

**City of Salem Massachusetts
Executive Session Meeting Minutes**

Board or Committee: Redevelopment Authority, Executive Session Meeting
Date and Time: Tuesday, September 15, 2020 at 6:00 PM
Meeting Location: Zoom Virtual Meeting
SRA Members Present: Chair Grace Napolitano, David Guarino, Cynthia Nina-Soto, Dean Rubin, Russ Vickers
SRA Members Absent: None
Others Present: Tom Daniel – Director of Planning and Community Development
Kathryn Newhall-Smith – Principal Planner
Matt Zahler – Development Consultant
Recorder: Colleen Brewster

Chair Napolitano calls the meeting to order. Roll call was taken.

To discuss the development proposals submitted in response to the Request for Proposals for the redevelopment of real property located at 32-34 Federal Street and 252 Bridge Street, Salem, MA, because an open meeting may have a detrimental effect on the negotiating position of the public body.

Nina-Soto made a motion to begin executive session.

Seconded by: Guarino.

Guarino, Nina-Soto, Rubin, Vickers, Napolitano. 5 in favor.

Chair Napolitano stated that the Open Session will not reconvene at the conclusion of the Executive Session.

With regard to WinnDevelopment's responses, Mr. Vickers stated that this was a good conversation and way to approach their questions. He knew minor partner, Ken Carpi of Park Towers, is responsible for commercial space, but the MOJ was in the Superior Court not the new building. It's an interesting way to divide the work because the restrictions become more complicated. Mr. Zahler agreed and noted that they would need to pivot the burden and there will need to be additional guarantee, however; Ken Carpi has significant financials. They will need to be heavily involved with and within the preservation restrictions for the historic tax credits and WinnDevelopment won't want to jeopardize their investment. Neighborhood retail can be problematic when it comes to paying rent and hitting their sales goals and a package would need to be negotiated with a personal guarantee within their lease. Mr. Rubin suggested extending their loan.

Mr. Vickers stated that WinnDevelopment discussed tenants, but that responsibility would be with Park Towers. Mr. Zahler replied that this needs further clarification, but he's not overly concerned since Ken Carpi has the capacity to make it happen. Tenants could be fun and innovative but MOJ sounds interesting and a viable use for the space. Mr. Daniel noted that both discussions were good, and it was good to hear more about the MOJ and Discovery Center, however, the SRA doesn't want these buildings empty if the commercial tenants are not viable. Mr. Zahler replied that they can work with them and get them to commit. Paul Ognibene's patient capital comment doesn't pan out because the units were pricing

out at \$700,000 per unit. He pushed them for clarification, but it was never clarified. He did appreciate Merrill Diamond remaining committed to his vision.

Mr. Vickers noted that North River urged partnerships.

Mr. Rubin appreciated the MOJ potential venue and remote learning option. Ms. Nina-Soto noted that Mr. Clayman's description made it seem exciting but she's still uncomfortable with the proposed residential use in the other spaces. Mr. Daniel added that East Regiment Beer Co. struggled to pull it together when they were going into their Church Street space and wanted compensation for their loss of tenants. Mr. Guarino noted his surprise to see they were a potential tenant. North River hasn't provided financials despite being asked multiple times. Mr. Vickers noted that Paul Ognibene's presentation was interesting and their methods of investing innovative. Mr. Zahler noted that having Preservation of Affordable Housing (POAH) on their team means they will lose control over the entire transaction because the financials need to be realigned with the affordable housing resources. Ms. Nina-Soto asked if it's difficult to bring in POAH. Mr. Zahler replied that they would need to enter into an agreement, then they can only do 10% affordable without the resources, and \$500,000 per unit is accurate. He was intrigued that it was offered since their bank letter didn't even cover half of the amount. Mr. Guarino noted his concern with considering them seriously if North River doesn't provide their financials. Mr. Zahler replied North River may not offer their financials until a specific point in the process, despite it being requested in the RFP.

Rubin: Motion to end executive session.

Seconded by: Guarino.

Roll Call Vote: Guarino, Nina-Soto, Rubin, Vickers, Napolitano. 5 in favor.

Guarino: Motion to adjourn.

Seconded by: Rubin

Roll Call Vote: Guarino, Nina-Soto, Rubin, Vickers, Napolitano. 5 in favor.

Meeting adjourned at 9:30PM