

Worcester Redevelopment Authority

Michael P. Angelini
Chair

Peter Dunn
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

Thursday, June 9, 2022

8:00 A.M.

City Hall, Levi Lincoln Chamber
Worcester, MA 01608

CALL IN INFORMATION:

+1-415-655-0001 US Toll
Access Code: 2308 207 9786

Present:

Worcester Redevelopment Authority Board

Michael Angelini, Chair
David Minasian, Vice Chair
Jennifer Gaskin
Sherri Pitcher
Sumner Tilton

Staff

Peter Dunn, Chief Executive Officer
Michael Traynor, City Solicitor
Alexis Delgado, WRA Finance Manager
Julie Lynch, Public Facilities Director
Paul Morano, Office of Economic Development
Greg Ormsby, Office of Economic Development
Jane Bresnahan, Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 8:00 A.M. on Friday, June 9, 2022

1. Call to Order

Mr. Dunn called the meeting to order at 8:04 A.M.

2. Roll Call

Mr. Dunn called the roll – Chair Angelini, Mr. Tilton, Ms. Pitcher, Ms. Gaskin and Mr. Minasian. Chair Angelini advised all votes will be taken by roll call.

3. Approval of Minutes: May 13, 2022

Mr. Minasian made a motion to approve the minutes.

Mr. Angelini seconded the motion.

The minutes were approved 5-0 on a roll call.

New Business –

- 1. Authorize Execution of Change Order #13 and Change Order #14 to the Owner-Cm Agreement with Gilbane-Hunt Joint Venture relative to the Ballpark and Garage Project in the amounts of \$0.00 and \$0.00 respectively.**

Mr. Dunn as we continue with the closeout process with our OPM Skanska as well as the Joint-Venture Gilbane-Hunt through all of the line items in the CM At Risk Contract and reconcile those as compared to what the budget was for those line items with the actual costs incurred. That progress is continuing nicely and the two change orders reflect that closeout and reconciliation process. As noted there is no change in dollar value to the contract and is a procedural matter to continue with the closeout process.

Mr. Tilton was recused from the vote.

Mr. Minasian offered the following vote:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Change Orders Nos. 13 and 14 to the Owner Construction Management Agreement between the Worcester Redevelopment Authority and Gilbane/Hunt, a joint venture, authorizing a change in scope with no increase in cost, relative to the Canal District Ballpark Project and Garage Project

Ms. Pitcher seconded the motion.

The item was approved on a 4-0 roll call.

- 2. Authorize Execution of a Retainer Agreement with Foley Hoag, LLP in the amount of \$244,525.00 relative to the potential acquisition of 484-500 Main Street.**

Chair Angelini, Mr. Dunn and I have discussed the agreement and you will note that while the Retainer Agreement is with Foley Hoag most of the costs identified is for relocation advice with the firm Foley Hoag has retained. Mr. Angelini asked if we have prior experience with that relocation firm, I assume we do. Mr. Dunn advised the individual's name is Steven Mollica who did all the relocation assistance work for the Polar Park area. The firm he is associated with LTL Schock Group are out of Central Massachusetts, which is good to see, and to your point contains the majority of the costs associated with this Agreement. There are some additional legal services from our urban renewal experts at Foley Hoag. Chair Angelini informed the Board that there has been discussion about involvement with local firms with expertise in this area and we have investigated that. It is my and Mr. Dunn's conclusion that after a fair amount of investigation and some conversations with others given the restrictions because of other client relationships and local lawyers and given the fact that Foley Hoag has been involved with similar work in the past for the city and that most of this work is for relocation, and given Foley Hoag has a blended rate and is at market rate, would recommend this to the Board.

Mr. Tilton I read it and read it again and come away with is basically an agreement/engagement letter that describes a service that which is mainly identifying occupants of the Denholm Building that are eligible under the statute for relocation costs. If I had to summarize in one sentence. For this we have retained Foley Hoag big firm very good no problems with their work product who in turn has with our consent has hired Steven Mollica from Schock Group that seems to be doing most of the work along with five or six lawyers from Foley Hoag. They quote total costs of \$244,525.00 for the work that is going to be undertaken between May 1, 2022 and the end of the year, which gives me the impression that they are already working. All of the lawyers regardless of whether they are an associate or junior partner or collaborate they will be charging "\$525.00" an hour. I will take someone's word for it is that what they are making in Boston for all lawyers and seems very high to me and wonder whether this is exempt from bidding or went out to bid. If in fact it's true that no law firm in Worcester can handle this but seems to be a lot of administrative work for very dear money and I was wondering if someone can sort of explain the process that they went through to identify the work that had to be done and why Foley Hoag was not put out to bid.

Mr. Dunn replied that legal services is an exemption from procurement. Foley Hoag has been involved with the WRA for a very long time. They have provided some additional legal counsel as well to the Polar Park project. One of things certainly beneficial as to why we felt as long as their price was fair and to recommend their services is they have a depth of knowledge at this point with our Urban Revitalization Plan and that is critically important when we speak about the potential acquisition of the Denholm Building. The consistency with that in terms of the objective, the goals and the elements of our Urban Revitalization Plan which is quite a document and with having that experience and history with the Plan is certainly helpful as well as other processes in terms of WRA activity. That level of experience is certainly something that made us feel like as long as their price was reasonable to continue working with them. Regarding the other question you had about the rate. The proposal is a blended rate and to your point there is a junior associate on the team and hourly rate would be a little bit less than the hourly rate that will be billed under this contract however, the other two particularly the partner but in addition to that the senior real estate attorney would have a rate much higher than that in Boston for their other clients. To have a little more simple in terms of how the billing will occur and the estimated hours and who might be participating on that they have proposed a blended rate which is a good strategy to go with, which is how that arrived. The relocation duration of the contract, you had mentioned the relocation specialists. If we are successful and continue to close on the acquisition of the Denholm Building property, assistance we have to have a third party relocation agent required by law under the Urban Renewal Statute. DHCD and the Relocation Bureau at the State level would approved. There are not a lot of firms that do that work but this particular firm worked with us on Polar Park and did a good job with that project and have been recommended and retained as a sub consultant. This is not executed as of yet and in proposal form at this point but they have been the lead candidate and selected by Foley Hoag as their sub-consultant. In terms of the duration, when we do acquire a property, we have to provide a minimum of four months' timeframe for legal occupants to vacate the property which is driving the initial period of this contract.

Mr. Tilton commenting on what you said a lot of this seems to be administrative in nature finding places for various occupants and sitting down and helping them move to whatever is eligible and the Schock Group has been employed and what is the money being billed by the Schock Group and is that within the \$244,525.00 or in addition to. Chair Angelini it is within and part of the \$244,525.00. Foley Hoag is a little less than \$100,000.00 of that. Mr. Dunn confirmed. Mr. Tilton that is two employees, Mr. Dunn

advised there is an assistant Nancy Brooks who often helps with the preparation of the relocation claim forms and a fair amount of documentation as an occupant seeks financial assistance through their entitlement of relocation. Mr. Tilton we are not going to pay the two employees from Schock Group \$525.00 an hour and assume that is part of the blended rate down in the lower atmosphere. Mr. Dunn it is broken out separately, the \$525.00 blended rate is for the Foley Hoag attorneys and the two individuals from the relocation advisory firm Steven Mollica's hourly rate is \$200.00 an hour and Nancy Brooks the administrative assistant is \$135.00 an hour and the invoices will be broken out specifically as they come into the WRA staff.

Mr. Tilton all of the invoices add up to an estimated cost of not more than \$244,525.00. Mr. Dunn replied it is a time and expense contract and we do have some in-house support. Greg Ormsby who is attending the meeting, our Project Manager. As we tried to manage the total costs of this contract, one example is we will be handling the notices that are sent to the occupants fairly simple to do administrative function and will try to manage the hours associated with this as much as we can but right now but has an hourly estimate and totals to the \$244,525.00 and any additional funds added would require a new proposal and amendments for the WRA Boards consideration. Mr. Tilton travel and photocopies I love that part of it.

Ms. Pitcher how many tenants are taking advantage of this? Mr. Dunn we are in a due diligence phase confirming all of the legal occupants as there are owner-occupants which is a fairly simple thing to do, but some units have a fair amount of tenants and we are working to confirm exact status of who is still occupying the property. Some of them are tenants-at-will and do not have formal lease agreements. As of now there 34 potential relocation assistance.

Mr. Minasian do we have a good sense of what is occupying the units i.e., data center. Mr. Dunn it is an office building primarily. One that is a little unique would be the café on the first floor which has a fair amount of equipment and distinct from the other occupants. Ms. Pitcher do we know what the USPS is doing. Mr. Dunn we have not had conversations with them and that is a leased unit with a term of April 2023. We do not have a copy of the lease agreement and have requested from the owners as part of our due diligence. Mr. Dunn confirmed the lease through General Services Administration of the Federal government and ends at April 2023. When the building suffered the electrical failure and no one could occupy the property they did absorb that operation into their branch at 4 East Central Street and that location is feasible, but we do appreciate that service and amenity downtown. We look forward to speaking with the USPS and the GSA about potentially doing an RFP for another location downtown as we do like to have that pedestrian amenity in a downtown environment. Mr. Minasian would like the state of the whole process is this the final piece or are we still in negotiations around the acquisition. Mr. Dunn the negotiations are complete in terms of the acquisition price but we are definitely up to our eyeballs in due diligence right now. The Title Report is complete and we are reviewing the report which has 36 condos with a lot of documents from the Registry of Deeds to comb through with no red flags to date. The key document we referenced previously that we are waiting on is the fully executed dissolution agreement of all of the condo owners. Our goal from the beginning was one hundred percent consensus and we are very far along in that and waiting for a couple of more signatures from unit owners we need to get that before we can continue to move forward, but there is progress there.

Mr. Minasian offered the following vote:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 18 to the Downtown/Theatre District Planning Cooperation Agreement between the Worcester Redevelopment Authority and City of Worcester in the amount of Three Million Dollars and No Cents (\$3,000,000.00)

Ms. Gaskin seconded the motion.

The item was approved on a 4-0 roll call.

3. Financial Update Report

a. Report on Prior Month's Executed Contracts and Payments

b. Report on Downtown Urban Revitalization Plan Expenditures

There was no discussion regarding the Financial Update Report from May 11, 2022 through June 6, 2022. Chair Angelini there is no vote required the Board accepted the report.

4. Status Reports

a. Union Station

b. Downtown Urban Revitalization Plan

Mr. Dunn we closed on the sale of the surplus properties around the Ballpark on Gold Street and Plymouth Street in December 2021 and received the proceeds of that sale. The project known as The Cove, a proposed 173 unit market rate housing project commercial retail on the first floor, bringing back candle pin bowling to the city where it was invented and excited about adding to the family fun entertainment of the Canal District and Ballpark District. They are currently working on pricing and finishing detailed building plans for the building permit; they had already done their site entitlements in terms of Planning Board approval. They are awaiting quotations from the General Contractors and have secured an Owners Project Manager who will be their representative. I wanted to confirm and know it is important to the WRA Board our Responsible Employer and Inclusionary Participation Policy was sent out with their requests for quotes from general contractors and will be included in not only their contract but also included in the contract with sub-contractors and wanted to mention as well just as we did with Polar Park and good practice as they get into mobilization and starting that project, we will have a standing item on the monthly agenda and continue to monitor progress and compliance with that policy.

Mr. Minasian will the ownership team report directly to the WRA in terms of following the diversity reporting and other items outlined in the policy, and will they provide this Board with a monthly report. Mr. Dunn advised we have a staff member Ethan Brown who is our Program and Compliance Manager usually on TIF projects. As we know, our staff in Economic Development are also the staff of the Worcester Redevelopment Authority and he will be helping with the day to day reviewing the documents as we prepare those monthly reports for the Board's review.

Mr. Dunn as a follow-up to last month knowing today's meeting had some level of a time constraint and I reached out to Mr. Lana and inviting him to an upcoming meeting and asked his potential of attending our July meeting. Mr. Tilton how is the Great Wall coming. Mr. Dunn no change since lasts months meeting. Mr. Tilton what is our strategy

some type of goals they must reach are we through working with them. I think it is limbo and has been in limbo for three years. What is the short term and long term plan now. Mr. Dunn we can certainly meet with them and somehow advise what would be a more successful financing strategy for the renovation of the upper floors and agree with you the last few months and a little bit in limbo as we are very busy with the Denholm Building activity and focusing on executing that. Over the last three years we were somewhat appreciative of the Pandemic impacts that have happened for two and half of those three years but definitely part of our agenda to meet with them and come back to the Board with the results of that conversation. We have been pretty focused on the Denholm Building and trying to get to that closing as soon as we can. Mr. Tilton is the Great Wall open for business. Chair Angelini yes. Mr. Tilton how are doing. Chair Angelini I have been there a couple of times and was not the only person there and was takeout had a couple of employees and seemed to be active, but not sure how successful. Chair Angelini we have accomplished something, the building is being used, the first floor has been restored and we'll try to find a financial plan to get the upper floors revitalized. Mr. Minasian what is the max number of units is it two or three? Mr. Dunn two or three per floor maybe closer to six total. They do want to retain the second floor for some storage and office related use for the restaurant, but my instinct is closer to six units.

Mr. Dunn informed the Board that the units at 517 Main Street are going to market and they have eight units, The Grid District purchased the other building that was on our radar and successfully they did a beautiful job with the façade that was formally covered up and not in great condition and beautiful job in restoring the façade at 517 Main Street. Chair Angelini one of our primary concerns was the visual aspect of that building.

5. Adjournments

There being no further business, Mr. Dunn called the roll to adjourn the meeting at 8:29 A.M.

Respectfully submitted,

Peter Dunn
Chief Executive Officer