

Worcester Redevelopment Authority

Vincent A. Pedone
Chairman

Peter Dunn
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

Friday, November 13, 2020

9:00 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
David Minasian, Vice Chair
Jennifer Gaskin
Michael Angelini
Sumner Tilton

Staff

Peter Dunn, Chief Development Officer
Jennifer Beaton, Deputy City Solicitor,
Timothy McGourthy, Chief Financial Officer
Erin Taylor, Budget Director
Alexis Delgado, WRA Finance Manager
John Odell, Energy & Asset Management
Jane Bresnahan, Office of Economic Development
Robert Stearns, City Auditor

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 9:00 A.M. on Friday, November 13, 2020.

Chair Pedone announced that all votes will be roll call.

1. Call to Order

Mr. Dunn called the meeting to order at 9:00 A.M.

2. Roll Call

Mr. Dunn called the roll – Mr. Pedone, Mr. Minasian, Ms. Gaskin, Mr. Tilton and Mr. Angelini.

3. Approval of Minutes: September 25, 2020

Chair Pedone asked for a motion to approve the minutes.

Mr. Angelini made a motion to approve the minutes, Mr. Minasian seconded the motion.

The minutes were approved 5-0 on a roll call.

New Business –

4. Presentation of year-end Financial Statement and Independent Auditor's Report for The fiscal year ended June 30, 2019

Mr. Dunn stated this is the year-end Financial Statement and Independent Auditor's Report for fiscal year end June 30, 2019. Matthew Hunt from CliftonLarsenAllen presented. Mr. Hunt apologized for discussing the June 30, 2019 audit so late in the year we were scheduled to meet around the time the pandemic hit and thank you for having me this morning to discuss the June 30, 2019 audit. We will be discussing two reports, financial statement and single audit report related to the federal grant activity. The most important part of the financial statements is the independent auditor's report on pages 1 and 2 of the financial statements and that is where we provide our opinion. Mr. Hunt stated their opinion is unmodified which is the best opinion available in an audit and supports the financial statements are free of any material misstatement. Mr. Angelini stated he read the entire report carefully does not want to burden Mr. Hunt with repeating what we've all read, is it a fair summary that only one deficiency was found and referred to on page 40 of the report? Mr. Hunt I will defer to the Board regarding the presentation. Mr. Hunt stated there was a finding on the Federal Audit, an internal control finding. One of the things that you have to do with Federal grants you have to check and make sure all the vendors associated with the grant are not suspended or disbarred by the Federal Government. While none of the vendors were suspended or disbarred, there was no documentation or checks that occurred prior to their contract. It is not a significant finding and it's something commonly seen. Mr. Angelini referring to page 45 mentioned a corrective action plan and could not find that plan. Mr. Hunt replied that is not typically something that is necessarily included in the reporting package and is filed with the Federal Government, but there is a corrective action plan in place. Mr. Angelini asked if Mr. Hunt could represent that this is a relatively insignificant item and want to make sure that we are all aware. Mr. Hunt said it is not included in the report as deliverable just submitted to the federal government as part of a reporting package and corrective action states that WRA agrees with finding and that in response to finding – WRA has strengthened its procedures and that all vendors are not suspended or disbarred from participation in federal grants and the WRA has reached out to the specific vendor who is now registered in SAM.gov.

Mr. Tilton revisited a comment he made from last year or the year before regarding current liabilities vastly exceeding current assets. Nowhere in your footnotes does it reference the fact that it is insolvent, when normally I would look for a growing concern and that this could not be an ongoing viable financial institution with that kind of a balance sheet. Can you explain where in the financial statements we receive a bailout or the City of Worcester stands behind what our current deficit and net worth? Mr. Hunt stated that when it comes to growing concern that's a very specific disclosure that would take place in a supplemental audit and the WRA does not meet that criteria and appreciate the fact that you are supported by loans from the City but there is no reason to believe that the WRA organization is going to disband and that the organization will no longer exist. In terms of disclosing the fact that there is accompanying notes where it discloses the Authority is dependent on the City of Worcester. Mr. Tilton asked if there is something contained in the report that the City of Worcester guarantees the debt of the WRA and cleared of malfeasance. Mr. Hunt replied there is reference to note payments –

that will have to be determined between the City and the WRA which is a unique organization. Mr. Tilton expressed concerns regarding the WRA financials and does the Board have liability if the City does not relieve their obligation. Mr. Dunn stated the relationship between the WRA and the City of Worcester would be covered with the Cooperation Agreements that exist between the WRA and the City. Mr. Dunn referred to Ms. Beaton to reference that in the Cooperation Agreements. Ms. Beaton we will get back to you with the specific answer, I also believe that the WRA is a line item in the City Budget. Mr. McGourthy added that it is included in our Budget documents and we complete the transfers and the controlling documents are the Cooperation Agreements which set forward the funds the City will transfer to the WRA and layout the arrangement. Mr. McGourthy will provide the Board with surety that you are doing what you need to be doing to make sure the WRA stays whole. Chair Pedone we did have this discussion a year ago with Mr. Traynor and he pointed to the Cooperation Agreement. Mr. Angelini recommended reference to the next meeting for a report.

Mr. Angelini offered the following motion to:

Voted that the Worcester Redevelopment Authority hereby approves and accepts the year-end Financial Statements and Independent Auditors' Report for the fiscal year ended June 30, 2019, prepared by CliftonLarsonAllen LLP.

Mr. Minasian seconded the motion.

The item was approved 5-0 on a roll call.

6. Status Reports:

Midtown Mall

Mr. Dunn informed the Board that Mr. Lana has joined the meeting. Chair Pedone inquired of the Board, if there was no objection to take the Status Report out of order and continue with the agenda. Mr. Dunn following up on September's meeting, Mr. Lana is here to discuss progress, and confirmed that he has pulled building permit for the façade work and is undergoing some tweaks to the design of that work.

Mr. Lana mentioned he is out of state but still wanted to update the Board. Mr. Lana provided an update regarding the interior and exterior of the building. The interior common area improvements should wrap up by the end of the month. Regarding the LOIs that he mentioned at the last meeting, strong conversations continue with possible tenants, with a commitment once the building façade's project is completed. Once there is signed lease an update will be provided to Mr. Dunn. The building permits were received two weeks ago for the façade, we have contracted with Raymond James Restoration to do the staging and demolition for the façade project. We are going to remove the deco underneath the window and implement them into the interior design of the Mall which will include an extra expense. We are in the final stages of completing design with two glass companies and aluminum involved with the façade and especially where there are shortages for certain products. We are down to two companies which should be within a week or two finding out exactly who will be awarded the contracts in order to move forward, this year or spring of next year related to weather conditions staging wise. Mr. Lana referring to the plans since last year we have looked and overlooked and heard comments regarding the design and taken into consideration of what the façade will look like. It was suggested that we reach out to individuals in the City to ask for feedback of different variations of the design. Mr. Lana stated the glass

will still be used the metal, vertical across on the second floor, first floor and along the columns on the metal, referred to as spin glass and will be a different color glass. We're looking to change and expand the glass into a decking material similar to stone look trek decking to break up the look of the façade. We have two different renderings and will provide to Mr. Dunn to share with the Board at the next meeting.

Mr. Angelini thanked Mr. Lana for speaking to a number of people in the city regarding the façade design and I appreciate your responsiveness to those concerns about the original plans for the façade and incorporate and adapt reflects an attitude of cooperation I'm pleased to observe. Chair Pedone also expressed appreciation for the update. Mr. Minasian asked if there was any update on leases and construction and the other projects. Mr. Lana stated there are continuous showings and has seen an increase on leasing spaces with at least three to five showings per week with interested parties. Mr. Lana noted the pandemic has prevented anyone from contributing one hundred percent to a lease. Mr. Lana referred to the requests of space from outside of Worcester proper including Westborough, West Boylston, and Sterling the outlying areas from the city which presents new tenants not from the city.

Mr. Minasian asked for an update on the other residential project. Mr. Lana informed the Board that an architect passed away and brought a delay. The firm will be restarting the project and about sixty percent of the design work is complete and will be able to submit to the Board in about a month or two and have a better understanding of how the apartments and hallways will be laid out. Mr. Lana stated that the only problem we have right now is that there are two different buildings at 10 Front Street. If you view the roof line you have two completely different buildings, once you walk inside there is a 2 ½ to 3 feet brick fire wall separating the buildings. In order to construct the floors to line up has been challenging but we are making progress and within thirty to sixty days we will have draft drawings for the Board to review. Mr. Minasian inquired about the Chase Building 44 Front Street which was also under construction and is it near the finishing stage. Mr. Lana that has been approved for thirty-four units and in the final states of finishing that work. Chair Pedone thanked Mr. Lana and look forwarding to receiving updates.

3. Healthy Foods aka Union Café Update

Chair Pedone requested Mr. Dunn update the Board regarding information he received from Union Café. Union Café, on the ground floor of Union Station offering commuters amenities such as coffee, pastries and juices, in the morning before boarding a train. Mr. Dunn stated the owner notified staff since the last meeting that the tenant will not be reopening. They closed at the end of March when the pandemic first hit. The owner made two attempts to reopen and due to lack of foot traffic and ongoing financial impacts from the coronavirus they have notified us that they will not be reopening. Union Café was a tenant-at-will and there is no formality needing to be done in terms of moving away from that relationship. Mr. Dunn said a request-for-proposals for that space will be put together and issued shortly in order for that amenity be brought back to support commuters as soon as possible. Mr. Angelini inquired about the rent for the space, that sooner or later with pandemic will turn around and we will have a vibrant transportation center. Mr. Angelini stated the revenue we take from that space is not as important as creating a climate of engagement with people who are using Union Station. Mr. Angelini said he assumes that we are not receiving much rent for this space and we want to do anything we can to invite someone to come there, operate it, provide the service to commuters and hopefully make a little bit of money. Mr. Angelini would like staff to review the suggestion and its activity is more important than the income. Mr. Dunn one suggestion would be with the Request for Proposals certainly be open in terms of

minimum bid or not specify a minimum bid and leave open to allow us to accept those proposals and see all options that are out there. Mr. Angelini also suggested profit sharing. Mr. Minasian suggested the bid could be based on a qualification not necessarily based on income and what value it will bring to Union Station and look at the proposals based on that and agree that the foot traffic activity and drive that for other spaces. This space will look completely different and a broader scope will help that.

6. Status Report

Chair Pedone requested Mr. Dunn provide an update on Federal Reimbursements for Union Station as well as updates on the MBTA and service adjustments due to their economic and financial situations and reductions and what impact is having on the Station. Mr. Dunn referred to recent articles about the FTA regarding funding that supports Union Station. Mr. Dunn requested Mr. Odell give an update, who is working cooperatively with the MBTA, on the center platform project as well as the cut to weekend service, hopefully a temporary measure which is outside of our control.

Mr. Odell regarding the first question the MBTA was awarded MADOT a little under \$30 million dollars to fund the overall development and creation of the center platform and the redevelopment of the track area that leads to it. It is a pretty significant outlay and a lot of work that needs to be done which represents the high cost. Thirty million is sixty percent of the total project cost with the rest being funded through State funds. Our piece of that project is the last piece which is the demo of the existing platform at the end of the project. We have FTA funds that were allocated to the WRA and will be directed towards that piece of the project. They are looking hopefully to get their bid out this year, but could be pushed to early January. We are finalizing a Memorandum of Understanding we are awaiting a response from their side on our recent offer and expect to have in the near term and will present to the Board for approval. The scope of this is pretty substantial it's not just the creation of the center platform and the connection to it from Union Station, it's also creating another connection point not too far from the former Amtrak Station under I-290. There will be a bridge brought over the first track onto the center platform from the parking lot. Significant track upgrades and signal upgrades will allow two trains to be at the station at the same time. All these improvements are large grants that were received by the State, just under Three Million Dollars, as they are trying to improve the MBTA for access for everyone in the Worcester area. That goal is encouraging in terms of your second question that they are making the effort in anticipation of the near term the crisis has caused to the weekend service that Mr. Dunn mentioned, that there will be an increase in traffic especially when the new center platform has been installed.

Chair Pedone referring to the financing on this project Mr. Odell stated that Worcester is receiving thirty million dollars or sixty percent through the FTA funds and the State is picking up the rest, the twenty million dollars representing a fifty million dollar project. Mr. Odell that's correct the thirty million dollars does not go to the City it went to the MBTA from the Federal Government. MADOT was the recipient of the funds and is federal funded. Mr. Odell that's sixty percent from the Federal Government and the State itself will provide the balance of those funds. Chair Pedone asked if this would come the WRA. Mr. Odell said that's correct the only part that would fall under our jurisdiction would be the demolition of the platform and rebuilding of the plaza deck underneath which represents \$2.7 million dollars. Chair Pedone summarized that we receive ninety percent reimbursement and the City has to provide the remainder. They are trying to have bids in December with construction starting in the spring and anticipate a thirty month project installation that would include the demolition of the existing platform as well it is

a very aggressive timetable and confident that they can make that timetable. Mr. Minasian asked if it's thirty million from the Federal Government what is the total project cost. Mr. Odell its \$48.3 million estimated final cost. Obviously these are estimates at this point, the final bid numbers are still to be determined. Mr. Minasian that is great that they are investing in our infrastructure in Worcester.

Chair Pedone do you have any other status updates for Union Station. Mr. Odell for the Station miscellaneous renovations of the punch list was completed was plow and decking which had to wait until clear weather. We are expecting the last invoice and require a small change order for work that we requested for the project to include signage work installed in the building and updates for the Cannabis Commission and other entities within the building and will present that at the next meeting.

3. Authorize Execution of LiRo Engineers, Inc. Amendment 1 in the amount of \$313,596

Mr. Dunn LiRo Engineers is our consultant directly contracted with the WRA for Ballpark development and provide materials testing and inspection services engineering services and this amendment has two purposes: unbought scope in container park along Summer Street along the first baseline and right field as well as a change order. We extended Summer Street to go all the way down to Plymouth Street where that roadway exists and along the side of that roadway the intent is to have container structures that will create vending opportunities where we will see local flare, local food vendors and beverage vendors as well. There will be structures on concrete terraces that will require inspection services, which is the unbought scope referenced. The second purpose is the volume of testing and inspection services that was done for the Ballpark. The testing is really important because it is a safety element and will also help mitigate any capital repairs in the first several years. When we originally crafted the RFP we had an estimate of the sort of volume of the testing that would happen. And based on the recommendations from our other consultant and Skanska in making sure that we would have safety ensured. They do concrete testing as well as a lot of the connections and installation of steel and welding that happens with the connection and really critical to make sure that those have quality control and being inspected. The volume of testing is a little bit higher that what was originally put into the RFP. These are the two purposes for the cost of this Amendment.

Chair Pedone stated the city of Worcester and the WRA are pushing up against the upper limit of our costs with this project. Can you discuss the overruns, which this is clearly an overrun, whose covering the costs and at what point do the Red Sox cover the cost of the overrun. Mr. Dunn consistent with the current agreement with the Worcester Red Sox the City, through the WRA, has a cap on our financial contribution to the Ballpark and that has not changed so any additional costs over that amount over the total estimated costs of the Ballpark are borne as a responsibility of the Team as of right now. We are entering the last five months of the project we getting our arms around what the final costs will be and the Team is working on financing strategies for what that number is. There will be more specificity around that in the next two months. As the contracts are being bought out, we are getting a better handle on the that, but to your point the current agreement with the Team has a cap in terms of financial contribution of the City and WRA.

Mr. Angelini offered the following motion to:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment 1 to the contract with LiRo Engineers, Inc. in the not-to-exceed amount of Three Hundred Thirteen Thousand, Five Hundred Ninety Six Dollars and No Cents (\$313,596.00) for professional engineering services relative to materials testing and inspection services for the Canal District Ballpark Project.

Mr. Minasian seconded the motion.

The item was approved 5-0 on a roll call.

4. Canal District Ballpark Project workforce diversity and inclusion report.

Danielle Skilling, from Gilbane-Hunt, Joint Venture, provided the Board with an update. We haven't seen any significant changes in the numbers. Ms. Skilling stated that this report will not be as compressive update as typically presented. We are at 22% City of Worcester residents, we are up to 22% people of color, and we are a little over 6% female and continuing to work on correcting. Some of the areas that we are having challenges is with the female numbers are some of the non-union contractors and the way they hire and bring on workforce and some of the unions are actually having worker shortages as workers are employed but it does impact the numbers. An example is the Laborer's Union didn't have their usual period where they bring in new workers in September which would have been an opportunity to add more diverse workers which we could have had on this project and have seen challenges but overall working with the subcontractors they've all been for the most part doing their due diligence in what they need to do and documenting their efforts. MWBE – is at 17%

5. Financial Update Report

- a. Report on Prior Month's Executed Contracts and Payments**
- b. Report on Downtown Urban Revitalization Plan Expenditures**

Chair Pedone inquired as to whether Ms. Taylor was back. Mr. Dunn informed the Board she was and has since been promoted to Budget Director. Ms. Delgado is also with us as the Board Finance Manager, and received a promotion recently. Mr. Dunn presented the financial report. Since the period of the last Board meeting September 23, 2020 through November 9, 2020 the total expenditures were \$21.4 Million. The two largest amounts comprised of and over ninety percent of that total would be to the Joint Venture – Gilbane Hunt - \$13.7 Million. A lot of progress has been made on the construction of the Ballpark over the last two months with significant progress. The other significant expense was the final payout settlement was Windstream also known as Earth Link and that was one of the major relocation efforts related to assembling the land for the Ballpark that was recently competed. This did come under our estimates as well which is a positive sign. Both of those combined over ninety percent. Chair Pedone the checks that he signed they are listed through the line items and asked if there are any upcoming checks that need to be signed with significant expenditures. Ms. Delgado Joint-Venture 15 will be coming totaling \$8 Million Dollars and will also have DAIQ for September and October.

Mr. Minasian would like a status on the schedule Ballpark relative to the shutdown and verifying Spring 2021. Mr. Dunn stated there are no changes in the substantial completion. One thing we don't know is how long the impacts of COVID-19 will be with us, the vaccine and still unclear as to terms of capacity restrictions or delay of start of

season and will have to receive guidance from Minor League Baseball as well as health officials, but we have not received anything official to date.

6. Status Reports:

Union Station – Vendor & Maintenance Performance
Union Station – Miscellaneous Renovation Projects
Urban Revitalization Plan
Midtown Mall
Great Wall

7. Adjournment

There being no further business, Mr. Dunn called the roll to adjourn the meeting, the meeting adjourned at 10:00 A.M.

Respectfully submitted,

Peter Dunn
Chief Executive Officer