

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

Board or Committee: Redevelopment Authority, Regular Meeting
Date and Time: Wednesday, July 25, 2019 at 5:00 PM
Meeting Location: 98 Washington Street, First Floor Conference Room
SRA Members Present: Chair Grace Napolitano, Gary Barrett, David Guarino, Dean Rubin, Russ Vickers
SRA Members Absent: None
Others Present: Tom Daniel – Director of Planning and Community Development, Kathryn Newhall-Smith- Principal Planner, Matthew Zahler – Real Estate Development Consultant from MPZ Development, LLC
Recorder: Colleen Brewster

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

Executive Session

1. To review the submittals to the Request for Qualifications 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 request an Executive Session.
Barrett, Guarino, Chair Napolitano, Rubin, Vickers. Passes: 5-0.

The SRA entered executive session at 6:35PM.

Mr. Daniel stated that any definite no's will narrow down the list but a decision doesn't need to be made tonight. They can send follow-up questions and contact the teams references that they want to explore more. A sub-set of teams can also return for another round of interviews. He's had time to reflect on each; this RFQ process is where the SRA needs to determine if the teams have the passion, desire, creativity, competency, and ability to complete this project. Will they make a good partner and are they a good fit? Mr. Zahler added that it's up to the SRA to review the RFQ proposals and interviews. The concept is flexible and who will be the most flexible and have that creativity?

Mr. Daniel noted that they can narrow the list down to 3 but 4 is an option. Mr. Zahler replied that they could have a back-up 4th team. The Board should rank the teams individually. Mr. Daniel added that like 5 Broad Street, the teams can be ranked individually and afterwards as a group. Mr. Vickers stated that this a different way of judging than 5 Broad Street. Mr. Barrett noted that he already knows his top 3 already and that will most likely not change.

Mr. Vickers questioned North River Partnership and when their concept would change from a children's museum to an alternative plan and what makes them think its viable? That should be sent back to them as a question. Mr. Guarino noted that some of those answers are already in their proforma. Mr. Zahler stated that he has concerns with their numbers, which need more review, although they provided the most financial information of all the teams. He also has concerns with the viability at this point. Mr. Vickers agreed that it's a highly specific use that would change the whole

project. Mr. Zahler questioned if they can pivot and when. Mr. Vickers stated that it would help the SRA's process to know and they need to ask them for their alternates. He was so confident in this proposed use. Ms. Newhall-Smith stated that if they ask North River, then they need to ask everyone about project viability, because no one provided that information at this stage in the process.

Chair Napolitano stated that the Registry of Deeds presence in the building also applies. Mr. Daniel noted that he asked JHR about Salem State's inclusion in their proposal. There is a question of funding for the children's museum and for the institutional uses. The Museum of Justice has more standing because it's established. Mr. Guarino noted that their museum consultant is very well established with work all over the country. Mr. Rubin noted that that information has been added. Mr. Zahler added that until they have a signed lease you don't know the outcome. The question is whether that entity has the wherewithal to return with options and be successful. He should have said he would keep trying until they find a tenant because there is a risk that the pre-determined use will sit vacant for years.

Mr. Rubin stated that the teams tonight varied from proposing a very specific use to Winn asking what we want. Chair Napolitano noted her appreciation that Diamond Sinacori wanting the primary use to be public access, while Winn cared about the crescent lot more and wanted direction on the court buildings. It did make sense that Winn wanted to know what the preservation restriction would say before committing to uses. Mr. Rubin noted that when questioning how flexible a developer should be, then Winn is as flexible as you can get because they will do what we want. Chair Napolitano noted that Winn also told them that the historic property will take longer. Mr. Zahler noted that Winn is a giant company that is very successful but sometimes lacks creativity, but they have the tenacity to get the job done and raise the funds and they have a lot of institutional knowledge too. Mr. Daniel stated that the historic preservation work by Lupoli was mills which are shell buildings and they just had to make the numbers work.

Mr. Zahler stated that the school buildings are challenging, and Ms. Cavanaugh is very good at historic preservation and she is also on Trinity's team. Chair Napolitano stated that they wanted to engage the historical society for how to move forward. Mr. Vickers noted that Winn didn't have a vision for those two buildings, but they should be designing them. Mr. Guarino agreed. Chair Napolitano added that she felt those two buildings were an afterthought, as evidenced by the missing team member whose focus was the historic buildings. Mr. Guarino stated that the team asked for another interview date; Ms. Newhall-Smith noted that they told her Mr. Carpi would be away so he made himself available by phone. Mr. Daniel stated that he doesn't understand their partnership. Mr. Zahler assumed that Winn can't take on overseeing a tax credit process, so they are using the partnership. Not everyone interviewed is looking to use tax credits. Mr. Daniel stated that he did like their value statement. Ms. Newhall-Smith noted that she liked how the Winn team seemed to work well together during the interview. Mr. Guarino noted that they really treated it like an RFQ and not an RFP, which is good. Mr. Zahler noted that they provided hints through renderings showing some concepts. Chair Napolitano stated that she likes mixed market housing for the crescent lot. Mr. Daniel noted that he didn't like that they wanted to activate it at a detriment for another area of town. A street closure to draw people up is something he doesn't envision. There are also other several other spaces that can be activated through use by the North Shore CDC.

Mr. Vickers stated that Mr. Merrill had a lot of passion for the museum and the work by Diamond Sinacori is high end. They were heavily involved in the design and public art at 65 Washington Street. Ms. Newhall-Smith noted her surprise that Mr. Northcutt said Mr. Diamond would go 60% AMI for the affordable units on the new lot. Mr. Zahler added that their numbers didn't reflect that.

Mr. Guarino noted that Mr. Diamond didn't react negatively to Mr. Northcutt's statement. Mr. Vickers noted that that conflicts with their proposal. Mr. Daniel stated that the County Commissioners Building would be done by the CDC and it would all be 60% AMI, while 10% of the units on the crescent lot would be affordable at 60% AMI instead of 80%. Mr. Rubin noted that they were excited about keeping it an active public building, his children's museum, and energizing this part of town and creating that connectivity. An alternative could work, and Merrill could be passionate about that too, but he would need to want to change from the children's museum idea.

Mr. Zahler stated that Ms. Barnat and Mr. Rockett were also compelling in their willingness to do something creative; however, all three don't have the balance sheet of the other 3 or a history of trying to do these things before. Mr. Rubin was right about Mr. Lozano's body language, they could be pigeon-holed because of their experiences. Chair Napolitano noted that the local vested interest is great, but do they have the capability to pivot to something else. Mr. Vickers stated that financial qualification will be submitted in the RFP and some institutions will be willing to finance these projects. Mr. Guarino suggested the Board ask them to think bigger and about activating the intersection, so they don't go back to what they know, creating residential and closing the doors to the community. Chair Napolitano suggest they stress that the inclusion of public access would be highly advantageous in the RFP. Mr. Daniel noted that they can identify some values that weren't articulated in the RFQ. He also liked the living history idea in the Superior Court from Ms. Barnat; it resonated with him because that building lends itself to that use and public access to the County Commissioners Building isn't as important. That's a finer level of detail than what can be stated in the RFQ. Trinity wanted all housing which would eliminate them from being shortlisted however, they will also do whatever the SRA wants. Mr. Zahler stated that the Trinity RFQ noted a Parker Brothers Museum that they didn't mention in their interviews. We didn't ask what their Worcester museum was, and it could just be some photographs on the wall. Mr. Barrett agreed. Mr. Daniel noted that the Salem Jail history museum isn't what the SRA thought it would be and it's not what they want in this project. Mr. Vickers noted that some teams spoke about it while the others stuck with their housing model and they'd do whatever SRA wants in the court buildings. Mr. Rubin asked about Ch. 91's public access requirement if it included the Superior Court building. Mr. Daniel replied no.

Mr. Daniel stated that the architecture is important, and he really liked ICON and the architects from Form + Place with urban design experience. Mr. Zahler noted Michael Wang's has ties to ULI. Mr. Vickers added that they were creative. Mr. Daniel stated that they aligned with developers who have creativity and passion. Mr. Zahler noted that they need to provide a balance sheet.

Mr. Guarino stated that it would be good to have 4 teams rather than 3 shortlisted and have a larger firm propose something creative. Mr. Daniel noted that narrowing them down to 3 in the next phase is good and they don't need feedback from them all now. They should be told what they need to focus on instead and wait until they are shortlisted and asked those follow-up questions. Mr. Vickers agreed that their responses will show their flexibility. Mr. Guarino noted that the Board won't get a sense of everyone's flexibility that way.

Mr. Daniel noted that neither team this evening discussed their challenges and 65 Washington Street was a huge challenge for Diamond Sinacori. He felt that he had to manage their process for them, and Mr. Hirsh was very helpful when he came on board. Mr. Vickers agreed. Mr. Rubin stated that having their written answers to the follow-up questions could make the Board lose favor with one of the three. He requested individual lists that are discussed at the next meeting. Mr. Vickers noted that the Registry of Deeds has some restriction and he wants to be on firm ground with them so it stands

up on a test with whomever will challenge it. The applicants can't return with a proposal without knowing what DCAMM will request in terms of market rates, square footages, or terms of lease. Mr. Daniel agreed, the legislation is an issue and the Commissioner is looking for the SRA to determine that it's not viable. Chair Napolitano noted that Winn said the numbers were troubling. Mr. Vickers stated that the SRA needs a basis for making that decision and they don't have that yet.

Mr. Daniel asked Mr. Zahler if the preservation restrictions need to be complete before the RFP is issued. Mr. Zahler replied a determination from MHC is preferable and he asked where they are in that process. Ms. Newhall-Smith replied that she just started drafting it. Mr. Daniel added that there is an MOA that states broadly what they need to do and no one has reviewed any draft PR language. The SRA is writing the preservation restrictions although they don't know who the holder will be. Mr. Zahler replied that a developer will need that to determine what they can and cannot do or touch. You need to have a good sense of it moving forward. He asked if the SRA had a historic consultant. Mr. Daniel replied that they are planning to hire one. Mr. Zahler suggested someone who is not a tax consultant like Jennifer Goulsan.

The Board agreed to go into executive session after the next regular SRA meeting on August 14th at 6PM. Mr. Daniel agreed to call-in.

Roll call vote to adjourn to Executive Session at 7:30PM.

Chair Napolitano, Gary Barrett, Dave Guarino, Dean Rubin, Russ Vickers. Passes: 5-0.

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

Adjournment

Guarino: Motion to adjourn the meeting.
Seconded by: Vickers. Passes 5-0.

Meeting is adjourned at 7:30PM.

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