

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

Board or Committee:	Redevelopment Authority, Executive Session
Date and Time:	Wednesday, October 7, 2020 at 5:00 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 Mathieu Zahler – Consultant
Recorder:	Colleen Brewster

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

Executive Session Meeting

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 to move into Executive Session.

Seconded by: Vickers.

Guarino, Nina-Soto, Vickers, Rubin, Napolitano. 5-0 in favor.

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

Executive Session began at 5:50PM

The Board discussed their surprise about the lack of public comment during the Open Session. Mr. Daniel thanked Mr. Zahler for his comments since he had the same MOJ revenue question which seemed high given the amount of revenue growth they are projecting. Mr. Zahler replied that he has no knowledge of museum operating costs, their business plan lacked detailed, but they made their case, the concept sounds good, and the location is great. Mr. Vickers stated that \$300,000 to \$6M in 7 years is higher than any private Salem museum has made in one year, the PEM aside. Mr. Rubin saw this as an educational institution type venue that includes a museum and can be used for meetings. They used the 34% industry average, but one developer said they don't need the revenue to make it viable. Mr. Daniel clarified that Paul Ognibene of Urban Spaces said they didn't need the revenue. Mr. Vickers noted that they would be tenants of the developer since it's a condominium arrangement which is a different financial dynamic. Chair Napolitano questioned if SSU is Winn's back-up tenant. Ms. Nina-Soto replied that SSU was non-committal so both tenants are just speculative. Newhall-Smith added that the same can be said for all potential tenants since this development process will be several years and much can change.

Mr. Zahler stated that housing in the courthouse would be a reliable income stream despite it not being the preferred use. Mr. Guarino replied that residential use is reliable but won't liven that part of town during the week if an 18-hour use is preferred. In this museum use vs. registry or SSU scenario the

museum is slightly better and eager to get in the space. Mr. Vickers noted that the state entities are stable once they are in place. Mr. Daniel replied that the safe use is residential, but the Registry is a viable option. It was determined during a conversation with DCAMM, the special act could allow them to bypass the traditional RFP process. Mr. Vickers suggested comparing Registry use with the proposed housing. Mr. Zahler noted that Winn doesn't have the Registry in their proposal but would likely consider including them. If Winn is selected the MOJ would still want to be included. He agreed that with Mr. Guarino that the MOJ would use the space and create the activity the members desired. Mr. Clayman has connections, and it would be a one-of-a-kind entity, although their rent seemed high. Mr. Daniel noted Winn would be open to discussing a different tenant. Mr. Zahler noted that their response was odd, but they really don't want to change what they submitted, this may be a local connection they want to partner with but they could get eliminate them if the SRA requested and written into the development agreement. The Board continued to question the purpose of Park Towers. Mr. Rubin suggested that Park Towers may not want to be involved in the day to day residential since they have a familiarity with municipal tenants. This is the DCAMM model which works, and they know how to do that. Winn does mixed income and affordable housing, so they may want someone who can tackle the commercial tenant while also having a local presence. Mr. Daniel questioned whether Park Towers gives them a stronger run for historic tax credits. Mr. Zahler replied that Winn has the relationship with the Secretary. Mr. Vickers agreed and noted that Park Towers doesn't manage commercial spaces which change of responsibility, however, the Registry two years from now could be a better idea than a brewery.

Mr. Daniel asked if anyone felt differently after the follow-up with the development teams. Mr. Guarino replied that his ranking had not shifted, but he was split on JHR being supportive of a partnership on the tunnel but not wanting to take ownership. Mr. Vickers noted that JHR explained their approach and have done this before. The MBTA will want the ownership but it will be a public facility once complete and maintenance will need to rest in City's hands. Mr. Rubin stated that the District Courthouse on Washington Street, and in North River's video they were arguing for a community approach and partnership from all entities. Their answer only said they'd work it out but there was no structure in place. He questioned how that approach worked with the District Court. Mr. Daniel replied that he and Ms. Newhall-Smith worked with them, he felt he had to manage a lot until Jeff Hirsh from Urban Spaces took over as Project Manager. There was nothing exceptional about their process, they had the standard meetings, small public art committee, and they were responsive, but any developer would do the same. Ms. Newhall-Smith added that while she worked in Newburyport, Mr. Diamond bid on an RFP for a former school. Permitting went smooth because it was a rehabilitation with exterior preservation only. She had to follow up on a few façade related items that were changed after permitting, which happens often. Mr. Zahler replied that developers in that situation have a concrete plan even if they don't spell out from the start. Two of the three development teams provided ideas not concrete plan, and two of those plans don't work, one was too expensive the other not expensive enough. They seem to not have the experience to figure out the types of problems they will encounter with these buildings. When a developer like Diamond Sinacori couldn't do a historic rehabilitation, which gets the value by saving historic elements. Stripping them of their details is a sign that they are trying to make money. Mr. Vickers & Mr. Zahler discussed the required replacement of building elements vs. salvaging historic building elements. Mr. Zahler added that the preservation restriction will save the historic fabric of the courthouses and site visits to developer's previous jobs are helpful to see what else the developers have done. Winn had a concrete plan, but they were also the ones who said they'd change it the least. Mr. Diamond proposed a spire but swapped it with a large building. Each development team should have a plan A and B. JHR's tunnel is a good concept but it won't look like the rendering, but they could construct it down the road.

Mr. Vickers stated that the RFP asked for a new vision for this end of the City and developers followed through. The housing option liked best met the standard but doesn't satisfy the SRA's vision. The most

defensible idea is the one with the most defensible use of the building, but not what they were looking for, the SRA wanted adaptive reuse. Ms. Nina-Soto agreed with Mr. Zahler, feels comfortable with Winn, their desire for housing is predictable but they had a willingness to be straight-forward and stay on land the SRA owns and is buildable. They proposed what was requested in the RFP and that analysis what was mentioned in their discussion. They will find a way to make it happen with their personal guarantees and will make it work without the commercial aspect. The Crescent lot also fits and won't feel out of place. Mr. Guarino agreed with Ms. Nina-Soto, was comfortable with JHR's responses and self-advocacy, but it doesn't change his scoring or general feeling. The score is favoring Winn.

Mr. Guarino questioned whether the MBTA would retain ownership of the tunnel or if the City would maintain it with a 99-year lease agreement. Mr. Daniel replied a lease could be held by a private entity or the City with maintenance being the responsibility of the developer. The City doesn't need another obligation to maintain so a private entity is needed. Chair Napolitano raised her concerns with liability. Mr. Zahler added that the developer will want to market it and maintain it. Mr. Vickers noted that JHR's write-up on the tunnel was that it was for the benefit of the commuters but it's also a place of arrival for their building. This is an opportunity to do something interesting at this end of the City but it's those ideas that are being put aside since the developers don't have the answers to the questions about them. Chair Napolitano agreed that the concepts were out of the box but the lack of commitment for a partnership was disappointing, since it was an integral part of their proposal. Mr. Vickers replied that they allocated \$300,000 to hire a consultant and lead the process. Mr. Zahler stated that City Point was a land developer hired for a job in the South Shore, but things did not go well and they were removed from the transaction because they committed to union labor but couldn't afford to redevelop the project with union labor. This may not be the right consultant for this task.

Mr. Daniel stated that the North River's suggestion of moving their proposed building when told their proposal was on land not owned by the SRA wasn't a sufficient or well thought out response. He also believes it would take longer than the year they suggested since they haven't figured out the transaction with the MBTA, can't begin permitting until they are confident that the MBTA will move forward with the land. JHR could build their building but not include the tunnel or cascading staircase. He hoped they would provide a specific response to the design challenge that the parking structure presents for the tunnel. It was a missed opportunity for their designers to show everyone how they could make it work rather than just saying they would figure it out. Winn clarified the Park Towers arrangement; however, the question of why involve them at all still lingers.

Mr. Daniel asked about going down to two development teams or keep all three into the next steps of negotiation. He stated that he will request a well thought out response on whether the no housing in the Superior Court works. Mr. Zahler suggested telling Winn they are close, it's down to two, but the SRA needs more creativity and to state how to make the tunnel happen. Mr. Vickers stated that Winn is proposing housing and a questionable tenant isn't acceptable. Mr. Guarino replied that he likes Winn because their proposed use will provide the most activation in the area, they answered the questions and put forward the information that was requested, and they can do it. Mr. Vickers noted that they also wanted the MOJ as a tenant but what does that mean for the Registry of Deeds and their organization structure with Park Towers. Ms. Nina-Soto also suggested asking Winn why they can't go forward with it since people in Salem like the connection the tunnel would provide. Mr. Guarino noted that there are still unanswered questions for JHR but supports working with them on the tunnel negotiations. Chair Napolitano considered what can they use to negotiate, or should they have a back-up and suggested finding out the commitments the teams are willing to make. The tunnel is innovative, but Winn's proposal works within the parameters and is viable. Having two teams gives the SRA negotiating power. Mr. Zahler suggested another round of interviews to get the un-answered questions would be tiring for all involved.

Mr. Daniel stated that JHR was willing to do the least in terms of affordability, only 10%, but they could push back on it. Ms. Nina-Soto added that JHR did say they would increase the affordability if the Board asked. Winn has the housing and guarantees but JHR has the creativity, but she wants both. If the Board wants the tunnel Winn should be asked how to make it happen and if the Board wants the affordable housing JHR should be asked to increase it. Mr. Rubin noted that two members of the public said no to going forward with Winn since Salem has done more with housing than the neighboring town, and someone other than Winn should be given a chance. He wanted to tell Winn and JHR they are finalists and ask them to address their remaining questions. Winn should be more creative and show what else can you do. JHR should increase the housing and be more concrete with the tunnel. Each should be told what's missing from the proposal and to find a way to get the Registry with the MOJ.

Mr. Vickers suggested that Winn should be pushed on their use of public spaces. Mr. Daniel replied that Winn is proposing a lot of public realm and included public art but not the tunnel. He wanted to be wowed by their design, but he wasn't. Mr. Rubin note that Charlotte Fortin Park doesn't have the public realm they said it would, mostly homeless people occupy the space, it's very basic. Mr. Zahler questioned the programming, noted that the work proposed is significant but questioned how it will be used if the SRA wants an 18- hour development, which isn't a big ask on the developer.

The Board discussed questions to ask the development teams. Mr. Daniel suggested asking what Winn is without Park Towers. Ms. Newhall-Smith replied that it's overstepping because it is Winn's decision on whom to partner with. Mr. Rubin agreed with Ms. Newhall-Smith. Mr. Vickers suggested asking how they plan to make their major tenant work. Chair Napolitano suggested asking JHR about the tunnel and making an operation maintenance commitment as well as ownership of it. Mr. Guarino added seeing if JHR will commit to management too. Ms. Newhall-Smith suggested asking JHR to confirm their tenancy with the MOJ and SSU, since SSU said maybe within 7 years. Chair Napolitano replied that the MOJ said 'when not if' and SSU said 'if not when.' SSU was struggling before the pandemic so it may not be a real plan. Mr. Guarino noted that their answers may not inspire confidence. Ms. Nina-Soto reiterated that SSU couldn't commit but the developer said they'd wait for SSU and keeping it empty but not activated. SSU may keep students off campus one or two additional semesters. Mr. Rubin stated that the developer needs to provide a plan to fill the space in the event that SSU never moves in, so the space is activated not empty.

The Board agreed to send out the responses on October 13, 2020 but responses will be needed by October 21, 3030 in time for their special meeting on October 26, 2020 at 6PM. They also agreed to tell each development team to be available for discussion.

Rubin: Motion to end Executive Session.

Seconded by: Vickers second.

Guarino, Nina-Soto, Vickers, Rubin, Napolitano. 5-0 in favor.

Guarino: Motion to adjourn.

Seconded by: Rubin second.

Guarino, Nina-Soto, Vickers, Rubin, Napolitano. 5-0 in favor.

Executive Session ended at 7:45PM