



Regular Board Meeting  
Cambridge Redevelopment Authority

Wednesday, November 14, 2018 5:30pm  
The Broad Institute, First Floor Conference Room  
415 Main Street, Cambridge, MA

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APPROVED Meeting Minutes

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Before the Regular Board Meeting, a Design Review Committee meeting was held at the Broad Institute, First Floor Conference Room, 415 Main Street, Cambridge, to discuss the proposed Infill Development Concept Plan amendment. Besides CRA representatives, there were attendees from Cambridge Community Development, the Cambridge Planning Board, Boston Properties, and Lemon Brooke.

**Call**

After the Design Review Committee meeting ended, Chair Kathleen Born called the regular CRA Board meeting to order at 6:21 p.m. The meeting was recorded by the CRA and John Hawkinson. 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, Ellen Shore, Jason Zogg, Carlos Peralta, Alex Levering and new employee Erica Schwarz were also in attendance.

**Public Comment**

Heather Hoffman said that she was excited about the Squirrelwood project, as it is a fantastic example of how affordable housing can fit well within its neighborhood. She hopes that the CRA Board will agree to approve this project.

There were no other comments.

**Minutes**

**1. Motion: To accept the minutes of the Regular CRA Board Meeting on October 17, 2018**

Because of Ms. Shore's vacation, the minutes for October 17 have not been completed and will be available for the December's Board meeting.

**Communications**

There were no communications.

**Reports, Motions, and Discussion Items**

**2. Report: 2017 Audit Report**

Mr. Evans said that this audit comes to the Board sooner than the 2016 audit came to the Board because there are now interdependencies with the City. Chad Clark, from Roselli, Clark and Associates explained that although his fieldwork is completed in early summer, he needs numbers, liabilities, and footnotes from the City Retirement System's audit which aren't ready until September/October. With the significant revenue received from sale of development rights to Boston Properties, the CRA becomes a material component of the City and their end-of-

year CAFR reporting. It's possible that next year's audit could move up a month but Mr. Clark doesn't foresee the CRA audit being ready much earlier. Due to the dependency, his audit had been sent to the City for comments.

Looking at the Statement of Net Position on page 8, under noncurrent liabilities, the item labeled "net other postemployment benefits liability" (OPEB) increased by about \$100,000 this year due to Governmental Accounting Standards Board (GASB) regulation changes to mirror those used by the pension liability. The deferred inflows and outflows represent variances in the actuarial assumptions, amortized over multiple years. Two new categories, for KSTEP and the Foundry, were added to the list of net positions as restricted funds. The Statement of Revenues, Expenses, and Changes in Net Income on page 9 shows the income from the sale of development rights, Boston Properties' contribution to the KSTEP, rental, and other income. This year, the amount of income generated from investment was significant. However, the expenses were almost identical to the prior year. The section on OPEB at the back of the document includes several disclosures.

Mr. Clark distributed his management letter. He was happy to report that this is significantly smaller than past letters and no comments should be taken as deficiencies. The Informational Items section explains what happened during the year or is expected to happen. The Operational Comments section contains non-mandatory suggestions on possible changes. He congratulated everyone on the vast improvement from five years ago.

The chart, on page 2 in the Overview Section, shows the unrestricted net position in 2017 as double the average of the previous four years. Page 3 in the Information Items contains an explanation of OPEB and the GASB changes. GASB 74 and 75 make up the new OPEB guidelines for reporting. The CRA adopted the mandatory GASB 74. Although adoption of GASB 75 was optional for 2017, Mr. Clark did so to more easily integrate with the City, since they had to adopt it. He noted that the CRA is contributing to the OPEB fund and he supports the planned annual contribution.

He then went on to discuss the Fair Value Investment Reporting on Project Fund issue. The CRA is beginning to shift its financial model from a more traditional commercial form of accounting to that of a fund-based accounting model. In fund based accounting, projects are separated and funds are restricted for sole use by that project. This model is used by most municipal entities. In this model, the expenses, interest or dividends earned, and any unrealized losses or gains for each fund are reported separately.

He also noted that with fixed income investments, like bonds, a financial snapshot, or short-term report, is not necessarily a true indication of the holdings, especially since the CRA intends to hold the investments to maturity. However, GASB requires that market value be reported on the financials. There was a discussion of cash holdings, FDIC and DIF insurance. Each bank that is FDIC insured has a \$250,000 limit. Mr. Bator feels that after weighing the risks and the regulated banking industry, the money gained by investing the money outweighs the risk of having some of it not being FDIC insured. Mr. Bator is confident that no experienced financial advisor would tell the CRA that it is investing unwisely or in a risky manner. Equity investments are riskier than the cash that is not FDIC insured.

The Operational Comment explained his recommendation to move to a fund accounting software product to better deal with the separate restricted funds. The class functionality in Quickbooks is not adequate for accounts that have separate accounts. If Quickbooks continues to be used, supplemental schedules will be needed to track the separate accounts. Mr. Bator said that the monies were separated as a policy matter for transparency. Mr. Evans said that the KSTEP governance is being written and a few large checks might be needed, thus the tracking is not complex. The Foundry bookkeeping, however, will get more complicated once the operational reserves are used so it will most likely need to run as its own account.

The closed-out prior years' findings include Certified Procurement Officer and Land Held for Development. Mr. Evans has taken the basic procurement classes. As for Land Held for Development, the major adjustments have been made. There will be additional changes to the land held in 2018 since the Porkchop was officially given to the City.

Mr. Bator noted that this is a very positive report.

The motion to place the 2017 audit report on file was unanimously approved.

### **3. Update: 245-255 Main Street Innovation Space Operations Plan**

Mr. Evans said that the presentation did not make it into the board packet. There are two parts. In August 2017, there was a draft version of the Innovation Space operations plan. Tonight, there is an updated version reflecting feedback received from the Board and staff. The 10% innovation space requirement came from the MXD zoning. There is a 20% incentive which came with certain parameters. The Infill Development Concept Plan used all of the incentivized space to have 20% of the commercial square footage go to innovation space which came with a 25% below market requirement. Rather than build new innovation space, the plan is to build-out all of it within One Cambridge Center. In August, the floors committed to that requirement were proposed as well as how it would be phased as the different commercial components come online.

Eric Mo from Boston Properties (BxP) made the presentation. He and Michael Tilford are working on this project. The entire requirement for all of the innovation space totals about 105,000 square feet. The portion that comes with the delivery of 145 Broadway is just over 60,000 square feet in phase one, divided into two portions – 75% market-space and 25% below market space. BxP is partnering with Cambridge Innovation Center (CIC) to fulfil the entire market space requirement for both phases at 255 Main Street, using the glass cube entrance at 245 Main Street. BxP is working with the CRA and other partners to create the below market Opportunity Space on the 8<sup>th</sup> floor of 255 Main Street. Mr. Mo was unable to name the partners specifically as there have been no signed agreements as of yet. There will be about 17,000 square feet for below market tech education nonprofits, consisting of a mixture of classrooms and open office space that will fulfil the entire Phase 1 Innovation Space below market requirement.

This submission updates the August version and incorporates feedback from CRA staff and others. There are still a few outstanding issues. Mr. Mo introduced Brian Dacey and Brendan Sullivan, both from CIC, to talk about signage components with respect to the display screens in the glass cube and regular reporting on the Innovation Space. BxP has a proposal for reporting on the Opportunity Space.

Mr. Dacey gave a presentation for the plan for the content on the display screens. There are three buckets - CIC related content, Kendall Square content, and content for promoting the Opportunity Space and other initiatives that promote an inclusive environment. He showed examples of possible screen formats, including highlighting 245 Main Street, client spotlights, and assorted events. There were examples for highlighting aspects of Kendall Square, MIT, the Broad Institute, the KSA, etc. The CIC is doing some experimentation and analysis to decide exactly what gets displayed and for what duration. CIC will have some dog friendly floors. The CIC is working with ArrowStreet to help with the displays. CIC has ambitions to do greater things but, for now, would like to get some preliminary displays up and running. CIC is exploring ways to animate the glass box with lighting or art. Mr. Dacey guaranteed that this would be more community minded than what was previously there. He added that the existing six-year-old display technology is somewhat outdated.

Mr. Mo said that BxP has outlined reporting requirements for the Opportunity Space. As for the Innovation Space, CIC would like to propose an alternative method so that their proprietary information is not publicized. Mr. Dacey added that CIC will share occupant names and the division of the space as it relates to the requirements. They do not want to publish their designs in a public forum but are willing to share these with CRA staff. Mr. Evans said that the compliance reporting for Innovation Space is part of the annual requirement of the Infill Development Concept Plan.

Ms. Born said that as a public agency, the CRA cannot keep information that it has obtained private. Mr. Dacey was confident that there was a way to aggregate the information so that CIC's designs could remain proprietary. He offered to host a future Board meeting and provide a tour of the space. Mr. Dacey said that there are currently 2.5 floors open. Floors 11 and 12 will open at the end of December so there will be 4.5 floors in total. Mr. Dacey said that the glass box is the main entrance to the CIC Innovation Space. There is an elevator that goes to the reception area on the second floor. From there, one can go to the 3<sup>rd</sup> floor using the staircase or go to the elevator bank in the rear space that also serves floors 4, 11, and 12. Individuals could also enter the Innovation Space via the 255 Main Street entrance. Mr. Cantalupa, from BxP, said that this will be a managed building. It is a multi-tenant building and will continue to function that way. In response to Ms. Born, Mr. Dacey said that 245 Main, One

Broadway, and 101 Main Street comprise the Cambridge campus. Companies will be clustered by nature of their business within one or the other buildings.

There was a discussion about the hazard of drop-offs and pickup occurring along the curve between Broadway and Main Street.

The motion approving the Innovation Space Operations Plan for Phase 1 of the Infill Development Concept Plan of the Kendall Square Urban Renewal Area carried unanimously.

#### **4. Affordable Housing Site Improvement Grant Pilot Request for Just-A-Start Linwood Court Redevelopment**

Ms. Levering introduced Liz Marsh, project manager at Just-A-Start (JAS) who had given a brief overview of the Squirrelwood Project at the last regular Board meeting. The request for a \$300,000 loan from the CRA would help fund open space and community amenities being built on the Linwood Court portion of the project. This was part of the former CRA Wellington-Harrington Urban Renewal Area.

Ms. Marsh said that JAS is 50 years old this year and celebrating with a gala tomorrow night. JAS is a full service community development corporation (CDC) offering affordable housing, education, workforce training, mediation, etc. JAS is dedicated to building the housing security and economic stability of low-income and moderate-income people in Cambridge and nearby communities. Ms. Marsh showed maps of the project's location. The neighbors surrounded by the project area have been very supportive. There are currently eight buildings over two sites, Linwood Court and Squirrel Brand building. By combining the two sites and building smaller units, over-housed residents can right-size their units and remain on the site. The project has many funding sources including the City's Affordable Housing Trust and the Cambridge Historic Commission, as well as various state sources and below-income tax credits. The project consists of standard rehab work and building 23 new units, 14 of which will be housed in a new building. The current open space has deteriorated and the location has snow management issues. Plans for the site will improve both of these conditions. Ms. Marsh showed renderings of the new buildings. The request for \$300,000 will cover landscaping, trellis work, specialty paving, sidewalks and lighting, tree removal and pruning, lots of bike lockers and fencing. The City requirement for bike lockers is a large percentage of the total expense. There will be two courtyard areas which the tenants requested be for passive use and quiet reflection. Some trees will be removed but will be replaced and more will be added. Ms. Marsh spoke about the long-term and short-term bike parking. With respect to the timeline, JAS hopes to close in March 2019 but construction wouldn't start until late 2020. Ms. Marsh said the proposal goes to Mass Housing in January and the City's Affordable Housing Trust this month.

Ms. Drury clarified that the money being requested by JAS is a loan, rather than a grant as incorrectly labeled on the first page of Ms. Marsh's presentation. Mr. Evans said that the letter of commitment in the Board packet references the money as a loan. Mr. Evans suggested changing the wording of the motion from Linwood Court to Squirrelwood since the bike locker commitment includes the Squirrel Brand site. There was also a discussion of the boundaries of the Wellington-Harrington urban renewal area.

*A motion was made authorizing the commitment of \$300,000 toward an Affordable Housing Site Improvement Loan with Just-A-Start Corporation for Squirrelwood within the former Wellington--Harrington Urban Renewal Plan Area was made and seconded. A role call was taken.*

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

*The motion carried unanimously.*

#### **5. Community Affordable Housing Program – 71 Cherry Street**

Mr. Evans said that there have been Board and Staff level discussions about an agreement with the Margaret Fuller House to provide an immediate loan provision with the goal of creating a joint development plan for their surface parking lot and perhaps another portion of the property. He proposed a letter of intent to work out the financial terms based on the letter in the packet over the next month, to provide the loan, and to create a timeline for coming to a land transaction agreement.

He introduced Sam Seidel, Board member of the Margaret Fuller House (MFH). Mr. Seidel said that the MFH is in a transition phase. The collateral for the loan is the parking lot. Although this is part of a housing discussion, other possibilities and needs could be addressed for the Port neighborhood, particularly with the City regarding the 105 Windsor and the Cherry Street lot. Mr. Seidel said the agreement is now being reviewed by their bank and their legal team.

Mr. Evans added that the property has first and second mortgages with Eastern Bank. The CRA has done an appraisal of the property showing that there is value in the property to carry the mortgage, as well as the loan, so there is not much risk. He hopes to present the loan agreement in a month. Foley Hoag, the lawyers for the CRA, drafted the letter. There is an aggressive timeline for a resolution within the first half of 2019 for the actual transaction (full land transfer versus a joint venture) and the ultimate plan for repositioning the parking lot as a resource for the community. This is a historic house as well as a child care center. The appraisal splits the parcel down the middle into two 9,000 square foot lots (the parking lot as a housing resource and the building lot for social service operations) but that might not be the ultimate configuration of the asset.

Mr. Zevin said that the social service piece might better live in a new building. There is plenty of room for good things. It is well located. In response to Mr. Bator, Mr. Seidel said that the aggressive timing is consistent with the needs of the MFH. There are social service needs and the current space is constrained. Mr. Evans added this project would also need a 2019 budget for consulting services towards financial feasibility analysis and design work.

Mr. Evans said that edits made by the Vice Chair will be incorporated into the Foley Hoag letter.

The motion authorizing the Executive Director to enter into a Letter of Intent with the Margaret Fuller House to advance a potential Housing Improvement Project on a portion of the property at 71 Cherry Street was made and seconded. A roll call was taken.

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

The motion carried unanimously.

## **6. Staff Report and Monthly Financial Update**

Mr. Evans introduced Erica Schwarz. With the arrival of the Opportunity Space, staff is reconfiguring the CRA office space on the 8<sup>th</sup> floor and looking at some new furniture and light tenant improvements. There is a snow management contract and a landscape maintenance contract in place, each for three years.

With respect to the Forward Calendar, there could be a joint meeting with the Planning Board in December to consider an amendment to the Infill Development Concept Plan. The letter agreement with the Lemelson Foundation for a Foundry Operator support plan is almost ready for Board review. Boston Properties will report on the retail space plan for 245 Main. There will also be a final budget and a review of the loan agreement with the Margaret Fuller House.

Mr. Peralta said that Parcel 6 will have a Christmas tree vendor this year who is working with the Urban Farmers Institute in Boston Monday through Saturday. Mr. Evans added that the CRA is not collecting a site usage fee from this nonprofit tree vendor. A security deposit will be returned if the site is not damaged. The food trucks will

be on site through December, Monday through Friday, 10am to 2pm. Parcel 6 was also one of the sites to receive a poem stamped on its sidewalk as part of the City's Sidewalk Poetry program. The Sixth Street Walkway/Connector is finally completed. Improvements include new LED lighting, improved drainage and a concrete walkway. The bike path is named for cyclist Kittie Knox (1874-1900); the City will hold an official dedication ceremony in the spring.

Mr. Zogg said that the Kendall Square Mobility Task Force Report should be completed by end of the year. Sponsorships of \$5000 were solicited in April to fund Ambit Creative Group's creation of marketing materials - documents, videos and websites - to support the need for more transportation investment in Kendall from state and local government. Another project is the next generation Annual Transportation Data Report. The CRA has been required to do an annual traffic report for many years. There is over 25 years of data and the goal now is to produce a multi-modal report, including bikes, pedestrians and public transit in addition to car counts. This first year of a three-year contract with VHB is focusing on the look of the report and the data collected. In response to Mr. Zevin, Mr. Zogg said that the TPT and CDD City departments have been in conversations with Uber and Lyft to get access to their data. There was a discussion about the City's allowable pickup spots.

Mr. Evans said that the City selected W.T. Rich to be the Foundry construction manager (CM). The project is being run as a 149a Construction Manager-at-Risk (CmaR) project so the contractor is available now during the design process to help with feasibility and cost estimates. W.T. Rich has built two of the City's school projects. The objective is to keep within budget and not compromise the building program for design. Two options are still on the table. Pricing out the addition is being done with the CM. In spring, there will be a process with the Planning Board, the Historical Commission, and the BZA. A height variance will be needed for the option with an addition.

Mr. Zogg said that the Central Square Business Improvement District has started a campaign called "Taste of the Bid." The logo was paid for by the CRA through a contract with Visual Dialogue. There will also be a website, a jingle, banners, social media, postcards, brochures, and more, delivered by the end of the year. The logo can be seen on T-shirts and trash cans. The campaign runs for 30 days. There are ambassadors on the sidewalks doing supplemental city services which are more detailed and frequent cleanings of the streetscape. All the ambassadors are trained to give information about Central Square. There was a discussion about the logo.

Mr. Evans said that the Just-A-Start (JAS) Gala is tomorrow and some CRA Board and Staff members will be going to show their support as JAS is a part of CRA history.

Regarding the budget, Mr. Evans said that it now has a more colorful format to help with readability. More importantly is that the \$2M budgeted for the Foundry will most likely go to the City in 2019, rather than in 2018. Because the Foundry CM came on board later than expected, the cost estimate process won't be completed in 2018 and the appropriation at the City level will occur in 2019.

## **7. Report: 2019 Proposed Work Plan Budget**

Before speaking about the 2019 budget, Mr. Evans presented a draft of a 2019 work plan. He explained that there are three areas of activities that affect the budget - administrative, Kendall Square related, and city-wide projects that are part of an expansion through the strategic plan. He added that next month, there will be a more thorough presentation on the Kendall Square Implementation Plan. He referenced the 2018 goals from the 2017 CRA Annual Report. Although not all of these were met, there were many things worth celebrating. Referencing his presentation, the items in bold will be fully or almost fully completed in 2018. The items in black are ongoing and some will carry over into 2019. The items in gray are projects that did not advance for one reason or another. The 2019 administrative projects include an employee handbook, record archival services, enhancements to insurance coverage, office furnishings and redesign, monitoring the socially responsible investment practices and strategies, implementing metrics to track project goals, and switching to fund accounting bookkeeping software. Ongoing work in Kendall Square involving the CRA includes the Innovation Space, the retail component of 255 Main, two projects with the Broad Institute (redesigning their lobby and their office space on their M1 floor), and if the proposed amendment passes, the IDCP Amendment Phase Two design elements. There are many public realm projects in Kendall Square that involve staff such as the Grand Junction Path and its extension through the Porkchop, the design of the Binney Street Park, and continued programming at Third & Binney. Staff is also

exploring landscape options for the interstitial spaces in Parcel 3, possibly adding programmatic events at Galaxy Park, other place-making efforts with the Kendall Square Association, ongoing transportation issues within the urban renewal area and beyond, as well as mapping retail and other assets within Kendall Square. The CRA is also expanding its programs city-wide. Although the Foundry is in Kendall Square, Mr. Evans considers it a citywide resource. Staff will come to the Board next month proposing changes to the Forward Fund. There would be a small scale innovation grant for interventions in the public realm. A second more significant grant, or loan program, would complement the City's Community Benefit Fund, and provide funds for community infrastructure capital needs of nonprofits. The CRA will continue to work with the Central Square BID. CRA involvement with workforce development includes the research project that is tied in with the City, the Opportunity Space, and diversity inclusion work that the KSA is leading to increase access to the Kendall Square economy for a more diverse audience. As discussed tonight, other projects in 2019 include the Linwood Court and the Margaret Fuller House sites. The MXD Kendall Square Implementation Plan will continue to be part of the CRA work for the next twelve years until the expiration of the Kendall Square Urban Renewal Plan. Other new development projects may be presented as the year progresses and the CRA should remain flexible. The 2019 budget reflects these projects as well as an increase in payroll due to increased staffing. Rent and office expenses are dependent on discussions with Boston Properties and the manager of the Opportunities Space. In 2019, there will be an increase in the budget for professional expenses for landscape architecture work as well as real estate and finance feasibility and design work related to the Margaret Fuller House and the Foundry. With respect to redevelopment investments, a commitment made tonight invests in property with the Margaret Fuller House; there is a carry-over of the Foundry design work; and the affordable housing loan with Wellington Harrington. It is undetermined whether there will be KSTEP disbursements in 2019. A more formal budget will be proposed next month.

### **Other Business**

At 8:35 pm, there was a vote to convene in Executive Session for the purpose of discussing a potential amendment to the Cambridge Center Development Agreement with Boston Properties related to multi-family residential development within the MXD District of the Kendall Square Urban Renewal Area. A public discussion of this material would be detrimental to the interest of the CRA. There was a roll call. Because the Board concluded all of the business set forth on the regular agenda, it would not be reconvening.

Conrad Crawford - yes  
Barry Zevin - yes  
Chris Bator – yes  
Margaret Drury – yes  
Kathy Born - yes

The motion carried unanimously.