



Regular Board Meeting of the Cambridge Redevelopment Authority

Wednesday, April 12, 2023 at 5:30 p.m.

Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

APPROVED Meeting Minutes

Meeting Files

- [Agenda and Notice](#)
- [Minutes of Regular Meeting of the Board on March 15, 2023](#)
- [Staff Program Report](#)
- [Monthly Financial Report](#)
- [Annual Investment Accounts Report](#)
- [Kendall Square MXD Open Space Programming Report](#)
- [Strategic Plan Final Draft](#)

Presentations & Handouts

- [Kendall Square MXD Open Space Programming Presentation](#)
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Opening Statement

At 5:30 p.m., Ellen Shore, CRA Operations Director, said that CRA public meetings are being held remotely in accordance with the spending bill signed into law by Governor Healy on March 29, 2023, which, among other things, extends the expiration of the provisions pertaining to the Open Meeting Law to March 31, 2025. There will be opportunities for public comment at the start of this meeting and at the discretion of the chair. She then explained how to provide public comment. Reading materials can be found on the CRA's next meeting webpage. This meeting is also being recorded, including all video, audio, and chat messages.

Call Roll

Chair Kathleen Born called the regular meeting of CRA Board. A roll call of Board members and the Executive Director was taken.

Vice Chair Conrad Crawford – absent
Treasurer Christopher Bator – will be joining shortly
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury – present
Executive Director, Tom Evans - present

Other CRA staff members were also present. Ms. Born said that because this is a remote meeting, all votes will be taken by roll call and that Mr. Evans will repeat the responses.

Public Comment

No requests for public comment were offered.

1. Review of the Minutes of the Regular Meeting of the Board on March 15, 2023

No comments were offered.

A motion was moved by Ms. Drury to accept the minutes of the Regular Meeting of the Board on March 15, 2023 and place them on file. A roll call was taken by Mr. Evans.

Kathy Born – yes

Conrad Crawford – absent

Margaret Drury - yes

Barry Zevin – yes

Chris Bator – yes

The motion carried.

Communications

2. Written communications received since the publication of this meeting notice.

Mr. Evans said that a notice from the Commonwealth Land Court Department of the Trial Court was received. He will distribute this to the Board after tonight's meeting. This may require a special CRA Board meeting within the next three weeks. He explained that this is a second amendment to a complaint asking for a default judgment, where the CRA is the defendant. The plaintiffs are requesting a right of adverse ownership of a small piece of property in the Wellington-Harrington urban renewal area. It is unclear if the CRA has a claim to this land. Mr. Evans said that the CRA has responded requesting additional information. Mr. Bator emphasized the importance of responding in a timely fashion to avoid a default judgement. Mr. Evans said that Foley Hoag is reviewing a recommendation for a 20-day extension.

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Administrative Items

3. Staff Program Report

Kyle Vangel, Director of Projects and Planning, summarized the staff report in the Board packet.

Mr. Evans added that a May 2nd date was just scheduled for the Biogen tank Planning Board hearing, which staff will attend.

On another topic related to the Foundry, Mr. Evans said that the demonstration plan states that the Foundry Advisory Committee would report to the CRA Board on an annual basis, most likely in the fall or winter. Besides financial matters, he asked the Board what other elements they would like to have in their report.

Mr. Bator said that the final version of the Annual Transportation Report, particularly information about Red Line – Kendall activity, should be shared with the new MBTA leadership.

4. Future Hybrid Board Meeting Format at the Foundry

Even though the Open Meeting Law was extended to allow fully remote meetings through March 31, 2025, Mr. Evans would like to start holding hybrid Board meetings in the Foundry starting in May. Per the law, there would still be no quorum requirement for Board members to be physically present on-site but he would encourage attendance by those members who felt comfortable to meet in person. His hope is to have more attendance and community participation. There would still be the ability to participate remotely.

Ms. Born was amenable since it is up to an individual on whether they wish to attend in person or remotely.

Mr. Bator said that there are advantages to meeting in person. He wants to make sure that the physical room is large and airy enough to accommodate those attending. There was a discussion of air circulation in the rooms at the Foundry.

5. Monthly Financial Report

Mr. Evans said that the budget will be revised within the next few months. There is a low expectation for investment income. Operating expenses are on pace with expectations. Much of this year's technical work has not

started yet so professional expenses, as of the end of February, are low. With respect to Redevelopment Investments, there have been no Forward Fund grants and the easement purchase agreement with Just-A-Start has not yet occurred. Mr. Evans expects to make amendments to the budget related to potential real estate acquisitions coming soon. A separate Bishop Allen budget shows a slight positive net income. At the end of the year, this will be put into a reserve fund for the building and will help to pay off some of the initial property investment. A Foundry Budget was also provided as a separate business line item. As expected, there is a negative net income, which creates the need to borrow from the Foundry operating funds, at least through the first part of 2023.

Financial consultant, Withum is now on contract and will be working to help staff close out the 2022 books as well as provide the Q1 financials and written summary report.

6. Annual Investment Accounts Report

Ms. Shore said that a requirement of the CRA investment policy is an annual report by the investment advisor. She introduced David Javaheri, from Morgan Stanley. Mr. Bator mentioned that the Finance Subcommittee – Mr. Zevin, Ms. Shore, Mr. Evans and Mr. Bator - met with Mr. Javaheri about a week ago.

Mr. Javaheri explained that the CRA has a primary investment portfolio and a KSTEP portfolio. The KSTEP portfolio has only been in existence for a few years. The CRA investment strategy remains the same as it has for many years. Roughly 70% of the portfolio is in US Treasury notes only. Some come due each month, going out to about seven or eight months. The CRA gets its money back at a set date, and it gets paid a fixed interest rate. The average yield on those Treasuries is between four and five percent.

He explained that although the asset allocation chart shows \$1.87M in cash, there was a maturity on the same day that the snapshot report was taken, but that money was reinvested in treasuries the next day.

For the 30% equity portion of the portfolio, the CRA owns 19 out of 22 equities that are allowed on the Massachusetts Legal List. Those 19 stocks passed an ESG (environmental, social and governance) screening. The equities are rebalanced once a year unless the percentage due to appreciation increases over 30%.

Mr. Javaheri presented a performance summary chart which compared the CRA's performance against three benchmarks – 90-day treasury bills, one-to-two-year treasuries, and the world stock market – for the past month-to-date, past year-to-date, last 12 months, last three years, and from inception. In the last five years, the portfolio has averaged over five percent. The chart also showed the spending (or withdrawals) for various projects, and the interest, and dividends earnings. Since the portfolio started, it has earned an average of four percent

Mr. Javaheri said that the strategy is working very well and there is no need to change it. Currently shorter-term interest rates are higher than longer-term interest rates. He expects the next year's yield to be at least four percent. This amount has been used for performance estimation.

The KSTEP portfolio is a mini version of the larger portfolio with the same 70-30 strategy. There was a bit of cash at the end of the month from a matured treasury. The portfolio had a slightly less performance, because the portfolio was created in mid-2021 and only a bit of the 2021 performance was captured. This was followed by volatile times. However, the portfolio has still made money since inception.

Mr. Bator said that he is pleased with the outcome of the CRA's conservative investment strategy. He added that the CRA portfolio could not be more careful or more prudent. His longer-term view would be to relax the 30% limit on equities.

Mr. Javaheri was asked to talk about his thoughts on inflation and its effects on the bond market. Mr. Javaheri said that economists are saying that the 10-year treasury rate is going down between now and the end of the year. The best inflation hedge is stocks This might be a reason to increase the equity portion in the CRA investment policy.

Mr. Zevin asked if the sale of development rights is indexed to the construction cost of those projects. Mr. Evans said no. The formula was fixed at the time of negotiating the Eversource deal. Previously, it had been a formula which ramped up ten percent for 30 years.

Mr. Zevin started a discussion on the debt ceiling. Mr. Javaheri said that he, as well as Morgan Stanley Global Investment Committee, do not think the U.S. is going to default on any securities. He said that the CRA will get its money. Mr. Bator said that the U.S. government is going to back its treasuries. Mr. Bator asked Mr. Javaheri if he could instantaneously “pull the plug” on CRA equities and get into cash in some form. Mr. Javaheri said that he has been through debt instruments defaulting. He discussed a few scenarios but ultimately said that he can liquidate the whole portfolio any day, regardless of the amount. Although he has never advised a client to sell its equities, especially with the 19 stocks that the CRA holds, he could do so if requested.

Mr. Javaheri spoke about the security of the CRA securities given the situation with Silicon Valley Bank, First Republic Bank, and Signature Bank. All CRA funds are sitting in U.S. Bank. All the securities, the U.S. Treasuries, and the 19 individual equities are registered in the name of Cambridge Redevelopment Authority. None of CRA money is on U.S. Bank's balance sheet. There is no money at Morgan Stanley. Morgan Stanley employs Mr. Javaheri as the CRA's investment advisor. Morgan Stanley has the highest credit quality of any bank, including JP Morgan and Chase. U.S. Bank does not commingle client funds and custodian funds, including the money market fund that the CRA has. The money market fund, First American, is a separate SEC registered money market. Even if U.S. Bank goes bankrupt, the CRA could simply move its securities to another custodian.

Mr. Bator reiterated the importance for a strategy, especially when a big influx of cash is expected. Given the dollars, the CRA needs to be ready on day one. Ms. Born asked about the timing of the expected cash. Mr. Evans said that he expects Boston Properties to submit their building permit for the residential building and for one of the two commercial buildings by the end of April. The payment is due with the issuance of the construction permits by ISD (Inspectional Service Department). Payment should be received in the June-July timeframe.

Mr. Javaheri said that the money coming in the June-July timeframe will go directly into the money market at U.S. Bank. Normally, this would be rolled into short term treasury bills but given the debt ceiling issue, he suggested to meet with the subcommittee to assess the current state of the market.

Mr. Bator thanked Mr. Javaheri for his stewardship of CRA's money.

Projects and Programs

7. Kendall Square MXD Open Space Programming Report

Alexandra Levering, CRA Project Manager, introduced Emily Ediger, Boston Properties (BXP) Marketing Coordinator. Ms. Ediger presented BXP's programming plan for Kendall Center open spaces and the public lobby. This is a mitigation requirement of the Infill Development Concept Plan.

Ms. Ediger spoke about BXP's programming locations and categories, past and present partners, updates on the urban park roof garden, the public art program, the 2022 programming, programming plans for 2023, and the Kendall Public Market, which is slated to open in early 2024.

In addition to the locations in the presentation, BXP is responsible for Danny Lewin Park and Galaxy Park. She noted that BXP will be limiting events on the Plaza in 2023 due to upcoming construction with the MBTA headhouse project. BXP welcomes recommendations and introductions from the CRA and from community members for new partners and new vendors.

Ms. Ediger said that the events and activities in the urban park are open to all. All events and classes are free, although there are times when a capped registration will occur based on materials. She explained the multitude of ways that these events are being promoted.

Construction on the Kendall Public Market is scheduled to start the first week of May. The opening of the food hall will be in early 2024.

Ms. Born asked if the elevator to the roof garden is operating now. Michael O'Hearn, Boston Properties Property Manager, said that the elevator on the Broadway side is not currently working. Repairs are being made which will likely take a month and then the state will need to inspect it. The elevator on the side of Main Street is working,

which can be accessed through the Kendall Public Lobby. Signage will be installed tomorrow directing the public to the closest elevator. Ms. Levering said that the BXP is also working on getting artwork and signage on the construction fencing that surrounds the headhouse. The other three elevators are currently operational – two in the bank that is closest to Main Street and one new one installed as part of the 325 Main Street project.

Mr. Evans started a discussion about the mobile book activity with the Coop, which BXP will revisit.

8. Kendall Station Headhouse and Plaza Construction Update

Mr. Evans said that when the CRA initially approved the Infill Development Concept Plan in 2018, one of the conditions for that approval was that the headhouse would be redone and made part of the public space of the Plaza and the UP park. This included a commitment letter from the MBTA saying that they would work cooperatively with Boston Properties (BXP) in delivering that.

The conditions also said that BXP's entitlement to 325 Main Street was not hinged on the delivery due to the uncertainty with the MBTA. The headhouse design evolved through many design approval phases. Google received an interim certificate of occupancy last summer and its permanent certificate a few weeks ago. The CRA is finalizing the certificate of completion and the escrow agreement with Boston Properties this week. The project is just about done. There are a few small items to finish up but the headhouse still looks like it did when the project started. During the design review process, the MBTA requested a second point of access off the roof garden. This newer plan has a connection towards the retail space and towards the stairs. The headhouse design is in final MBTA review. The final step will be a formal MOU between BXP and the MBTA. The unfinished MBTA headhouse is an eyesore and interfering with some of the sight lines into the plaza.

The initial proposal to shut down the headhouse and the outbound T station for a time in order to get the construction done was rejected by the MBTA because there was no real bus replacement plan. Mr. Evans explained that the interim solution utilizes improvements BXP did in 325 Main Street for the MIT Coop retail space. Among other construction items on the Plaza that BXP plans to do, a connection through a T station wall is needed once the MBTA signs the MOU. The CRA will insist that during the construction of the headhouse and fixes to the Plaza, the Pioneer Way connection to the elevator remain open as much as possible. However, during construction of the market, that portion of Pioneer Way will need to be closed.

Mr. Evans said that he expects to get a construction start date soon. He was told that the MOU is sitting on someone's desk waiting to be signed. Turner will probably take a couple weeks to mobilize to get this underway. BXP has done everything to meet their obligation. At last month's Board meeting, there was a request for staff to prepare a formal letter to the MBTA. Mr. Evans was hoping that would not be necessary but he can proceed with that plan of action at this point. Ms. Born suggested copying the governor.

9. Strategic Plan Final Draft

Mr. Vangel said that this is the final draft. The goal is to present a final clean version to the Board for adoption at the May Board meeting.

Mr. Zevin said that the document reads more like a menu than a plan. While it was helpful to have thought through the possible actions that might occur, the CRA is dependent on the circumstances that present themselves.

Ms. Born said that it is helpful to have a strategic plan for a reference point when setting priorities.

Mr. Bator said that this is an unavoidably imperfect exercise. It is a snapshot in time about who the CRA is and what it does and might do and how that gets determined. He agrees that it is an important point of reference and context when the unknown future presents itself. It is important because it helps the CRA have a principled response to what it will do with its funds.

Mr. Zevin suggested that all the CRA accomplishments be added to Appendix B. Ms. Born suggested adding a section for CRA projects from 1959-2013 with descriptions and historical pictures.

Mr. Evans said that the 2012-2013 timeframe is an interesting point of reset because of the CRA administrative changes as well as the publishing of the K2 plan; a new effort to rethink Kendall Square.

Mr. Evans said that at the end of April, Ms. Drury will continue as a board member on holdover status. Her last meeting will be in May. He is waiting for the City Manager to provide an update on the Board selection process.

He added that there might be a need for an interim meeting before May, depending on the legal extension.

The meeting adjourned at 7:57 p.m.