position to lead the Massachusetts Biotech Council and that, as a result, Mr. McGee will be replacing Mr. Coughlin as Undersecretary of Housing & Economic Development.

Mr. Culver welcomed Mr. McGee to the Board. He thanked all attendees for their presence at this morning, and he explained that it has become necessary for the Board to vote on whether or not to provide a \$10 million grant to Evergreen to support the construction of a new manufacturing facility on Barnum Road, Devens. Mr. Culver explained that Evergreen's financial statements show a viable, publicly traded (NASDAQ) renewable energy company that recently raised nearly \$160 million for this project. Evergreen currently has a facility in Marlborough, and it had initially planned to expand its operations at a site in Westborough, Massachusetts. After analysis, however, it was determined that the topography at the Westborough site precluded the type of expansion required. Evergreen began negotiating with the Massachusetts Office of Business Development ("MOBD"), and a tour of Barnum Road, Devens, occurred. As a result of the negotiations with MOBD, Evergreen now seeks to lease the site on Barnum Road from MassDevelopment and to construct a new manufacturing facility with additional financial assistance from the Agency and other sources. Some of this financial assistance will be in the form of a \$10 million MORE grant given to MassDevelopment and Evergreen, jointly, the proceeds of which will be used for infrastructure

improvements that will benefit Evergreen's manufacturing facility, as well as provide ancillary benefits to the Barnum Road area and Devens generally. Some of these improvements were scheduled to occur anyway under the Barnum Road Master Plan, but they will now be done on an accelerated basis. Mr. Culver asked Mr. O'Connell to provide more details.

Mr. O'Connell explained that the Governor has directed his Administration to enhance the renewable energy industry in the Commonwealth, for economic development purposes, as well as to further the expansion of clean energy use globally. Historically, Massachusetts has not had much presence in the clean, renewable energy industry and, as a result, has been unable to compete with other states. Amid aggressive competition from Mexico and Oregon and other states, Evergreen has chosen to remain in Massachusetts and to build a new facility, which the Governor hopes will attract other renewable energy companies thereby forming a cluster in Massachusetts. One criterion Evergreen cited in its decision to remain in Massachusetts is the Commonwealth's ability to "move quickly" with expedited permitting at Devens. The team felt that Devens was suitable and negotiated a \$10 million MORE grant, a \$1 million CDAG grant and a \$2 million PWED grant to assist the project. The Administration is fully aware that MassDevelopment is not in the business of bestowing grants; rather, it is a development and financial institution that provides loans, and Mr. O'Connell asked for careful consideration of the request before the Board today. He reminded everyone that clean, renewable energy is a top priority of the Administration and that, if the vote is successful today, a groundbreaking will be scheduled for September 12.

Mr. Davis wanted to know what Oregon's shortfall was and Mr. O'Connell answered that it was between 20 and 30%. He stated that Oregon has committed a lot of resources to clean, renewable energy, but that Massachusetts' greatest asset is its workforce, and the academic institutions that produce said workforce. He cited, as an example, a new wind blade testing facility that is going to be built in Cambridge - in the heart of the Commonwealth's current technology base. The Administration expects competition to continue, and Mr. O'Connell indicated that infrastructure is being put into place to bring the renewable energy industry here.

The Vice Chair wanted to know if the Executive Office of Housing & Economic Development was comfortable with Evergreen's financials, and whether this seemed to be a logical expansion for the company, and Mr. O'Connell answered affirmatively. His office has researched the technology and is not worried. The company is able to use multi-strand technology now, and it already has a successful plant in Germany using this technology. Upon completion of the new facility, Evergreen looks to improve to 80% efficiency. Evergreen's plans to raise funds have also been examined. Evergreen has worked with National Grid and NStar and it has entered into agreements with both companies to promote solar energy. Additionally, NStar, Evergreen and the Red Sox are working on a plan to install solar panels at Fenway Park. This exhibits terrific cooperation with a utility, and it's good exposure for the Commonwealth. Mr. O'Connell pointed out that "Massachusetts is good for sun and wind." And, while he could not elaborate, he said there would be a major announcement about off-shore wind tomorrow.



