

Worcester Redevelopment Authority

Vincent A. Pedone
Chairman

Michael E. Traynor
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

May 10, 2019

8:00 A.M.

City Hall, Levi Lincoln Chamber
Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
Jennifer Gaskin
David Minasian
Sumner Tilton

Staff

Michael Traynor, Chief Development Officer
Jennifer Beaton, Deputy City Solicitor
Erin Cahill, WRA Financial Manager
John Odell, Energy & Asset Management
John Kelly, Commissioner, Inspectional Services
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, May 10, 2019.

1. Call to Order

Chair Pedone called the meeting to order at 8:12 A.M.

2. Roll Call

Mr. Traynor called the roll.

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3. Approval of Minutes: April 12, 2019; Executive Session – May 2, 2019.

Chair Pedone asked for a motion to approve the April 12, 2019 minutes and the May 2, 2019 Executive Session minutes. Mr. Minasian moved the motion and Ms. Gaskin seconded the motion. Mr. Tilton asked to abstain from the vote on the Executive Session minutes. Chair Pedone announced that the basis for the Executive Session no longer existed and the minutes are public record.

New Business

1. Status update on the repair/renovation work at 521 Main Street

Mr. Traynor opened the discussion and noted that the item was a follow up to the last meeting that included a presentation by representatives of the owner of 521 Main Street. Mr. Traynor noted that the Board packet included copies of the correspondence sent to the owner as well as correspondence received from the owner's representative. The latter correspondence stated that they were not ready to provide a detailed update and that they were still working with National Grid to get power to the building. Mr. Traynor followed up with National Grid and they expected to energize the building by the end of May; Mr. Traynor would remain in contact with the owner's representative and would notify the Board of any updates.

Chair Pedone introduced Commissioner Kelly of Inspectional Services, who provided an update to the Board regarding permits for the building renovations. The building permit was issued in September/November 2017, and the owner obtained a gas permit, a plumbing permit, a mechanical permit for the fire alarm system, and a mechanical permit for the sprinkler system. While work was progressing at a slow pace, the owner did obtain all of their permits and the first floor restaurant would be inspected. Commissioner Kelly was unable to provide an update on the second and third floors, as that work required separate permits. He also noted that a full sprinkler system would allow for two dwelling units on the upper floors, but nothing had been submitted to Inspectional Services.

Mr. Tilton posed a question about the WRA's interest in the restaurant versus the whole building, and Board members reiterated the need to renovate the entire building. The owner's plan for redeveloping the property involves beginning with the restaurant to generate a revenue flow, and then to proceed to renovating the upper floors. Mr. Tilton commented that they are going to open the restaurant while the upper floors have not been fixed, and Chair Pedone responded that he is going by what the owner's representatives stated at the last WRA Board meeting. Mr. Tilton suggested that the Board ask for the owner's plan for the rest of the building when the restaurant opens, similar to the plan that the Board requested of Mr. Marcus, the previous owner of the Midtown Mall. The owner should provide a schedule, financial information, and a timeline for when the project would be completed. Mr. Tilton stated that he anticipates that the upper floors will remain as is for a long time if the Board does not stay on top of the issue. Ms. Gaskin supported this supposition and referred to Mr. Traynor's April 12, 2019 email to the owner's representative wherein he provided a list of requested information. The response received on May 5, 2019 referred only to the National Grid issues and did not address any of the other items that the Board requested – the owner was therefore not responding to the Board's request. Mr. Traynor stated his intention to follow up with the owner's representative again.

Chair Pedone inquired about what the Board could do to assist, noting that the property continues to need to be redeveloped and that he understands the cash flow issue for the owner.

Chair Pedone referred to similar discussions the WRA had with other properties owners, including the Denholm Building. In the latter scenario, the WRA spoke with the property owners about possibly acquiring the building through a purchase or eminent domain with a developer in order to split the property. Mr. Traynor responded that this would require turning the building into a condominium, which was feasible for the Denholm Building because it consists of all condo units. The Board discussed the desire to try to work with the owner of 521 Main Street to find a creative solution that supports development in the area, meets the needs of the owner, and does not require the WRA getting into the restaurant business.

Ms. Gaskin suggested sending the owner a formal letter with deadlines. Mr. Traynor agreed and recommended that the Board invites the owner and their representative back for a face to face discussion about the plan and a timeline, as well as other creative ways to work with them. Mr. Traynor recalled a developer who floated the idea of buying the 521 Main Street building and leasing back the restaurant to the current owner; it could be another way to get the upper floors redone while allowing the business to continue operating. Mr. Minasian concurred and noted that while it was difficult to figure out potential solutions without the owner present he liked the idea of assisting the owner.

Mr. Minasian asked Commissioner Kelly about the status of inspections for the restaurant. Commissioner Kelly responded that he would have to look into what inspections have been completed, but he did know that permits had been pulled for work that is being done and he would be willing to attend a meeting with the owner's representative. Commissioner Kelly also noted that they have power for the building and that they put a significant amount of money into the rear wall. Chair Pedone asked Commissioner Kelly about the condition of the second and third floors from past inspections, and Commissioner Kelly responded that when he was in there about a year and half ago there was a lot of debris in those areas. Chair Pedone inquired about state and city regulations regarding sprinklers, and Commissioner Kelly noted that the owner would be putting a code compliant sprinkler system into the full building.

Chair Pedone stated that the Worcester Business Development Corporation (WBDC) had submitted a letter for the record and invited Roberta Brien from the WBDC to speak. Ms. Brien introduced herself and stated that she represents 20 Franklin Street, a property that the WBDC has owned since 2011. The WBDC had consistently reached out to the owners of the Great Wall from the beginning. In 2011, the property behind 20 Franklin Street and 521 Main Street, known as Allen Court, was being used for parking, dumpster storage, and back of house operations for the 500 block on Main Street. Through communications with all owners that use Allen Court, WBDC developed a comprehensive and cooperative plan to clean up Allen Court in order for it to become an art alley with pedestrian access. The WBDC reached out to the Great Wall and offered them space to either place tables or to provide tables for outdoor dining for their restaurant. The owner did not respond to the offer and refused to utilize the compactor which was made available to them on Federal Street. The WBDC described the outreach that they have conducted and described the 521 Main Street owner's refusal to communicate with the WBDC over the years. Ms. Brien detailed a recent issue wherein they were applying a basecoat of pavement on Allen Court but had to stop because a representative from the Great Wall was attempting to put a dumpster on the fresh pavement. She approached the owner's representatives the previous month and asked them to please contact her in order to coordinate their construction timeline with the WBDC's paving project, but nothing came of it.

Ms. Brien stated for the record that she was not in complete agreement with Mr. Traynor and National Grid's comments regarding the status of the 521 Main Street project. She did not believe that it was National Grid's fault that there was no power in the building yet. The WBDC understood from Mirra Construction, the contractor running the power lines, that it was the

property owner's responsibility to install a hole in their foundation and that National Grid and Mirra Construction would not be responsible for the work. The WBDC believed National Grid was trying to be as helpful and efficient as possible with their time. Ms. Brien also stated for the record that at a Federal Square Condos meeting the WBDC was told that trash had been dumped twice because of construction undertaken at the Great Wall property. She further stated that she was at the WRA Board meeting to ask the Board to hold the owners of 521 Main Street to the same standards that all other property and business owners are held to in the city of Worcester. She also shared her desire for the record to note that the WBDC had tried to communicate with the owner many times with no response.

Chair Pedone asked Commissioner Kelly about the statement that the owner needs to do certain things before National Grid can get into the building. Commissioner Kelly responded that he would find that information out; he thought that National Grid was close to or already had provided power to the building. Chair Pedone asked Commissioner Kelly to provide the information to Mr. Traynor directly. Mr. Tilton clarified with Ms. Brien that when National Grid comes up to put power into a building, core drilling in the foundation is needed so that the conduit and wires can enter the building and that the core drilling is the owner's responsibility. Ms. Gaskin stated that Ms. Brien's testimony points to a lack of cooperation and communication, and that it is very important for the Board to make sure that all the businesses are on board and cooperating not only with each other but with their neighbors as they talk about urban redevelopment plans and creating a walkable community in Worcester.

Chair Pedone recognized that there are language barriers between the WRA and the owner of 521 Main Street which prevented the owner from testifying at the previous WRA Board meeting. Commissioner Kelly referred to a conversation he had with Chair Pedone the previous day about language barriers with some of the utilities, and suggested that there might be a way for the City, through the Economic Development Office, to facilitate a meeting with all of the property owners on Allen Court including the Great Wall. Mr. Tilton acknowledged the language barriers and stated his belief that the owner's representative should still be present at that meeting. The Board and Mr. Traynor discussed setting two meetings; one with the owner and their representative at the Economic Development Office to discuss their redevelopment plan, and a separate meeting with Allen Court property owners to try to come up with a business cooperation agreement.

Chair Pedone stated that this agenda item had four action items: one, the WRA would develop a letter similar to the letter sent to Mr. Marcus regarding the property at 521 Main Street; two, the Economic Development Office would have a meeting with the owner of 521 Main Street regarding their development plans; three, the Economic Development Office would facilitate another meeting with the property owners in Allen Court regarding a cooperation or neighborhood agreement; and four, Commissioner Kelly would provide an update to Mr. Traynor about permits and inspections of the property. Mr. Minasian inquired about any small business assistance that could be shared as part of that meeting, and Mr. Traynor noted that his office could provide the owner with technical assistance but they still needed to come up with a plan first. While they may not be ready to start the redevelopment of the upper floors, they needed to provide a conceptual plan with timelines and financing. Ms. Brien recommended that the meeting with Allen Court property owners be removed from the list of action items, as the WBDC had already established an Allen Court Memorandum of Understanding with all property owners except the Great Wall. The WBDC would provide the WRA the signed letter that speaks to what they are accomplishing in Allen Court and who has agreed to complete projects so as to avoid duplication of efforts. Chair Pedone asked Ms. Brien to provide the document.

Mr. Minasian inquired about the forms of communication used to approach the owner of 521 Main Street and whether or not it was through certified mail or conversations. Ms. Brien clarified that they had attempted to communicate with the owner in forums like the WRA meeting as well as approaching Mrs. Jiang and her attorney at a License Commission meeting. They had also approached them on Allen Court and received a very agreeable response that the owner would communicate with the WBDC, but there had not been any follow-up communication from the owner.

Chair Pedone inquired about the WBDC's position on the Great Wall restaurant obtaining a liquor license. Ms. Brien stated that they did have concerns given the lack of communication when they applied for the application, but they think that property would benefit from a liquor license bringing people to their establishment and staying longer. The property is well placed between the Hanover Theatre, the Roseland Apartments, and the Common. The WBDC did go to the License Commission hearing not in support of that application because of the lack of communication. Chair Pedone stated that it seems the WBDC is trying to encourage the Great Wall owner to develop a business plan that would complement a business plan that isn't in place, and Ms. Brien responded that they may have a plan but they have not informed the WBDC about it. Chair Pedone noted that the Board packet contains correspondence from WBDC regarding the rehabilitation plans for 521 Main Street.

Commissioner Kelly stated that he received information that the electrician completed the wiring at 521 Main Street and that the Chief Inspector said the building had power. Chair Pedone referenced correspondence from Alpine Property Management, the property manager for the 531 Main Street condominiums, which was included in the Board packet and discussed their concerns about the owners of 521 Main Street. Chair Pedone asked if he would be able to share a draft letter to the 521 Main Street property owner with other Board members without violating the open meeting law, and Ms. Beaton stated that commenting on or responding to said email would be a violation of the open meeting law. Ms. Beaton also confirmed that the Board members would not be able to respond to an email with the draft letter sent by Mr. Traynor, as that would also violate the open meeting law. Mr. Tilton suggested that the Board use the letter sent to Mr. Marcus as a template in order to avoid the need to share a draft letter.

2. Discussion of the sale of 10-30 Front Street

Mr. Traynor stated that Mr. Marcus, the former owner of the Midtown Mall, sent a letter to the Board regarding the sale of his property. The deed that was recorded as part of the sale lists the property at 10-30 Front Street, though the property was listed as 12 and 22 Front Street in the Downtown Urban Revitalization Plan. Chair Pedone noted that Mr. Marcus's correspondence would be added to the file for the meeting.

Chair Pedone reiterated the Board's position that their concern is related to the redevelopment of the property, not the owner of the property. The buyer has indicated that he has plans to redevelop the Midtown Mall, and Chair Pedone stated his desire for the Board to invite the new property owner to a future WRA Board meeting to have a conversation about his redevelopment plans. Chair Pedone also requested that the letter that was sent to the former owner be sent to the new owner. Mr. Tilton noted that his knowledge of the sale was limited and that his questions for Mr. Lana, the new owner, would be related to financial matters, including who the equity owner is and if the buyer has bank financing. Mr. Tilton shared a concern that there would be a transfer of the property every time the Board came close to undertaking eminent domain and that redevelopment would not occur. Ms. Gaskin agreed with Chair Pedone and Mr. Tilton and stated her desire to understand the new owner's plan regarding current tenants – whether they would be displaced or if there were plans to work with the tenants to accommodate

them. She noted that the new owner should be scrutinized in the same manner that the previous owner was in order to ensure that the property is redeveloped. Mr. Minasian also agreed and inquired about the number of tenants in the building, which was said to be around thirty or forty in previous meetings.

Chair Pedone referred to questions he had been receiving from the media and others about the possibility of eminent domain being used for the Midtown Mall, and stated that Mr. Lana should be invited to come and speak with the WRA Board. Chair Pedone agreed with Mr. Tilton that the sale of the property should not slow down the process to redevelop the property, which is a broken tooth in the downtown smile. Chair Pedone inquired about the type of information that could be learned about the transfer of the property, and Mr. Tilton responded that the Registry of Deeds will have a deed that recites the consideration paid (\$4,000,000.00). It would not divulge where the money came from or if it was cash – depending on who lent the money, the deed could be accompanied by a mortgage. Mr. Traynor confirmed that the property was transferred to Mr. Lana’s business, Northeast Properties LLC. Mr. Tilton followed up by stating the Board would want to know more about Northeast Properties LLC, including who the managing members are, where the financing came from, and somewhere down the line, a statement of net worth.

Chair Pedone requested that staff gather information about the transfer for the next WRA Board meeting and that an invitation be extended to Mr. Lana and his team to attend the meeting. Mr. Traynor suggested that they use the letter sent to Mr. Marcus the previous month as a template.

Chair Pedone stated that Items 3, 4, 5, and 6 were related to the ballpark project and Mr. Tilton was recused.

3. Authorize execution of Amendment No. 3 to the Design Services Agreement with D’Agostino Izzo & Quirk Architects, Inc. in the amount of Four Million, Five Hundred Fifty-two Thousand, Three Hundred Fifty-six Dollars and no cents (\$4,552,356.00)

Mr. Traynor stated that D’Agostino Izzo & Quirk Architects is the architectural team for the ballpark project. The original contract was funded only through the schematic design phase, and Amendment No. 3 funds the contract through construction.

Mr. Minasian offered the following motion:

Voted that the Authority hereby authorizes its chair or vice-chair to execute Amendment No. 3 to the Design Services Agreement with D’Agostino Izzo Quirk Architects, Inc. in the not to exceed amount of Four Million, Five Hundred Fifty-Two Thousand, Three Hundred Fifty-Sixty Dollars and No Cents (\$4,552,356.00).

Ms. Gaskin seconded the motion.

4. Authorize execution of Amendment No. 1 to the Owner’s Project Manager Agreement with Skanska, USA Building, Inc., to provide Additional Services in the amount of Two Hundred Thirty-seven Thousand, Seven Hundred Sixty Dollars and no cents (\$237,760.00)

Mr. Traynor noted that the item was related to the Owner’s Project Manager Agreement with Skanska, USA Building, Inc., and included the property management services that they

were providing for the properties acquired by the WRA. The Amendment also brought the firm Howard Stein and Hudson on board to undertake community outreach, including providing web-based and social media outreach in order to provide a public face for the different projects taking place in the Canal District.

Mr. Minasian offered the following motion:

Voted that the Authority hereby authorizes its chair or vice-chair to execute Amendment No. 1 to the contract for Project Management Services with Skanska USA Building, Inc. to provide additional services in the not to exceed amount of Two Hundred Thirty Seven Thousand, Seven Hundred Sixty Dollars and No Cents (\$237,760.00).

Ms. Gaskin seconded the motion.

5. Authorize execution of Certificate of Donation Agreement for easements to be acquired by the City of Worcester relative to the Kelley Square Project

Mr. Traynor stated that Item 5 relates to the widening of Madison Street as part of the Kelley Square Project, which requires granting easements to MassDOT over two properties that the WRA recently acquired, 127 Washington Street and 134 Madison Street.

Mr. Minasian offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute a certificate of donation for easements to be acquired by the city of Worcester relative to the Kelly Square Project.

Ms. Gaskin seconded the motion.

6. Approval of Minor Plan Amendment (Amendment No. 2) to the Downtown Urban Revitalization Plan

Mr. Traynor stated that of the Department of Community and Housing Development, the entity responsible for reviewing and approving urban revitalization plans, preferred that the WRA complete a minor plan amendment to extend the boundaries of the Downtown Urban Revitalization Plan area to include two properties – a portion of 2 Plymouth Street and all of 85 Green Street – that the WRA was acquiring but were not currently within in the plan boundary. The amendment would also add the properties to the acquisition parcel and disposition parcel maps. The vote before the Board is a resolution that states the Board is voting to expand the plan area. Mr. Minasian inquired if the acquisition of the two aforementioned properties had to wait until the minor amendment process was completed, and Mr. Traynor confirmed, noting that it would take a couple of weeks and that a closing date was expected in June.

Ms. Gaskin offered the following motion, as written:

Approval of Minor Plan Amendment (Amendment No. 2) to the Downtown Urban Revitalization Plan

Mr. Minasian seconded the motion.

7. Financial Update Report

**Report on Prior Month's Executed Contracts and Payments
Report on Downtown Urban Revitalization Plan Expenditure**

Ms. Cahill reported that for the period of April 9, 2019, through May 7, 2019, the WRA incurred \$2,125,865.81 in expenses. Of this amount, approximately \$478,000.00 was for capital building improvements at Union Station, approximately \$172,000.00 was for operating expenses, and approximately \$1,475,000.00 was for Worcester Ballpark related expenses; the latter included a total of \$800,000.00 for the acquisition of 50 Washington Street. Ms. Cahill noted that the WRA checks that were signed over the previous couple of week were included in the report.

9. 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**

Chair Pedone inquired about the status of the Exterior Stucco Project at Union Station. Mr. Odell responded that progress continued on the project and it had a summer 2019 expected completion date. Mr. Odell stated that the work is very detailed and time-consuming, with most of it done by hand. Mr. Odell also provided updates on the Cannabis Control Commission (CCC) tenant fit-out project and the Miscellaneous Renovations project. Filed sub-bids were received for the CCC project and were in the range of what was expected in terms of pricing. Filed sub-bids were also received for the Miscellaneous Renovations, which includes the Police Substation, work in the Harding Street corridor that leads to the garage, as well as the corridor that will connect the Grand Hall to the currently vacant space on the west side of the building.

Chair Pedone inquired about the former Byblos space. Mr. Traynor responded that Peter Dunn from the Economic Development Office had been meeting with the interested party, Mr. Broullon, and the intention was to set up a meeting with Chair Pedone and Mr. Broullon to discuss the issues brought forward by a third party. Chair Pedone clarified for the other Board members that he was contacted by someone that expressed concerns about Mr. Broullon's financial standing. Mr. Traynor noted that he received a phone call about the matter but was unsure if they followed up with a letter; if they did, he would send it out to the Board.

Chair Pedone stated that the Board was scheduled to meet on June 14, 2019 and asked about the potential to meet before that date. Mr. Traynor responded that he did not anticipate needing to meet sooner.

11. Adjournment

There being no further business, the meeting adjourned at 9:17 A.M.

Respectfully submitted,

Michael E. Traynor, Esq.
Chief Executive Officer