Worcester Redevelopment Authority

WORCESTER REDEVELOPMENT AUTHORITY
April 12, 2019
8:00 A.M.
City Hall, Levi Lincoln Chamber
Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
Michael Angelini - Remotely
Jennifer Gaskin
David Minasian
Sumner Tilton

Staff

Michael Traynor, Chief Development Officer
Jennifer Beaton, Deputy City Solicitor
Thomas Zidelis, Chief Financial Officer
Erin Cahill, WRA Financial Manager
John Odell, Energy & Asset Management
Greg Ormsby, Office of Economic Development
Jeanette Tozer, 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, April 12, 2019.

1. Call to Order

Chair Pedone called the meeting to order at 8:08 A.M.

Chair Pedone read the following statement:
Mr. Angelini has requested to participate in today’s meeting remotely. Since his physical presence at today’s meeting is not feasible, I have agreed to his request. Please let the meeting minutes reflect that Mr. Angelini’s request has been approved and that he will be participating remotely by telephone today. All votes at today’s meeting will be taken by roll call.

2. Roll Call

Mr. Traynor called the roll.

Chair Pedone advised the Board that a letter was sent to Mr. Marcus regarding the follow-up to the April 4, 2019 public hearing. Chair Pedone provided the Board members a copy of the letter and a copy for the files.


Mr. Angelini requested that Item No. 4 be changed to state that Mr. Tilton was recused from Items 4, 5, 6 and 7. The meeting minutes were approved as amended.

New Business

1. Presentation of year-end financial statement and Independent Auditor’s Report for the fiscal year ended June 30, 2018

Mr. Traynor turned the meeting over to Mr. Zidelis, Chief Financial Officer, who introduced Matthew Hunt, Principal of CliftonLarsonAllen LLP. Mr. Hunt presented a summary of the Independent Auditor’s Report to the Board members, including an overview of the main points of the financial statements. Mr. Hunt noted that the auditor’s report is an unmodified opinion, which is the best opinion available in an audited financial state; the financial statements are free of any material misstatements and no deficiencies in internal controls over financial reporting were identified. They considered there to be no material weaknesses or other matters that are required to be reported in accordance with the Government Accounting Standards. Mr. Hunt spoke about a discussion that was had with Ms. Cahill and Mr. Zidelis regarding intergovernmental revenues for Union Station capital improvements received through the WRTA this past year, which will exceed $750,000.00 for FY2019. As such, the grant funds exceed the threshold for what is referred to as a single audit. If federal funds greater than $750,000.00 were received there is an add-on component in the audit. This involves following compliance procedures related to federal grants. They would be looking into whether or not the WRA would be subject to that single audit or whether the WRTA would be subject to that single audit.

Chair Pedone offered the following motion:

Voted that the Worcester Redevelopment Authority hereby approves and accepts the year-end Financial Statements and Independent Auditors’ Report for the fiscal year ended June 30, 2018, prepared by CliftonLarsonAllen LLP.

Mr. Traynor called the roll; it was voted 5-0 on a voice vote.

2. Authorize execution of Amendment No. 3 to the Downtown Urban Revitalization Cooperation Agreement in the amount of $23,000,000.00 for the design and construction of a structured parking garage
Mr. Traynor noted that the item is an amendment to the Cooperation Agreement for the Downtown Urban Revitalization Plan. The MassWorks Infrastructure funding from the State would be transferred to the Authority. The public works grant is to build the structured parking garage on the south side of Madison Street.

Chair Pedone noted that the Board had three votes before them regarding the Urban Revitalization Plan. Mr. Traynor recognized that Mr. Tilton had recused himself from the three votes.

Chair Pedone offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 3 to the Cooperation Agreement between the City of Worcester and Worcester Redevelopment Authority relative to the Downtown Urban Revitalization Plan to provide additional funding in the amount of Twenty-three Million Dollars and No Cents ($23,000,000.00) for the design and construction of a structured parking garage.

Mr. Traynor called the roll; it was voted 4-0 on a voice vote.

3. Authorize an amendment to the Union Station Cooperation Agreement for FY19 Capital Funds

Chair Pedone offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute an amendment to the Union Station Cooperation Agreement for FY19 Capital Funds in the amount of Two Million Dollars and No Cents ($2,000,000.00)

Mr. Traynor called the roll; it was voted 5-0 on a voice vote.

4. Authorize Change Order No. 5 to the Owner-Contractor Agreement between the Worcester Redevelopment Authority and Kronenberger & Sons Restoration, Inc. relative to the Union Station Exterior Stucco project in the amount of $144,803.26

Chair Pedone offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Change Order No. 5 to the Owner Contractor Agreement between the Worcester Redevelopment Authority and Kronenberger & Sons Restoration, Inc. relative to the exterior stucco project at Union Station in the not to exceed amount of One Hundred Forty Four Thousand Eight Hundred Three Dollars and Twenty Six Cents ($144,803.26).

Mr. Traynor called the roll; it was voted 5-0 on a voice vote.

5. Authorize the execution of a Terms of Conveyance Agreement with First Bristol Corporation for the conveyance of 0, 20 and 36 Washington Square

Mr. Traynor stated that the Board packet included a Terms of Conveyance Agreement between the Worcester Redevelopment Authority and First Bristol Corporation. In early 2018,
the Board met in Executive Session to discuss negotiations with First Bristol, the entity seeking to acquire the Washington Square parcels that contains the vacuum cleaner building. The Board recently authorized bids to take down the structure. The site is comprised of three parcels – 0, 26, and 36 Washington Square. That assemblage would be purchased by First Bristol to construct another hotel. The City/WRA had to complete some preliminary work and First Bristol is now ready to move forward and sign the Terms of Conveyance in order to lock down the flag for the hotel. The purchase price is Three Hundred Thousand Dollars ($300,000.00) plus a donation to the Worcester Jobs Fund in the amount of One Hundred Thousand Dollars ($100,000.00) for a total of Four Hundred Thousand Dollars ($400,000.00). The Board noted that the agreement was similar to the agreement for their first hotel project.

Chair Pedone offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chairman to execute the attached Terms of Conveyance Agreement between the Worcester Redevelopment Authority and Washington Square Hotel, LLC relative to the sale of the parcels located at 0 Washington Square (MBL 02-013-00002), 20 Washington Square (MBL 02-013-0000F) and 36 Washington Square (MBL 02-013-25-28);

And Further, that the Worcester Redevelopment Authority hereby authorizes its chairman to execute a quitclaim deed to convey the parcels in accordance with the Terms of Conveyance Agreement.

Mr. Traynor called the roll; it was voted 5-0 on a voice vote.

6. Authorize the execution of an assignment of an option to purchase 50 Washington Street from Madison Downtown Holding, LLC

7. Adoption of an Order of Taking to acquire 50 Washington Street, 127 Washington Street, and 134 Madison Street

Mr. Traynor stated that Items 6 and 7 should be taken together and that they were rolled into one vote. The item was looking at the first three properties that the WRA would need to acquire in order to assemble the footprint to building the ballpark. The Order of Taking is a vote to acquire; the title will vest in the WRA when the Order was recorded. At the same time, the relocation specialists would be sending notices and claim forms to tenants of the building while providing assistance and explaining the relocation benefits. The vote before the Board is to adopt the Order of Taking, which includes an agreed upon amount for the purchase of 50 Washington Street. The parties agreed to use the Order of Taking as the vehicle to acquire and clear title. The offers for the other two properties were the result of the appraisals and the review appraisal that were completed; the dollar amount represents the high end of the appraisals. With respect to the other two properties neither party has indicated its acceptance of the respective offer. Mr. Minasian inquired if the two that did not accept had sent any communications. Mr. Traynor responded that one party is represented by counsel and there could be further discussion. The letter that was sent out states that the property owner has ten (10) days to respond whether they accept or do not accept the offer; one party did not accept and the other party did not respond at all. Mr. Minasian asked about next steps, and Mr. Traynor noted that some preliminary work remained to put it on record. Once on record, the WRA has by statute sixty (60) days to pay.

Chair Pedone offered the following motion, as written:
Voted, that the Worcester Redevelopment Authority, acting under the provisions of Section 11(d) of Chapter 121B, and all other authority thereunto enabling, and pursuant to the applicable provisions of Massachusetts General Laws, Chapter 79, as amended, does hereby take for itself in fee simple by eminent domain the properties located at 134 Madison Street, Worcester, 127 Washington Street, Worcester and 50 Washington Street, Worcester, in accordance with the Order of Taking and Certificate attached hereto and incorporated herein by this reference.

Be it further voted: that the Worcester Redevelopment Authority hereby:

1. approves the offers made to the owners of the properties in accordance with 760 CMR 12.04(2); and
2. authorizes the Authority to accept the assignment of an Option to Purchase 50 Washington Street from Madison Downtown Holdings, LLC; and
3. authorizes Vincent A. Pedone, Chairman, to execute an Order of Taking the properties in a form substantially presented herewith; and
4. authorizes the Chief Executive Officer of the Authority to record the Order of Taking in the Worcester Registry of Deeds; and
5. awards monies as damages for the acquisition plus taxes legally owed to the City of Worcester for the balance of the present fiscal year pursuant to M.G.L. c. 79, §12, for total award to the owner or other parties entitled thereto as a result of the taking; and
6. authorizes the Chief Executive Officer of the Authority to make payments of the total award either in partial or full settlement, together with interest earned thereon as required by M.G.L. c. 79, §37 to those entitled thereto in accordance with state law.

The Worcester Redevelopment Authority further certifies and states that the Chief Executive Officer may delegate the authority granted by this resolution, in whole or in part, to staff or agents of the Authority, as he may deem appropriate.

Mr. Traynor called the roll; it was voted 4-0 on a voice vote.

8. Presentation regarding the status of the rehabilitation plans for 521 Main Street

Mr. Traynor stated that at a previous meeting the Board had discussed the inactivity at 521 Main Street and asked for a status report. Mr. Traynor advised the Board that Inspectional Services Commissioner Kelly had forwarded him a copy of communications between the Inspectional Services staff and the owner’s representative which indicated that the owner discovered that an electrician they had hired was representing to them that work was being done and later found out that nothing had taken place. At that time, they restarted their plans for rehabilitation of the property. Mr. Traynor informed the Board that a representative of the owner was in attendance to make a presentation to the Board about the owner’s plans moving forward. Chair Pedone informed Mr. Angelini, who participated remotely, that the guest was providing a visual presentation.

Hui Joseph Zou introduced himself as a friend of the owner of 521 Main Street. Mr. Zou stated to the Board that he was expecting the owner and an architect to be present at the meeting. In April 2017, the back wall of the restaurant became deteriorated and dangerous; at the end of May and early June 2017, the back wall was torn down and demolished. In the fall of 2017 a new wall was constructed and completed. A slide was shown depicting the wall after being torn down and after the new wall was completed. Pictures also showed the planned internal renovations.
When the wall was completed the owners started renovations inside the building to build stairs to the upper floors. The first floor is the restaurant area, the upper three floors have no specific use, but the owner had a plan to make them into apartment units. In the spring of 2018, a sprinkler system was installed and when speaking with the heating/cooling contractor the owner discovered that the previous work had not been completed. A briefing was given on the electrical work delay in 2017 and their continued work with National Grid, who was scheduled to be on site the following weekend to install conduit. The work for electrical system is scheduled to be finished with a new electrician. Mr. Zou acknowledged that during this process the owner did not actively communicate with the City to let them know of the problems that existed with contractors that were hired.

Mr. Zou continued his presentation, noting that the project milestones are to open the restaurant as soon as possible because it had not been open for two years. The internal renovations are still being completed, and the cost for renovating each floor above the restaurant is approximately $100,000.00 to $150,000.00. The sources of funding for renovating each floor were to include savings, home equity, an equity loan once restaurant was reopened, and support from family, friends, and church members.

Chair Pedone stated that the Authority began the process of eminent domain for the 521 Main Street property because renovations were not moving forward, at least in their estimation, and did not understand what was happening within the building. The presentation brought some clarity but did not provide a full understanding of the direction that the owner plans for the full renovation of the building. Mr. Traynor clarified that the WRA has two previously completed appraisals that need to be refreshed. Chair Pedone noted that the Board would wait to ask questions about the renovation plan until the architect was present. Ms. Gaskin thanked the presenter for attending and requested a more comprehensive and concrete plan with timelines and milestones as well as project funding. She commented that it is very important for the WRA Board to support all of the businesses downtown and to have the current owner continue to be part of the revitalization, but the owner needs to ensure that the Board is going to see the progress. She further stated that the Great Wall project has been ongoing since 2017 and that it is now 2019 and they are still talking about plans. The WRA requires solid timelines, plans, and funding in order to not move forward with eminent domain conversations. Mr. Zou responded that they started moving forward fast but the past year had been wasted because of the electrical issues. National Grid was part of the delay, but the delay was primarily due to the electrician that was hired in 2017 and paid in full. The owner spoke with Inspectional Services and was made aware of the work that had not been completed in the building. Once the owner was made aware of the situation, she hired new contractors. The majority of the interior of the restaurant has been completed and the owner hopes to open within the next couple of months.

Chair Pedone remarked that at the beginning of the meeting he entered into record the letter the WRA had sent to the owners of the Midtown Mall. This letter would provide the structure of what the Board is looking for, that being a development plan for the property with a detailed description of the end product, including all floors in the building above the restaurant. The description should include the proposed uses for the building, the design of the interior and exterior improvements, documentation verifying that the plan is financially feasible, investor commitments as were proposed in the presentation, identification of any developer or contractor with credentials; and identification of the two new electricians. The Board would want to make sure that progress is being made.

Chair Pedone stated that the request included in the letter to the owner of the Midtown Mall property applies to the owner of the property at 521 Main Street unless there were objections. Mr. Minasian responded that he does not have any objections, and posed a question
to Mr. Zou about whether or not the owner has a general contractor overseeing the project. Mr. Zou responded that it is his understanding that there is a general contractor overseeing the electricians. A member of the property owner’s church, Qingsheng Lin, also spoke on behalf of the owner to explain the owner’s financial struggles, stating that she is trying to get the business open as soon as possible.

Mr. Minasian inquired if the restaurant was close to opening, and the owner’s representative stated that the renovations needed to meet new code requirements and were about ninety percent complete. Ms. Gaskin asked if the owner would be repairing the façade, and the owner’s representative responded that they would do their best, depending on the full scope of work that had to be done. Mr. Tilton acknowledged the difficulties involved with opening a family business, including having to appear before the License Commission and the solid financing required to obtain a liquor license. In light of this, he asked if the owner had a liquor license. Ms. Beaton stated that the owner had applied for a liquor license some time ago when they thought the restaurant was going to be opening sooner, but that application was withdrawn and there is no liquor license at that location. Mr. Traynor added that the owner did not have a liquor license when they were operating previously, and that it was going to be an expansion of their business. Mr. Lin responded that they do not have a liquor license and that because of the construction delay they stopped the process of applying for one. The business had been in existence for thirty years and they wanted to open the restaurant without a liquor license. Mr. Tilton sought additional clarification, asking if the owner were going to obtain a liquor license based on the success of the restaurant. The owner’s representative responded that it was dependent on the future situation of the restaurant and that their first priority was to get the restaurant open. Mr. Tilton requested that the response to the Board’s request for information include the type of license the restaurant would be seeking and if the owner had the funds, such as a line of credit from a bank. Mr. Tilton requested that Chair Pedone include in the correspondence to the owner that they provide detailed information about the financing for the renovations.

Mr. Kwan, the owner’s architect, stated that they are aware that this section of Main Street is a very important part of the city landscape, and that they took this into consideration during the planning process to restore the restaurant. The owner is aware that in the future they will need to improve the façade of the building. Currently, the owner is concentrating on restoring the restaurant business. Mr. Minasian asked if the architect had an idea of the plans for the upper floors, and Mr. Kwan stated that they were still discussing the plans, tentatively including some type of residential units once the restaurant restoration was completed. Mr. Minasian inquired about the work that remained in the restaurant space, and the owner’s representative responded that final inspections needed to take place. Mr. Traynor suggested that the Board receive an update on the progress at 521 Main Street at the June meeting, and Chair Pedone proposed that the Board revisit the status of the rehabilitation plans for 521 Main Street at the June meeting to determine whether or not the WRA would move forward with the two new appraisals. After some discussion, Chair Pedone requested that a status report regarding 521 Main Street and the appraisal discussion be included on the May 2019 meeting agenda. In response to a question from Ms. Gaskin, Mr. Traynor stated that he would send a letter to the owner of 521 Main Street similar to that which the Chair sent to the owner of the Midtown Mall property.
   Report on Prior Month’s Executed Contracts and Payments
   Report on Downtown Urban Revitalization Plan Expenditure

   Ms. Cahill reported that for the period of March 6, 2019, through April 9, 2019, the WRA incurred $935,819.14 in expenses. Of this amount, approximately $134,000.00 was for operating expenses, approximately $134,000.00 for building fit out costs, and approximately $678,000.00 was for Worcester Ballpark related expenses.

10. Status Reports:
    Union Station Exterior Stucco Project
    Union Station – Vendor & Maintenance Performance
    Union Station – Leak Remediation Project
    Tenant Updates
    Security Update
    Urban Revitalization Plan
    Next Meeting Dates: June 14, July 14, August 9

   Mr. Odell informed the Board that progress continues on the Exterior Stucco Project, with an expected completion date in early summer. Mr. Odell also stated that a number of interior projects were recently put out to bid. In response to Chair Pedone’s inquiry about the tenant space fit-out, Mr. Odell noted that they were completing their due diligence work.

11. Adjournment

   There being no further business, the meeting adjourned at 9:09 A.M.

   Respectfully submitted,

   Michael E. Traynor, Esq.
   Chief Executive Officer