

City of Worcester, Massachusetts

Edward M. Augustus, Jr.
City Manager

Michael E. Traynor, Esq.
Chief Executive Officer
Worcester Redevelopment Authority



WORCESTER REDEVELOPMENT AUTHORITY

Wednesday, July 12, 2017

8:00 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
David Minasian, Vice Chair
Sumner Tilton

Staff

Michael E. Traynor, Esq., Chief Development Officer
Heather Gould, Assistant Chief Development Officer
Jennifer Beaton, Deputy City Solicitor
Erin Cahill, WRA Financial Manager
John Odell, Energy & Asset Management
Jeanette Tozer, Office of Economic Development
Jane Bresnahan, Office of Economic Development
Stephen Roche, Law Department

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 8:05 A.M. on Wednesday, July 12, 2017.

1. Call to Order

Mr. Pedone called the meeting to order at 8:05 A.M.

2. Roll Call

Mr. Traynor called the roll.

3. Minutes of the June 9, 20 2017

Chair Pedone requested approval of the June 9, 2017 minutes. Chair Pedone requested that page six (6) of the minutes, item 5(e) Status Reports-Tenant Updates, be revised to reflect the 4-0 voice vote, as Board Member Sumner Tilton recused himself from that item.

New Business

1. Request of Mr. Selim Lahoud for Reconsideration and Rescission of the Board's June 9, 2017, Vote to Terminate the Commercial Lease Agreement with Fusion Entertainment, LLC

Chair Pedone invited Mr. Selim Lahoud and Attorney Sean Murray, representing Mr. Lahoud, to speak with the Board. Attorney Murray respectfully requested that the vote taken during the prior month's meeting to terminate the lease be rescinded. Attorney Murray stated that Mr. Lahoud made a poor decision to hire a bar manager about a year ago, which at the time he thought was a good decision, and ran the business in a way that was not consistent with his vision nor the vision of the Worcester Redevelopment Authority. The results are clear with the sanctions that have been imposed on Fusion. Attorney Murray explained Mr. Lahoud was not as attentive or involved on a day to day basis as he should have been, as he is the manager of that location and ultimately the license holder, and he bears responsibility for the incidents that happened. Mr. Lahoud also acknowledged that the License Commission sanctioned him heavily with a thirty-five day suspension. Attorney Murray stated that when it comes to terminating a lease, the Board should also look at the entire tenure of the lease holder, which began in 2009 for Fusion Entertainment. Mr. Lahoud invested hundreds if not thousands of dollars on the build-out of the restaurant at great personal costs and risks to himself financially during a very down economy, with the hope of realizing his vision as well as the vision of the City and the WRA for the Union Station facility. This investment was made during a period of time that saw a great deal of construction in the area, including construction of the rotary and the Edge apartments in the rear of the facility, the ongoing construction of the CitySquare Project, and more recently, the hotel across the street. Attorney Murray stated that Mr. Lahoud remained in Union Station year after year and acknowledged that with all the projects in the surrounding area coming on line there is now a market to support a full service lunch and dinner restaurant at that location. Attorney Murray stated that this was not the case previously and that Mr. Lahoud ran the business on a four day schedule because the market did not support running a seven day per week operation.

Attorney Murray explained that Mr. Lahoud is acknowledging before the Board that he has a risk of losing everything that he has put into the restaurant operation. Mr. Murray shared with the Board a business plan that Mr. Lahoud prepared, and requested that the Board consider the plan for a full service restaurant to be opened in the fall called Phoenician Mediterranean Table. The business plan calls for the restaurant to be open seven days a week, serving both lunch and dinner. Attorney Murray submitted the new business plan to the Board and stated that Mr. Lahoud hoped to use the summer months to market the concept that is outlined in the plan. Mr. Lahoud would serve as the manager and his sister would serve as the executive chef. Attorney Murray stated that Mr. Lahoud has a little over two years left on his lease and noted that any new tenant would need six to twelve months in the area to become operational, which would be downtime at Mr. Lahoud's location.

Attorney Murray expressed to the Board that Mr. Lahoud is in the best position to succeed at the Union Station location, and respectfully requested that the Board reconsider the vote to terminate the lease and allow Mr. Lahoud to continue to operate. He noted that at the expiration of the lease the City and the WRA would have the option to not renew it.

Mr. Lahoud spoke before the Board and reiterated the facts that Attorney Murray presented, commenting on how long he has been a tenant at Union Station. Mr. Lahoud stressed that he would like to see what he envisioned ten years ago come to fruition and apologized for the incidents that have taken place. Mr. Lahoud stated that he is an existing business with approximately seven years at Union Station, and noted that he stayed during the downturn in the economy.

Chair Pedone expressed concerns related to the lease and the issues stemming from the business model that was in place. Chair Pedone commented that the business model is not working and has not over the course of the last six years that he has been a member of the Board, and noted that the first sentence of the business plan indicates that it is essentially the same as the present business model. Chair Pedone referenced the sentence that states “dine, lounge, drink, dance,” which is essentially a nightclub atmosphere. Mr. Lahoud stated that this will be for a professional clientele and that he anticipates more responsible people will frequent his restaurant. Mr. Lahoud believes that the audience had changed from the intent of his original business plan and that certain issues arose because of the previous business manager. Mr. Lahoud stated that the issues stemmed from the staff that worked at the establishment on particular nights, and that a typical Saturday evening saw no problems. He believes his establishment can accommodate good crowds.

Chair Pedone noted that it was not one night but a series of issues that have existed over time, and that Mr. Lahoud’s statements misrepresent the issues aside from the termination of the lease. Attorney Murray stated to the Board that it was one night during the weekend that saw problems, and that Mr. Lahoud would try to market to a different audience on those days.

Mr. Traynor referenced the business plan handout and explained that a full service restaurant and a hookah lounge cannot coexist legally; it must be one or the other. Mr. Tilton inquired about the terms of the lease and Deputy City Solicitor Beaton stated that the lease expires in October 2019 with an option to renew for five years, with no further option at the end of that renewal. It would be Mr. Lahoud’s option to request the extension of the five year lease, not the Board. Mr. Traynor noted that it is the lessee’s option to renew as long as he is in compliance with all terms of the lease at the time of the renewal. Mr. Tilton asked if the rent is paid on a regular basis, and it was noted that Fusion Entertainment has an outstanding balance of \$17,773.48 in back rent. Attorney Murray inquired about money in escrow and Mr. Traynor noted that there was money held as a security deposit.

Chair Pedone asked Mr. Traynor about the parameters of going into executive session to discuss the request that was being made by the lessee. Deputy City Solicitor Beaton stated that the Board can go into executive session to discuss the disposition of real property, and it is therefore acceptable to discuss the terms of the lease in an executive session. Mr. Tilton asked about how many votes it would take to change the decision since there are five members of the Board and only three were present. Deputy City Solicitor Beaton advised that the Board would need two out of three votes to change the decision or to take any action. Mr. Tilton requested to go into executive session.

Mr. Tilton moved to go into Executive Session and the following motion was adopted:

Voted that the Worcester Redevelopment Authority convene in Executive Session to consider the lease of real property because to meet in open session would have a detrimental effect on the Authority’s negotiating position in response to the request of Mr. Lahoud for the reconsideration and rescission of the Board’s prior vote to terminate the commercial lease agreement with Fusion Entertainment, LLC, and to reconvene in open session.

Mr. Traynor called the roll: Mr. Tilton, Mr. Minasian and Chair Pedone voted 3-0 to convene in executive session at 8: 30 A. M. and to reconvene in open session

The Board reconvened in Open Session at 9:05 A. M.

Chair Pedone stated that the Board decided to take no action on the request of Mr. Selim Lahoud for reconsideration and rescission of the Board's June 9, 2017, vote to terminate the commercial lease agreement with Fusion Entertainment, LLC.

2. Authorize Conveyance of 38 Green Street to the City of Worcester

Mr. Traynor explained to the Board that 38 Green Street is a parcel of land that was originally acquired by the WRA in 1967 as part of the East Central Urban Renewal Project. There were a number of parcels acquired where Foster Street is now located. This particular parcel is near the Providence and Worcester Railroad, Foster Street, McGrath Boulevard, and Franklin Street. The conveyance of the parcel to the city is intended to help create a small dog park that would serve the downtown as the area transitions into a neighborhood with the Roseland Apartments coming on line and residential development in the Canal District. Mr. Traynor recommended that the Board authorize the conveyance of the parcel to the city for that purpose. Mr. Tilton questioned the use of the parcel; Mr. Traynor stated that it is not developable and no other use is deemed feasible. The conveyance would provide a credit of \$101,100.00 from the City to the WRA.

Mr. Tilton offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chairman to execute a quitclaim deed to convey the vacant parcel of land located at 38 Green Street to the city of Worcester.

Mr. Minasian seconded the motion; it was voted 3-0 on a voice vote.

3. Worcester Historical Fire Society's Status Report on the Proposed Worcester Fire Museum and Educational Center

The Board was presented a letter from the Worcester Historical Fire Society conveying an update of the events the Society has been involved in to build support and receive donations. Mr. Traynor informed the Board that Mr. Fleischer offered to present the next update in person at the October WRA meeting. Chair Pedone asked why the October meeting and Mr. Traynor stated that it was the requested date. Mr. Minasian inquired about the impact of the leak remediation project being designed by Lamoureux Pagano Associates on the buildout of the space in terms of their timeline. Mr. Odell explained that some of the leak remediation work will need to be done before buildout. Chair Pedone inquired about the status of funding for the museum, and Mr. Traynor informed the Board that there was a vote taken for the project to go out and fundraise. Mr. Traynor agreed to invite the Worcester Historical Fire Society to the September Board meeting.

4. Request for Pedicab Storage at Union Station Garage Retail Space

Chair Pedone explained that a member of the community reached out with a request to use the vacant bays at the Union Station garage for the storage of the pedicabs. Chair Pedone

stated that there are conflicts with current city ordinances about the use of pedicabs and how they are licensed, which may not be relevant to this item. The request is to allow a pedicab company to use currently vacant space. The Board discussed establishing a fee for use of the space. Mr. Traynor informed the Board that he believes at the next City Council meeting there will be a proposal to amend to amend the city ordinances regulating taxis and liveries to include pedicabs as well. Mr. Tilton questioned the fee for using the garage space, and asked if it would be a license agreement on a month to month basis so as to not interfere with any potential use for those spaces. Mr. Traynor confirmed that the agreement would be a license. Mr. Tilton recommended that the term of the agreement run through October, at which time the pedicab company would need to find a permanent space. The Board requested that the fee be nominal as it is for the betterment of the Canal District and Shrewsbury Street to allow their temporary use of the space.

The Board agreed with the proposal and that Mr. Traynor should negotiate a license agreement with the pedicab company.

5. Authorize an Amendment to the Union Station Cooperation Agreement to reduce the FY17 Operating Funds by \$132,425.50.

Mr. Tilton 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 FY17 Operating Funds for the purpose of reducing the FY17 Operating Funds loan by \$132,425.50 from \$649,702.00 to \$517,276.50.

Mr. Minasian seconded the motion; it was voted 3-0 on a voice vote.

6. Authorize an Amendment to the Union Station Cooperation Agreement to provide FY18 Capital Funds in the amount of \$1,000,000.00.

Mr. Tilton 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 FY18 Capital Funds in the amount of \$1,000,000.00.

Mr. Minasian seconded the motion; it was voted 3-0 on a voice vote.

7. Authorize an Amendment to the Union Station Cooperation Agreement to provide FY18 Operating Funds in the amount of \$444,276.00.

Mr. Tilton 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 FY18 Operating Funds in the amount of \$444,276.00.

Mr. Minasian seconded the motion; it was voted 3-0 on a voice vote.

8. Authorize Amendment No. 6 to Design Services Agreement with Nault Architects, Inc. – Sign Pylons

Mr. Odell stated that the pylons will be similar to the pylon in the foyer of Union Station which includes a listing of all of the businesses in Union Station and a small map of the surrounding area

Mr. Tilton offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 6, in the not to exceed amount of \$1,600.00, to the Design Services Agreement between the Authority and Nault Architects, Inc. for design services related to sign pylons at Union Station.

Mr. Minasian seconded the motion: it was voted 3-0 on a voice vote.

9. Authorize Change Order No. 1 to the Service Agreement between the Worcester Redevelopment Authority and Ricciardi Bros., Inc. relative to the Harding Street Improvements project to provide a credit to the Authority in the amount of Four Thousand, Five Hundred Dollars and Zero Cents (\$4,500.00).

Mr. Odell stated that the change order is related to the Harding Street project, which came in under the projected amount due to some of the work going through the Department of Public Works. The WRA received a small credit as a result. Mr. Odell also informed the Board that there will be additional work in the future to brighten the Harding Street entrance.

Mr. Minasian offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 1 to Service Agreement between the Authority and Ricciardi Bros. Inc. relative to the Harding Street Improvement Project for the purposes of providing a credit to the Authority in the amount of Four Thousand, Five Hundred Dollars and Zero Cents (\$4,500.00).

Mr. Tilton seconded the motion; it was voted 3-0 on a voice vote.

10. Notice of Renewal: ATM License Agreement with Spencer Savings Bank

Mr. Traynor stated that this is an informational item. The license agreement provides for annual renewals upon notice. Mr. Traynor received and countersigned the notice.

11. Financial Update Report

**Monthly Expenditure Report
Updated Executed Contracts and Payments**

Ms. Cahill stated that for the period June 6, 2017 through July 7, 2017 there were expenses incurred totaling \$151,307.07. Approximately \$75,000 was for operating expenses and approximately \$76,000 was expended for capital improvements.

12. Status Reports – Miscellaneous/Improvement Projects

- a) Union Station Harding Street Improvements Project**
- b) Union Station Interior and Exterior Signage Project**
- c) Union Station – Vendor & Maintenance Performance**
- d) Union Station – Leak Remediation Project**
- e) Tenants Updates**
- f) Security Update**
- g) Urban Revitalization Plan**

13. Adjournment

There being no further business, the Board motioned to adjourn the meeting at 9:25 A.M.

Respectfully submitted,

Michael E. Traynor, Esq.
Chief Executive Officer