

Worcester Redevelopment Authority

Vincent A. Pedone
Chairman

Peter Dunn
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

Friday, February 11, 2022

8:30 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

CALL IN INFORMATION:

+1-415-655-0001 US Toll
Access Code: 2314 972 8833

Present:

Worcester Redevelopment Authority Board

Vincent Pedone, Chair
David Minasian, Vice Chair
Jennifer Gaskin
Sumner Tilton (9:08 a.m.)

Staff

Peter Dunn, Chief Executive Officer
Michael Traynor, City Solicitor
Timothy McGourthy, Chief Financial Office
Alexis Delgado, WRA Finance Manager
Julie Lynch, Director of Public Facilities
Paul Morano, Office of Economic Development
Amanda Cornwall, Office of Economic Development
Jane Bresnahan, Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 8:30 A.M. on Friday, February 11, 2022

1. Call to Order

Mr. Dunn called the meeting to order at 8:34 A.M.

2. Roll Call

Mr. Dunn called the roll – Chair Pedone, Ms. Gaskin and Mr. Minasian. Chair Pedone advised all votes will be taken by roll call.

3. Approval of Minutes: January 14, 2022

Mr. Minasian made a motion to approve the minutes.

Ms. Gaskin seconded the motion.

The minutes were approved 3-0 on a roll call.

New Business –

1. Authorize the execution of a Garage Lease Agreement, Reciprocal Easement Agreement, and Contract for Payment in Lieu of Taxes with Madison WG Holdings, LLC, and acceptance of a deed from Madison WG Holdings, LLC conveying Parcel G on the plan recorded with the Worcester Registry of Deeds at Plan Book 960, Plan 60.

Mr. Dunn explained that there are a few votes contained in the item. As the Board knows, the WRA is working on completing the garage and preparing to transfer operations to Madison Properties. Base lease term is 20 years with mutually agreeable extensions up to 99 years. The rent would be \$178,750 for the first 5 years; \$195,000 for the second 5 years. Following those 10 years, annual increases equal to 2% per year throughout the remainder of the base term. In addition, there is a PILOT relative to the WRA / City ownership of the garage. Last key element is that WRA will be officially taking title to the parcel on which the garage sits.

Mr. Minasian inquired of the timeline regarding Madison's overall development program and effect of any delay on WRA or City. Mr. Dunn provided an overview of the timeline: LDDA had an estimated timeline for 1st residential building at the end of 2022, now looking like the first or second quarter of 2023 mainly due to market challenges that were being navigated. On the Left Field Building they are working on construction documents now. The agreement on the Left Field Building is a targeted tax payment structure so the taxes anticipated on that parcel will be received. Madison is also making progress on the Lab Building and has maintained one of the industry leaders for life science brokerage in Jones Lang LaSalle. The LDDA with Madison outlines a targeted schedule for the development and depending on the extent of any changes to that schedule, the WRA will look at whether an amendment is needed. As it relates to the overall commitment and progress it does look like they remain committed to the whole development program and they seem more excited about the program now than ever before, but they do continue to navigate the challenges of the pandemic and long-term effects like what we are seeing with supply chains. Mr. Minasian appreciated some of the negotiated incentives that were done like the targeted tax payments and the positive news. Mr. Dunn also mentioned that the Tax Increment Exemption for the second residential building and the Tax Increment Financing Plan for the hotel is structured so that Madison receives the greatest benefit the sooner the buildings get started.

Ms. Gaskin offered the following motion:

Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute the following documents:

The Garage Lease Agreement between the Worcester Redevelopment Authority and Madison WG Holdings, LLC;

Reciprocal Easement Agreement between the Worcester Redevelopment Authority and Madison WG Holdings, LLC;

Contract For Payment In Lieu Of Taxes between the Worcester Redevelopment Agreement and Madison WG Holdings, LLC;

Be It Further Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to accept delivery of a deed conveying Parcel G shown on a plan recorded with the Worcester District Registry of Deeds in Plan Book 960, Plan 60, from Madison WG Holdings, LLC to the Worcester Redevelopment Authority;

And Be It Further Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute such other documents as are customary or otherwise required to complete the Garage Lease transaction and garage parcel conveyance

Mr. Minasian seconded the motion.

The item was approved 3-0 on a roll call.

2. Authorize Execution of Change Order #11 to the Owner-CM Agreement with Gilbane-Hunt Joint Venture relative to the Ballpark Project in the amount of (\$399,288.00) (credit)

Mr. Dunn explained items number 2 and number 3 collectively. Change Order 11 is a credit to the Polar Park project in the amount of \$399,288. As anticipated as we go through the close-out and contingencies and allowances are reconciled, a good sign to see this credit back to the project. Change Order 12 is a no dollar amount but a similar purpose in going through project line items and closing them out, so both of these items are advancing the close-out process of the project.

Ms. Gaskin offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Change Order No. 11 to the Owner Construction Manager Agreement between the Worcester Redevelopment Authority and Gilbane/Hunt, a joint venture, to reduce the contract price in the amount of Three Hundred Ninety-Nine Thousand, Two Hundred Eighty-Eight Dollars and no cents (\$399,288.00), relative to the Canal District Ballpark Project;

Mr. Minasian seconded the motion.

The item was approved 3-0 on a roll call.

3. Authorize Execution of Change Order #12 to the Owner-CM Agreement with Gilbane-Hunt Joint Venture relative to the Ballpark Project in the amount of \$0.00

Mr. Minasian offered the following motion:

Be It Further Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Change Order No. 12 to the Owner Construction Manager Agreement between the Worcester Redevelopment Authority and Gilbane/Hunt, a joint venture, authorizing a change in scope with no increase in cost or time, relative to the Canal District Ballpark Project.

Ms. Gaskin seconded the motion.

The item was approved 3-0 on a roll call.

4. Authorize Execution of Amendment #8 to the Owner's Project Management Agreement with Skanska USA Building, Inc. in the amount of \$290,430.00

Mr. Dunn explained this amendment is for additional hours needed of the OPM Skanska, of which \$72,965 is related to Polar Park and \$217,465 is related to the Garage. The reason for this amendment is that the previous amendment number 7 was hours projected through November and December 2021 for both project elements. We are a couple of months passed what we had anticipated on close-out, so this amendment provides for the additional hours needed for the close-out of each. We expect the Garage to be complete in March and close-out process in April. The OPM Skanska is charged with reviewing of the documentation related to the close-out.

Mr. Minasian offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment No. 8 to the contract for Project Management Services with Skanska USA Building, Inc. in the amount of Two Hundred Ninety Thousand, Four Hundred Thirty Dollars and no cents (\$290,430.00) relative to the Canal District Ballpark Project.

Ms. Gaskin seconded the motion.

The item was approved 3-0 on a roll call.

5. Amendment 16 to the Downtown/Theater District Planning Cooperation Agreement in the amount of \$2,000,000.00

Chair Pedone asked for the background of this item. Mr. Dunn reminded the board that the loan authorizations is the mechanism of the funding being made available to the WRA. The theme of today's meeting has been the close-out for the Polar Park and Garage project, this Cooperation Agreement will allow us to authorize costs while we simultaneously go through the reconciliation and close-out process. When a credit like the one referenced earlier on the agenda gets approved, there is some time to then put together the change order documentation and sign-off from all parties so there is a lag for the credit to actually materialize into the project. This amendment allows us to sign the previous referenced amendment with Skanska, and while we don't anticipate drawing down on this amount fully, it does allow us to authorize certain costs while we are waiting for reconciliations or credits to the project and proceeding with the close-out process generally.

Mr. Minasian offered the following motion:

Voted that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute Amendment 16 to the Downtown/Theater District Planning Cooperation Agreement between City of Worcester and Worcester Redevelopment Authority in the amount of \$2,000,000.00.

Ms. Gaskin seconded the motion.

The item was approved 3-0 on a roll call.

6. Polar Park and Garage project workforce diversity and inclusion report

Mr. Dunn introduced Ms. Skilling from Gilbane. Ms. Skilling reported on the Garage – currently at 17.2% M/WBE which is a 0.1% increase from last month. Coming close to the end of the project, so there might be a shift here or there but staying in the 17% range, which is positive. On the workforce, not a lot of hours at this point. Project to date is 21% Worcester residents, 12% People of Color, 4% Female. The last 30 days has been successful, at 25% Worcester residents, 17% People of Color and 1% Female. Good to see that the contractors are keeping the Worcester residents on for the duration of their work. Sometimes projects see those numbers trail off.

Chair Pedone advised without objection the board accepts the report.

7. Presentation of year-end financial statement and Independent Auditor's Report for the fiscal year ended June 30, 2020, 2021

Mr. Dunn mentioned we have Matthew Hunt from Clifton Larson Allen. Mr. Hunt started with FY20 audit: the auditor's opinion is an unmodified opinion which is the best opinion you can receive – no material misstatements. Highlights include just under \$100 million in assets, much of which was ballpark related – it was an asset being held by the WRA on behalf of the City with a liability offset. End of year net position of about \$11 million with an unrestricted deficit of \$13 million which again is just the nature of the WRA operations since the WRA is funded by the city. Operating revenues in FY20 it was approximately \$600k which was an improvement as lease revenues started from Cannabis Control Commission.

Mr. Hunt further explained FY20: this is a single-audit since WRA receives large amount of federal grant funding through WRTA/FTA. There were two findings from that part: procurement requirements – one vendor did not have the supporting procurement documentation on file. Second finding was related to debarment list verification / documentation not found for one vendor.

Mr. Minasian asked for clarification about the “significant deficiency.” Mr. Hunt explained that significant deficiency is less severe than “material weakness.” Mr. Minasian asked, and Mr. Hunt clarified this is the second time that the debarment verification / documentation was identified. Ms. Gaskin asked about any corrective action plan that might be provided by the WRA. Mr. Hunt confirmed that is a required response when this occurs. Mr. McGourthy, CFO explained that procedures have been implemented to ensure that the referenced documentation is placed on file.

Mr. Hunt moved onto the FY21 audit: it was an unmodified auditor's opinion. Assets at the end of the year were \$37 million, largely associated with Union Station. Liabilities were \$26 million and net position was \$11 million like last year with an unrestricted

deficit again due to the nature of the operations. Operating revenues of about \$650k again with revenues coming from Cannabis Control Commission. Operating expenses of about \$2.8 million which is consistent with the WRA budget. Again largest capital asset being Union Station – with \$200k of increases in the asset due to improvements. Balance of loans with the city was about \$15 million. You’ll see footnote number 6 related to the ballpark summarizing the cooperation agreements between City and WRA regarding ballpark financing. Footnote number 8 related to leases – lists future lease payments expected which is about \$4.6 million. Footnotes 9 and 10 describe the relationship between the WRA and the City and activities that occurred during FY21.

Mr. Pedone asked about footnote number 8 regarding projected lease revenue over 5 years and what that includes and why it goes down through the 5 years. Mr. Dunn explained that we provide only fully executed lease agreements, so while we have anticipated lease agreements they wouldn’t be captured until the lease(s) are fully executed. Mr. McGourthy agreed with the explanation. Mr. Hunt confirmed the explanation and confirmed that the reduction over the 5 year schedule is due to the Maxwell / Luciano’s lease through 2023 and the pending lease expiration of Greyhound in 2026.

8. Financial Update Report

a. Report on Prior Month’s Executed Contracts and Payments

b. Report on Downtown Urban Revitalization Plan Expenditures

Mr. Dunn outlined for the period between January 11, 2022 and February 8, 2022 expenses were \$1.798 Million Dollars, trending down compared with earlier months due to the Polar Park project winding down.

9. Status Reports

a. Union Station

b. Downtown Urban Revitalization Plan

Chair Pedone inquired about status reports. Mr. Dunn mentioned that Ms. Lynch is here and the staff have been trying to address the complaints and minimize disruption related to unhoused folk that sometimes seek bathroom amenities. The WPD substation is aware and we have faith and confidence in them. Ms. Lynch mentioned her staff has been in contact with onsite tenants, City Manager’s Office and WPD to see how we can increase presence both from staff and cleaning vendor. Understand this is an ongoing issue and we continue to respond while maintaining empathy for the folks that might need services and connecting them with support. Chair Pedone agreed that we need to be empathetic with folks experiencing challenges but we need to be empathetic of the users of the station and we need to keep it user friendly. Based on pictures received, Chair Pedone expressed the need to address the ongoing issues and appreciated the work of the staff.

Regarding the Downtown URP, Mr. Dunn mentioned that progress continues. The scaffolding did come down from the Midtown Mall, so the façade is complete. Mr. Dunn also met with MG2 / The Grid District and they are approaching certificate of occupancy at 517 Main Street. They’ve added 8 residential units there. Great to see that progress.

10. Adjournment

Chair Pedone mentioned that there is an extension for remote meetings under state law continuing until July 15, 2022. Chair Pedone also suggested that the next meeting be

remote on March 11th. There being no further business, Mr. Dunn called the roll to adjourn the meeting adjourned at 9:27 A.M.

Respectfully submitted,

Peter Dunn
Chief Executive Officer