

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

<b>Board or Committee:</b>	<b>Redevelopment Authority, Executive Session</b>
<b>Date and Time:</b>	<b>Wednesday, November 10, 2020 at 6:00 PM</b>
<b>Meeting Location:</b>	<b>Zoom Virtual Meeting</b>
<b>SRA Members Present:</b>	<b>Chair Grace Napolitano, Cynthia Nina-Soto, Dean Rubin, Russ Vickers</b>
<b>SRA Members Absent:</b>	<b>David Guarino</b>
<b>Others Present:</b>	<b>Tom Daniel – Director of Planning and Community Development Kathryn Newhall-Smith – Principal Planner Mathieu Zahler – Consultant</b>
<b>Recorder:</b>	<b>Colleen Brewster</b>

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

### **Executive Session Meeting**

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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.

Rubin: Motion for begin executive session.

Seconded by: Nina-Soto

Roll Call Vote: Nina-Soto, Rubin, Vickers, Napolitano. 4-0 in favor.

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

The Executive Session began at 6:45PM.

Mr. Daniel stated that the MBTA letter was received from Richard Henderson and they approved the preliminary developer selection. The SRA has been waiting since June to finalize the MOU and the extension of 1-year has a \$50K cost which will be negotiated. The price had dropped from \$150,000. The letter from Register O'Brien was received. Winn did reach out to the Register, and he wants to be in the County Commissioners Building. The Registry of Deeds doesn't need to go through DCAMM, only the SRA and the Secretary of the Commonwealth needs to determine those terms. It appears they raised putting the Registry on the crescent lot but that's beyond the legislation and would need to follow the 30B procurement process. The next steps will be for Winn to know if the Registry will be in the Superior Court and some adjustments must be made to accommodate that. Mr. Zahler stated that the letter from the Register was interesting. Developers present their viable options and the conversation explaining how to include the Registry needs to occur. The developer should be flexible.

Mr. Zahler noted that a back-up developer designation is smart if the first cannot make it happen. Mr. Zahler reiterated that the programmatic goals of Winn activated the court buildings and the crescent lot, which were goals of the City. Chair Napolitano stated that she was concerned with how Winn corresponded with Register O'Brien, given the miscommunication of what he wanted, Winn not knowing the Register's desire to be Downtown, and the handwritten edits to his previous letter. Their intent was to

clarify that they would be in the Superior Court not the County Commissioners Building, but that relationship may need to be mended given that he would be the one to sign the lease. She asked if the Registry fits would they need an approval from the Secretary and DCAMM to move the agreement and developer selection forward. Mr. Daniel replied that the programmatic analysis is one element, but the terms and conditions are established by the SRA and agreed to by the Commonwealth, but the SRA would help make the deal once it's determined that the lease is compatible with the redevelopment and either in the County Commissioners Court Building or so the Superior Court building isn't chopped up. They need to engage the Secretary of the Commonwealth, and that needs to happen soon. Chair Napolitano stated that Sec. Galvin wants to own not lease the space. Mr. Zahler noted that the Sec. Galvin is also the one making the allocation of historic tax credits.

Mr. Vickers asked if the determination about suitability of the Registry of Deeds was pre or post designation. Mr. Daniel replied that there is ambiguity in terms of timeline, DCAMM took that position that the SRA needed to own the buildings prior to disposition process but they disagreed, and there are other confusing aspects of the legislation. Feasibility is dependent upon terms that haven't been established but a designation will be made tonight.

Mr. Rubin stated that he believes Winn will work with the SRA if they are designated and they want their name to be held in good esteem and meeting the City's goals. If the Registry wants to own, they can purchase the space as a condominium. Chair Napolitano noted that it is unlikely the state is giving the SRA the building only to buy a portion of it back.

Mr. Zahler noted the required 5-year holding period where the developer and investor need to maintain ownership and show a real return to the investor. He referenced an historic boardwalk case in New Jersey that went to the highest levels of court for a tax appeal, where a public authority created an entity and sold tax credits to a third-party and paid themselves a fee. There is an investor model that needs to be followed and after 5<sup>th</sup> year the owner can sell. There is no way to anticipate the sale at this point in the process, when they can it must be at a fair market value so an agreement must be carefully constructed.

Ms. Nina-Soto stated that JHR has the Registry leasing the space, so no one has them as owners. Chair Napolitano questioned whether the legislation would change anything. Mr. Daniel replied no. Mr. Rubin stated that the Register owning is not what the state wants to do but they would be back in their old building. Chair Napolitano noted that the lease at Shetland Park hasn't been re-signed in years. Mr. Daniel added that having the Registry back in the Superior Court is what the Secretary wanted to see but they won't own the structure.

The Board agreed to the designation statement circulated by Mr. Daniel.

Mr. Daniel stated that Mr. Zahler and a development attorney from KP Law will join the team moving forward. The Letter of Intent needs to be drafted, the Registry needs to be figured out, and the crescent lot design is not acceptable; it will need to undergo the standard permitting process. Mr. Zahler noted that the zoning path will need to be outlined in a separate meeting, as will Chapter 91 issues, development / milestones schedules with the designated developer, etc. Chair Napolitano noted that Winn may not be happy that they didn't receive the same invitation from the Registry, never followed-up with the Registry, or took them off the table as a possible tenant. Mr. Daniel agreed and noted that Winn may still think that a 30B is required to get the Registry in the building.

Nina-Soto: Motion to end Executive Session and return to public meeting.  
Seconded by: Rubin

Roll Call Vote: Nina-Soto, Rubin, Vickers, Napolitano. 4-0 in favor.

Executive Session ended at 7:45PM

Know your rights under the Open Meeting Law M.G.L. c. 30A §18-25 and City  
Ordinance Sections 2-028 through 2-2033.