



Regular Board Meeting  
Cambridge Redevelopment Authority

Wednesday, January 17, 2018 5:30pm  
Robert Healy Public Safety Center / Cambridge Police Station / Community Room  
125 Sixth Street, Cambridge, MA

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APPROVED Meeting Minutes

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### Call

Chair Kathleen Born called the meeting to order at 5:32 p.m. Other Board members present were Vice Chair Margaret Drury, Treasurer Christopher Bator, Assistant Treasurer Conrad Crawford and Assistant Secretary Barry Zevin. Executive Director Tom Evans and other CRA staff members were also present.

The meeting is being recorded by the CRA.

### Public Comment

There were no requests for public comment.

*The motion to close public comment carried unanimously.*

### Minutes

#### **1. Motion: To accept the minutes of the Regular Meeting of the Board on December 20, 2017**

There were no comments made.

*The motion to accept the minutes and place them on file carried unanimously.*

### Reports, Motions, and Discussion Items

#### **2. Presentation: Innovators for Purpose Installation for Galaxy Park**

Carlos Peralta explained that Innovators 4 Purpose (I4P) has used their 2017 Forward Fund Grant to create a wayfinding sculpture that they would like to install in Galaxy Park. They are here to explain the project, gather feedback, and gain approval for the installation.

Michael Dawson, the co-founder of I4P explained that the mission of the organization is to illuminate pathways and open doors for under-represented youth in the areas of design, science, technology, and entrepreneurship. He spoke about his past experiences and how they relate to the mission. He introduced other I4P staff mentors who were present. Three of the ten students that participated in the wayfinding project gave a presentation to the Board. Mr. Dawson said that the idea was proposed in March 2017 but after speaking with Boston Properties, the design was changed to be more artistic and more fitting for Kendall Square. Because of the major design changes, only one of the three initially proposed locations can be accomplished with the funds. A student explained the steps used in the process, from site and history research to modeling. A second student spoke about the physical dimensions, installation location, and interactive nature of the structure. "The Looking Glass" sculpture is a see-through ring that includes current and historical information about Kendall Square. It will be fabricated by Bluebird Graphics, who also built the KSA wayfinding signs and the KSQ sculpture on the plaza. Another student spoke about the design, content, and location of five supporting informational signs. The Looking Glass and one informational

supporting sign are slated to be installed in April 2018, barring any objections. There will also be a plaque thanking supporters of the project. Phase 2 includes the other four informational signs. Mr. Dawson spoke about future ideas for the group. The group continues to look for additional partnerships and financial support.

Mr. Zevin said that he was encouraged that the sculpture would bring more activity to the grassy area of the park. He suggested spell-checking before fabricating the signs as well as raising the structure above grade-level to prevent mowers and snow from destroying it. Ms. Born liked the proposal and said that this will be a visitor's Kendall Square picture-taking spot. The Board complimented the seventh and eighth graders on their work. The finish is painted brushed aluminum. The lettering will be etched. In response to Heather Hoffman, Mr. Dawson said that a smart phone interface could provide an extensive history of the area, if more funding became available to do this. Mr. Dawson envisions the Galaxy Park Looking Glass as a first stop on a tour with eight to ten other informational structures in Cambridge.

*A motion to approve the design for the Looking Glass sculpture and signage installation located within Galaxy Park of the Kendall Square Urban Renewal Area carried unanimously.*

### **3. Discussion: 255 Main Street Innovation Space**

Jason Zogg handed out an excerpt from the zoning plan and a portion of the Infill Development Concept Plan (IDCP) that covers innovation space. Michael Tilford, from Boston Properties (BXP), gave a preliminary overview of recent discussions regarding innovation space in the 255 Main Street building. The innovation space is split into two portions - the square footage comes online with the certificate of occupancy of the 145 Broadway building and the square footage that will come online with the certificate of occupancy of the second commercial building in Phase 2. In the CRA's January 23 IDCP approval letter, an innovation space operations plans must be presented to the CRA board within 12 months of the construction documents approval of the 145 Broadway building. This presentation is a preliminary discussion in preparation for meeting the July 2018 deadline. Mr. Zogg explained that the MXD zoning district has an additional requirement of a 25% below-market innovation portion for GFA exemption on the innovation space. In response to Mr. Crawford, Mr. Evans explained that the goal was to create at least a minimum threshold of density of innovation space.

Mr. Tilford presented the initial concepts which will be continually worked on for the next six months. As mentioned, the innovation concept is a big part of the IDCP approval. To satisfy the 75% market-rate innovation component, Mr. Tilford said that BXP and the Cambridge Innovation Center (CIC) are in advanced negotiations. The 25% below-market space would provide co-location, educational opportunities, and certificate programs for under-represented populations within the technology sector. He admitted that BXP needs assistance is creating and running such a space and would like to explore various scenarios with the CRA. Iterative presentations can be made to the board before July to ensure a more cohesive plan.

In addition to the innovation space component, Mr. Tilford said that BXP is focusing on all the components that need to be accomplished at the time of the 145 Broadway certificate of occupancy, including the Sixth Street Walkway, retail at 255 Main Street, and the Alta roadway plan design work. Mr. Evans added that the innovation topic coincides with conversations with the City regarding workforce development and enhancing connections between the technology ecosystem and the community. Some of these programs could be stepping stones to programs at the Foundry and the Volpe. Although not required, Mr. Tilford said that all the below market innovation space could be made available at the same time as opposed to waiting for Phase 2.

Mr. Evans asked the Board to consider the level of CRA involvement to orchestrate the 25% innovation space. The CRA would not facilitate the training but facilitate the use of the space. Some members of City Council would like CRA to become more involved in workforce development. The CRA could leverage the resource of space in Kendall Square, its connections to employers, and its connections to nonprofits. The CRA would not be replacing existing programs in the community. Mr. Evans emphasized that this is just a concept at this point and many more conversations need to occur.

Ms. Born was hopeful that this could also bring meaning to the glass “ceremonial” entrance of the 255 Main Street building and be an opportunity to highlight the Kendall Square area. Mr. Tilford said that as part of the Design Review and Document Approval Process of the Development Agreement between the CRA and BXP, BXP is also exploring ways to activate the blanked-out louver space on Main Street (around the corner from the glass entrance), possibly with rotational food use sans kitchen because the foot-print is constrained.

#### **4. Update: Foundry Redevelopment Process**

Kathryn Madden said that at last month’s Board meeting, the Board voted to approve the amended lease. Mr. Evans said that he had just picked up a fully executed copy of the lease. This amended lease includes the Cooperation Agreement so there is a broad understanding of how this project will be developed. The designer review process has been completed. Once the City completes negotiation with the selected firm, an announcement will be made. The Operator & Master Tenant RFP is being reviewed by the City’s lawyers and the CRA will then issue it directly so that the operator can be at the table with the designer. The plan is for the architect to produce a feasibility study in June, which will evaluate costs, program fit, among other items.

There was a good turnout from the community as well as RFI responders at the Foundry Advisory Committee (FAC) last Friday. The FAC now meets quarterly. Some important topics that have been raised include the community process once the designer and operator are involved, the business plan of the operator, a connection to the park, the new residential development on Third Street, planning for tenant fit-outs, and making sure that the Foundry is complementary to other facilities.

Alex Levering explained that the needs assessment map distributed tonight is a working document. It includes the locations, names, and missions of existing workforce development, visual / performing arts, and community centers that match or complement the mission and goals for the Foundry. This report was done in response to requests for a list of what exists in the community. It is expected to be used by the future operator to build partnerships and ongoing outreach. Ms. Levering said that the data came from various sources starting with a GIS database and then refined from meetings with stakeholders, performance artists, the Cambridge Arts Council, the Department of Workforce Development, and others. Only resources within the City of Cambridge were included. With the exception of three entities, all the organizations have physical addresses.

People suggested some other spaces that could be on the list and acknowledged that there are many spaces in the universities. Mr. Zevin stressed that it is important to avoid building more of what already exists. Mr. Crawford noted that North Cambridge is a desert for performance art locations except for the Fresh Pond movie theater. Mr. Evans said that the lines of public vs. private or art vs. commercial can be blurry. Ms. Hoffman suggested adding public school spaces. Suggestions for other facilities can be sent to Ms. Levering.

Mr. Evan said that staff is ready to issue the RFP as soon as the City completes its review and will set a six-week turn around for the responses Ms. Born said that getting responses for an Operator may be a challenge compared to the designer role. Mr. Evans said that the RFI had 13 responses at varying levels.

#### **5. Discussion: 2018 Forward Fund**

Mr. Peralta said that although there were no major changes requested from the Board regarding previous presentations of a 2018 Forward Fund (FF), he is proposing three changes. The first change would extend the timeline for completed projects from one year to two years since many organizations aren’t meeting the one-year deadline for various reasons. The second change would allow applicants to submit proposals for additional funds if unforeseen circumstances, like rising construction costs, create a funding shortfall. The last change would allow applicants to use as much as 10% of their grants on the design aspect of their project.

The Board packet includes a draft of the notice of funding availability which includes the aforementioned changes. If approved, a notification postcard would be created and the outreach process would begin immediately. Mr. Evans explained that the 2018 FF budget line item includes \$125,000 for 2018 grants as well as 2016 and 2017 grant money for unfinished projects. Rather than encumbering funds, the auditors suggested an easier bookkeeping method of having the Board agree to roll the money into a following budget cycle. This was done when the budget was approved in December 2017. The total amount was not increased as \$125,000 seemed to be sufficient for the 2017 cycle. Mr. Bator started a discussion on increased marketing's effect on the total amount needed. He emphasized that if the amount limited significant projects, he would like staff to come back to the Board for a consideration to increase the 2018 amount.

In response to Mr. Crawford, Mr. Evans explained that 10-15% towards design tends to be a benchmark used in building construction projects. He added that there is still a 50-50 match requirement which leverages other funds. Mr. Crawford said that increasing this percentage could help a project meet its timeframe. Mr. Evans clarified that there is a separate line item in the budget for the potential to fund design and feasibility studies for affordable housing sites but more analysis and discussions are needed to determine such a program. There was a discussion on why the FF Planning Grant, offered in 2015 and 2016, had been dropped. There was a discussion of creating partnerships with local banks that do small business loans and that the FF grant could be the down payment. The banks could also help to provide outreach since they already have marketing budgets.

Mr. Peralta said that the application could be released in mid-February and that a beginning date for a 2018 grant could be April 2018. There was a discussion of these dates not aligning with the CRA's fiscal year. Ms. Drury liked the idea of allocating money for planning. Mr. Bator agreed, especially if it would create more proposals. Mr. Evans added the possibility of granting funds for the design portion followed by an evaluation which would then trigger the release of the capital portion of the grant, thus giving the CRA more oversight than previous years' planning grants. Mr. Bator was emphatic about staff requesting more resources, if needed, to grow the program or to allocate to worthwhile project proposals.

In response to Ms. Born's suggestion to tie the FF money to the gains in investment, Mr. Bator explained that the gains were already part of general CRA operating costs. The FF is considered a project above general operating costs. Mr. Evans added that the revenue from the Ames Street development was also used for CRA operations. As projects are being done, the funds in the reserve are being drawn upon thereby creating less interest income. There was a discussion of the possibility of creating an FF endowment to show a clear distinction that CRA investments are being put back into the community.

## **6. Presentation: 2016 Financial Audit**

Mr. Evans said that Chad Clark, from Roselli, Clark and Associates, has been auditing the CRA since Mr. Evans started. Mr. Clark handed out a Financial Report and a Management Letter. This will be posted online. Mr. Clark suggested tying any allocated money for a year's Forward Fund program to the gains and/or income from the previous year.

Mr. Clark said that the "Management's Discussion and Analysis" section on pages 4-7 of the Financial Section summarizes the financial situation for 2016. The CRA ended 2016 with about \$9 million in cash. There were few liabilities and minimal receivables. The highest liabilities are the traditional liabilities of pension and OPEB. In 2017, he expects the pension liability to decrease but the OPEB liability to increase dramatically due to the new regulations. He explained that, in past years, the OPEB liability has been shown on what had been earned based on actuarial studies. However, under new regulations, the OPEB liability assumes that employees are going to retire, similar to that of the pension plan, and health insurance will be incorporated into the liability. 2017 will be the worst-case liability. This is happening for all government units. Since the CRA approved the OPEB trust fund late in December 2016 but didn't actually have a document or fund the account until the beginning of 2017, Mr. Clark is going to keep 2016 under the old GASB rules. OPEB will not be part of the 2016 report but there will be two reports in 2017 - one for OPEB and one for operations. Mr. Evans added that future discussion of OPEB operations might require its own meeting rather than being included in a CRA regular meeting. In contrast to 2015, there was about \$800,000 in development revenue in 2016 and only a quarter of a million-dollar loss. Mr. Clark referred to

the chart on page 2 of the Management Letter. He explained that 2012 was the last year of the old regime. In 2013, the expenses dropped and have been increasing incrementally since the transition, which reflects a ramping up of operations in a calculated way. He noted that the expenses are still less than they were in 2012. The chart in the back of the financial report shows the break-out of the individual project expenses, which is a picture of CRA work.

Mr. Clark then discussed items in the Management Letter. The changes to OPEB with respect to the adoption of GASB 74 and 75 were previously discussed. The next item in the letter summarizes the delay in the 2016 audit. Under GASB rules, the 2016 CRA financial statement requires information from the FY16 audit of the Cambridge Retirement System (CRS), which is the pension system for the CRA. The CRS has the same fiscal year as the CRA. Mr. Clark received information from the CRS 2016 audit just last month. The City has a June 30 year-end so, technically, all their reports are due nine months later, on March 31. However, the city does a CAFR Program, a Certificate of Achievement for Excellence in Financial Reporting Program, which shortens the deadline to six months. The same auditor audits the City and the CRS. The CRA has no control over the process. Mr. Clark expressed his frustration in the delay in receiving information for a timely CRA audit report. Although there was a draft of the retirement audit in October, he was unable to obtain access to any information until the final version was released in December.

In lieu of changing the CRA fiscal year, he suggested meeting with KPMG (the auditors of both systems) and possibly the City Finance department to request a faster turnaround. To change the fiscal year, the CRA would need to contact its legal counsel, the state legislature, and the Department of Housing and Community Development (DHCD). Mr. Clark said that there are varying fiscal year-ends among authorities. Mr. Evans noted that DHCD has a requirement for an annual report that conveniently coincides with the current CRA fiscal year. The other issue noted in the audit report is that the substantially large 2017 income causes the CRA to be more "material" to the City. If the CRS audit report continues to be delayed and KPMG puts the CRA into the City's CAFR report, Mr. Clark would not have adequate time to complete his report to respond to the City's CAFR deadline. Ms. Born suggested a meeting with the City Auditor, Mr. Evans, and possibly the CRA Treasurer and Assistant Treasurer. Mr. Bator would also like to ask counsel's preliminary view on the statutory language. Although the CRA functions as an independent entity, the City Manager still appoints four of the five Board members, making the CRA a component unit of the City's financial picture. Mr. Evans added that having a fiscal year off-cycle with the City's fiscal year can be helpful if City resources are constrained at the end of their fiscal year. Mr. Clark said that he cannot issue an audit report for more than 12 months so a shift to a new fiscal year would have to start with a six-month cycle. If the KPMG report moves up 60-90 days, there would no issue with the City's CAFR deadline.

The next item relates to state regulations. The CRA, as an entity subject to Chapter 30B procurement laws, is required to have an MA IG Office certified procurement officer. Mr. Evans said that 9 full days (three 3-day courses) are needed for certification. Mr. Clark said that the person doesn't need to be the Executive Director. The person could also be hired. Using an attorney doesn't qualify because certification requires a municipal official.

The last item is land held for development. These fragment parcels are noted on page 6 of the financial report as "development property previously held for sale that was deemed completely impaired." The assessor's office data is still being analyzed for accuracy by staff. There are procurement laws and ordinances for land dispositions.

Mr. Clark emphasized that all the old financial management issues have been closed.

*The motion to put the 2016 financial report and management letter on file carried unanimously.*

Mr. Clark noted that there is no contract for Roselli and Clark to return in 2017. Auditors are exempt from 30B procurements. The Board discussed the issue of changing auditors and how the knowledge base that Mr. Clark has obtained regarding the past and current financial picture of the CRA is important at this time. Mr. Evans recommended not changing fiscal years and auditors at the same time. The contract would need to come to the board. Mr. Clark said that he usually writes a three-year contract but a contract can be revised if a six-month review cycle is required.

## **7. Presentation: Staff Report and Quarterly Financial Update**

Since the last meeting, there have been two holidays and an office move to the 8<sup>th</sup> floor. A new lease with Boston Properties (BXP) was negotiated over the holidays and BXP signed it today. A ribbon cutting open house event will be organized. Mr. Evans explained the layout of the eighth floor. The CRA and Panjiva, who is the other tenant asked to relocate from the 4<sup>th</sup> floor, take up about one-fifth of the eighth floor. The CRA and Panjiva are using some of the furniture that was left by Microsoft, but most of it is being stored on the floor in anticipation of the possible future workforce development program. The topic of the time spent on Microsoft's entrance and blade-sign was discussed as well as why they moved out of 255 Main Street. Because of the inconvenience, BXP reduced the CRA rent significantly.

Veolia has some unfinished work in the Grand Junction Park. The work that they were doing on Binney Street Park is fully completed. This took a lot of negotiations and staff time. Restoration to the grassy landscaped area will be done this spring. The trees seemed to have survived. The temporary signage that the Board approved for the 88 Ames Street building, Proto, has gone up. The apartment mock-up is at 90 Broadway. Mr. Zevin questioned the strategy of covering up the mock-up with the window signs. In response to Ms. Drury, Mr. Evans explained that Akamai headquarters is moving to 145 Broadway but is also remaining in their existing building at 8 Cambridge Center. The vertical construction of the 145 Broadway is underway.

Mr. Evans will discuss emerging 2018 projects at next month's meeting. The annual report will also be presented at that meeting. Ms. Drury's reappointment is coming up in April. The financial report shows unaudited figures for 2017. There was a net income of \$18 million. The administrative expenses were on target but most of the other expenses were under budget. The snow funds allocation weren't needed and the landscape maintenance expenses were only 50% of what was budgeted, partially because the Grand Junction Park was under construction for a significant part of the year. There was a jump in the electricity expense for Galaxy Park this winter, possibly due to the tree lighting or heating the pump room. Some of the cost is due to a switch to green electricity. Boston Properties reimburses the CRA for half of the electricity expenses. Looking at the charts for 2017, there are four major expense categories. The actual expense of the Personnel category is lower than budgeted because the Q4 payment to GIC has not been received and Ms. Levering didn't come onboard until September. One reason for the lower than expected actual expenses in Professional Services was due to a slowdown of the streetscape design process. The Veolia disruption took away from staff time which caused the procurement scope for an archivist as well as a designer for the Parcel 3 interstitial spaces in 2017 to be pushed to 2018. Funds for these projects were moved to the 2018 budget.

Mr. Evans distributed a correction to the 2018 budget. On page 3, the highlighted yellow lines show an error in the summed calculations for the total for Professional Services, Total Expenses, and Net Operating Income. The rightmost column shows the correct values of the corrected sums. The amounts in the individual line items were not changed.

Mr. Evans said that the budget amount incorporates a COLA adjustment but the actual amount wasn't mentioned. The City had a COLA increase of a 2.5% for 2018 and the CRA could follow suit.

A motion to approve a COLA increase of 2.5% for all appropriate personnel, consistent with the City of Cambridge, starting January 1, 2018 was seconded.

A roll call was taken.

Mr. Bator - yes  
Mr. Crawford - yes  
Ms. Born - yes  
Ms. Drury - yes  
Mr. Bator - yes

The motion carried unanimously.

### **Adjournment**

A motion to adjourn the meeting carried unanimously at 9:17 p.m.