

Regular Board Meeting
Cambridge Redevelopment Authority

Wednesday, April 21, 2021 at 5:30pm
Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

APPROVED Meeting Minutes

Ellen Shore read the opening remarks:

In response to the current COVID-19 situation, the Governor has suspended certain provisions of the Open Meeting Law allowing government bodies to meet using remote participation. In accordance with the order, the CRA is holding this meeting via Zoom webinar. In this webinar format, all attendees, except panelists, will have their videos suspended and be muted unless specifically unmuted by the host. There will be opportunities for public comment at the start of this meeting and at the discretion of the Chair. To provide public comment, please press the “raise hand” icon at the bottom of your screen and you will be called upon to speak. Once you are called on, you will need to press unmute. You may also identify yourself but you are not required to do so. After stating your comment or question, you will be re-muted. Alternatively, you can use the Q&A function to type a question or comment. If you are calling in via phone and have no access to a computer or smart phone, you can call the CRA’s main line at 617-492-6800, extension 11 to bypass the opening messages or you can email planning@CambridgeRedevelopment.org.

Board meeting materials can be found on the CRA’s next meeting webpage. This meeting is being recorded, including all audio, video, and QA messages.

Call Roll

Chair Kathleen Born called the meeting. A roll call was taken.

Vice Chair Conrad Crawford – not present yet
Treasurer Christopher Bator – present and audible
Assistant Treasurer Barry Zevin – present and audible
Assistant Secretary Margaret Drury – present and audible
Executive Director Tom Evans - present and audible

There is a quorum so the meeting will begin. As this is a remote meeting, all votes will be taken by roll call and Mr. Evans will repeat the responses of each member present.

Public Comment

Mr. Bator asked commentors to identify themselves and offer their home addresses for the record. Ms. Born said that that would be preferred although not required.

Mark Lunsford, a Somerville resident and artistic producer at the American Repertory Theater, commented on the proposed new cultural center for Central Square. It vitally important to preserve cultural spaces. He is acutely aware of the dwindling spaces for artists and for audiences to engage with local talent. Central Square is a cultural hub for Cambridge. This proposal for the public sector to step in is thrilling and urgent.

Heather Hoffman, of 213 Hurley Street, referred to statements in the presentation which noted that developers are oriented to pure profit maximizing; they building affordable housing only when government steps in. She is pleased to hear the CRA acknowledge this basic economic fact which is hollowing out the City. She thanked the CRA for putting this in writing and hopes to use it as a start to face the forces that are changing the City in ways that make many people unhappy and homeless.

Peter DiMuro, a Boston resident and artistic director of the Dance Complex in Central Square, spoke in favor of the Central Square cultural center. The arts infrastructure has severely suffered from the pandemic. This presentation is the right and creative way to think. All developers should think this way. He offered to help in any way that is needed.

At 5:47 p.m., Mr. Evans noted that Board member Conrad Crawford had joined the meeting.

Kristie LaSalle, residing on Magazine Street in the Central Square area and board chair of Improv Boston said that the neighborhood will change for the worse if venues continue to close. She is in support of a cultural center. Art enriches the community's economy because it brings people to the area's restaurants, bars, and other shops. She is asking the CRA to support the proposal.

Joshua Garneau, the managing director of Improv Boston, stated his support for a new cultural center. Arts are a vital part of the Cambridge community, connecting people who contribute to the economic wellbeing of the area. The cultural center will be a vital lifeline for the future.

JJ Gonson, a Pleasant Street resident in Cambridgeport and operator of the Once venue in Somerville, supports the proposed development of the Middle East night club property. She spoke to the value of live music venues in Central Square, a place that is credited as an arts and cultural district. Independent businesses and venues are being replaced by corporations. Performing and visual arts are a foundation of culture in Cambridge. Performance art will never be a highly profitable business but it is important to look at the value of the arts, which goes far beyond a business' profit and loss sheet. Every dollar spent in a venue equates to \$16 spent in the community at hotels, restaurants, shops, and transportation. The need for public sector involvement to save and invest in culture in Cambridge might not be as blindingly obvious as the profits of investing in biomed or lab development, but this project will support quality of life. The Middle East filled a void in the 80s for mid-sized venues for local performers. Most of the venues in the area are corporate large spaces that cannot support local musicians because they need to work with national acts. Without the Middle East, the cultural district in Central Square is at risk of disappearing entirely and, along with it, performing arts across the City. This development is important and needs City support.

Joshua Freedman, living at 8 Suffolk Street in Central Square, supports the cultural center. This cultural center moves the City forward with new development but also makes new space for arts and culture. Based on the finances, it seems that public support is needed to fund the project. It would be a great benefit to the neighborhood.

Ashvin Bashyam, a resident of East Cambridge and works in the Cambridge area, voiced his support for the efforts to expand the number of venues for different types of performing arts and hands-on activities. This is a creative solution to the economic realities. Rents in Cambridge are increasing in an unsustainable way. He is pleased to see high density and affordable housing included in the proposal.

Nathan Stebbins, a Suffolk Street resident and a biotech venture capitalist, strongly supports the cultural center. The arts are a vital part of what makes Cambridge wonderful and special. It is heartbreaking to see favorite institutions close. He agreed that many people who attend the arts patronize other establishments. Public sector support will be required to support the arts in Cambridge

Ms. Shore noted a comment in the Q&A section by Callie Chapman, "I would like to comment in support of the Central Square Cultural Center Proposal. I am the director of Studio at 550, an arts organization which was formerly located at 550 Mass Avenue. Studio at 550 was displaced due to a combination of a proposed development and COVID-19. Central Square has been my artistic base for my career as a dancer for over 20 years. Many arts organizations as of late have been displaced from the area, disconnecting the stronghold of what was the connecting point for many artists in the greater Boston area. If there is an opportunity to place a stake hold on our arts and culture, now is the time to do it, and Central Square is already predisposed to continue to be that place. The Middle East, Cantab, Green Street Studios, Studio at 550 are just some organizations/venues who have had to move out of the square. In essence they helped build it to what it has become today. Looking at the future, supporting the development of a new cultural center is an opportunity that cannot be overlooked."

Heather Hoffman offered another comment in the Q&A. "I suggest looking at the example of the Delmar Loop in University City/St. Louis, Missouri. It's the work of a private citizen, not government, but it may have very useful

things to teach us about the value of a cultural district. I went there years ago and can testify to its attractiveness and vitality.”

There were no other requests for public comment.

A motion was moved by Mr. Bator to close public comment. A roll call was taken by Mr. Evans and each member’s vote was repeated.

Mr. Bator – yes

Ms. Born – yes

Mr. Crawford – yes

Ms. Drury - yes

Mr. Zevin – yes

The motion carried unanimously.

Minutes

1. Motion: To accept the minutes of the Regular Meeting of the Board on March 17, 2021.

There were no comments.

A motion was made by Ms. Drury to place the minutes on file. A roll call was taken by Mr. Evans and each member’s vote was repeated.

Mr. Bator – yes

Ms. Born – yes

Mr. Crawford – yes

Ms. Drury - yes

Mr. Zevin – yes

The motion carried unanimously

Communications

2. **March 30, 2021 Letter from Department of Housing and Community Development providing conditional approval of the Kendall Square Urban Redevelopment Plan Amendment**

Mr. Evans said that after the formalized approval by both the CRA Board and City Council, the redevelopment plan amendment needs approval from the State’s Department Housing and Community Development. Redevelopment plans also require review by the Massachusetts Environmental Protection Act (MEPA). Included in the plan amendment is a name change from Kendall Square Urban Renewal Plan to Kendall Square Urban Redevelopment Plan in recognition of the impact of urban renewal as a policy at a federal level to the BIPOC community. The land use purpose of the plan amendment was to facilitate the Eversource substation relocation into the MXD District. This letter is the approval for the plan change with a condition that a MEPA review process will occur. There are technical details that need to be refined before filing with MEPA. This design work is currently underway and should be completed in the summer. The amendment also extends the plans timeframe by five years to ensure the CRA would have oversight of the substation project through completion.

The next component of the project is a review with the Planning Board of a revision to the Infill Development Concept Plan from Boston Properties, in which building elements will be reviewed in more detail. Although the CRA will continue to track the substation, the actual review of the substation is not subject to zoning or local review but rather subject to the State DPU agency.

3. **Written communications received since the publication of this meeting notice.**

There were no other communications.

A motion was made by Ms. Drury to close the communications agenda item and put the communications on file. A roll call was taken by Mr. Evans and each member’s vote was repeated.

Mr. Bator – yes

Ms. Born – yes
Mr. Crawford – yes
Ms. Drury - yes
Mr. Zevin – yes
The motion carried unanimously.

Reports, Motions, and Discussion Items

4. Monthly Staff Report

Mr. Evans said that a new translation service has just been launched on the CRA website to increase inclusion and access to information about the CRA. It is machine-based (not a direct human translation) and provides different languages for page content. It does not translate all the documents, however.

Staff is working on two RFPs. One is for information technology services and the second is for a consultant to help guide staff on risk and insurance decisions.

The grant program with the City of Cambridge to assist small businesses has launched. Grant application information is available on the City's website. There is a link to that program on the CRA website. Grants are up to \$6,000. CRA funds will be added to the Mayor's Disaster Relief Fund. The hope is to fund at least 100 local businesses through the program.

As spring is coming, open space maintenance is being conducted. A procurement will be needed for a landscape contractor later this year.

Regarding the Foundry, more challenges keep arising. Work has been revised to make sure the building is structurally sound with a significant amount of roofing remediation. It continues on schedule. There have been over 50 applications for the Foundry Consortium's Executive Director search. The interview process is underway.

The Forward Fund Grant cycle is open. It is a rolling review process, although June 11 has been set for the first review of applications.

The construction of the 325 Main Street building continues. Work has started on the Marriott trellis structures, removing the "bedside tables" to accommodate more open space on the plaza. The existing CRA plaques have been preserved and the relocation or re-design of the commemorative plaques will be discussed at a later time.

The 2020 annual transportation report, a MEPA mitigation requirement of the redevelopment plan, is almost done. It will show some interesting information about travel pattern changes during the pandemic. The same interactive platform will be used.

Staff is holding a virtual open house community meeting on April 28 regarding streetscape design work that the CRA is doing in the redevelopment plan area on Broadway, Main and Third Streets to improve the streetscape, including bicycle accommodations. In April, staff worked with city departments and neighboring developments on that plan.

In response to Mr. Zevin, Mr. Evans said that the current work on Binney Street work is implementing the plan that the CRA worked on a couple years ago. Everything on Binney, north of Galileo on the outside of the curve is being installed as the next phase. The inside of the curve will come later when the Eversource routing designs are more defined. There was a discussion of the construction work occurring at the intersection of the tracks and Broadway due to the installation of a large sewer main replacement across Galileo.

Ms. Kailasam said that expenses in the month of February were fairly quiet and mainly, for operations. Delays in permitting resulted in the delay of Bishop Allen renovation project expenditures. The building construction expenses will start in March. So far, nearly \$900,000 has been spent on construction of 99 Bishop Allen. During February, CRA investments benefitted from a rebound in the stock market resulting in almost \$200,000 in investment gains and bringing the year-to-date gains to \$72,000. The CRA's equity exposure of 30% has benefitted from the market strength. Year-to-date, the operational expenses are in line. For the period through

February, there was almost \$400,000 in expenses, mostly relating to the monthly expenses and some professional services. Later tonight, David Javaheri, from Morgan Stanley, will present the annual investment account review. Ms. Kailasam said she would update the board on the status of the KSTEP and Foundry funds at Cambridge Trust after the account review.

A motion was made by Ms. Drury to put the staff and financial reports on file. A roll call was taken by Mr. Evans and each member's vote was repeated.

Mr. Bator – yes

Ms. Born – yes

Mr. Crawford – yes

Ms. Drury - yes

Mr. Zevin – yes

The motion carried unanimously.

5. 99 Bishop Allen Drive – Construction Update

Motion: Authorizing the Chair to enter into a Testing and Inspection Services contract with Briggs Engineering and Testing for an amount not to exceed twenty thousand dollars (\$20,000).

Motion: Authorizing the Executive Director to sign project change orders valued less than twenty-five thousand dollars \$25,000 up to a cumulative total of two hundred and fifty thousand dollars (\$250,000), which represents fifty percent (50%) of the remaining project budget contingency.

Ms. Schwarz said that staff has been very pleased with the general contractor GVW. Everything is on schedule with the exception of the elevator, which had a later procurement for reasons as discussed in previous Board meetings. The delivery date for the elevator cab should be known by early May. This will determine the end date of the project and hopefully a certificate of occupancy in mid-to-late October. The lease language is almost finalized and will be shared with the tenants. TSNE, the CRA's property management firm for the building, will contact the tenants for final lease negotiations and signatures.

The memo in the Board packet explains two items. One is the selection of a testing and inspection services contractor. STV, the CRA owner's project manager, conducted the procurement process for the testing and inspection service firm. The memo includes the process and the response from the recommended firm, Briggs Testing and Engineering. It also includes the scope. They would start as soon as a contract can be executed and will stay on throughout the project.

The second item is the delegation of change orders that was partially discussed in last month's Board meeting. A change order for the elevator has been signed. There is now a second change order that includes a few adds to the project and a few credits for a total of about \$81,000. These change orders are well within the contingencies for the project. None of these change orders would increase the overall project budget. Ms. Schwarz anticipates that there will be other smaller change orders and credits as construction continues. The proposal is that the Executive Director would be allowed to approve any change orders up to \$25,000 and anything larger would need to go to the Board for approval and the Chair's signature. The cumulative total signed by the Executive Director alone cannot exceed \$250,000, which represents 50% of the remaining project budget contingency

The \$81,000 upcoming change order includes dollars spent on plywood which has skyrocketed in price. Once the tenants were moved out of the building, more exploration was done and it was determined that the pine subfloor was not sound in many ways. Tim Mackay, from STV, confirmed that the subflooring is not being replaced but rather a new layer is being added on top of the existing flooring.

There were no questions from the Board members.

A motion was made by Mr. Crawford authorizing the Chair to enter into a Testing and Inspection Services contract with Briggs Engineering and Testing for an amount not to exceed twenty thousand dollars (\$20,000). A roll call was taken by Mr. Evans and each member's vote was repeated.

Mr. Bator – yes

Ms. Born – yes
Mr. Crawford – yes
Ms. Drury - yes
Mr. Zevin – yes
The motion carried unanimously.

A motion was made by Mr. Bator authorizing the Executive Director to sign project change orders valued less than twenty-five thousand dollars \$25,000 up to a cumulative total of two hundred and fifty thousand dollars (\$250,000), which represents fifty percent (50%) of the remaining project budget contingency. A roll call was taken by Mr. Evans and each member's vote was repeated
Mr. Bator – yes
Ms. Born – yes
Mr. Crawford – yes
Ms. Drury - yes
Mr. Zevin – yes
The motion carried unanimously.

6. Presentation on Central Square Cultural Center Proposal (Evans)

Mr. Evans said that the presentation in the packet is not a CRA presentation but is a presentation by Raffi Mardirosian of Cambridge Creative Development which proposes the creation of a new cultural center in Central Square.

Mr. Mardirosian said that he lives at 64R Prospect Street and has been a Central Square resident for 10 years. He had given a brief introduction to this issue during public comment at the last Board meeting. This project has the potential to preserve cultural space in Cambridge and in Central Square. His career was in renewable energy but has switched full-time to community development work after he saw how Covid has crushed the local community and the cultural sector. He set up Cambridge Creative Development a few months ago.

The cultural loss in Central Square started with gentrification and then continued with Covid. Housing, nonprofits, and small businesses are also getting priced out of the market. Economic wedges are needed to keep spaces affordable. His work started with a needs assessment, talking with various cultural sector stakeholders, community leaders, and several City councilors. The future of the Middle East venue and parcel became a topic of interest. He explored different business models that could make cultural space viable in the long-term. Space needs to be owned in perpetuity by nonprofits and cultural sector participants. Finding the money to pay for this model is the issue. His proposal is for the development for a new cultural center for Central Square funded largely by building market-rate housing above a cultural center with several floors of cultural use. He has worked to make the project stand on its own and pay for itself. However, the project is not quite investment grade on its own and does need public sector support to make it viable and able to attract outside investment. Following the Foundry and the Bishop Allen building, he hopes to have the CRA as a mission-aligned partner. The Middle East is a hub for the community and losing it would make the square less vibrant. A slide showed a map of the location of the parcel and the neighboring establishments. Biotech and softer technology have brought jobs into the City but it has led to an unsustainable proposition for the cultural sector and renters. Closed businesses are being replaced by boutique hotels, micro studios, micro apartments, offices, biotech, marijuana shops, but not in a balanced way, which is why the public sector is needed.

Cultural outlets are important to the wellbeing of people and community. However, cultural tenants cannot compete in today's market. Most developers will maximize profits. Cultural development requires developers, investors, and landowners who are open to making less money, as well as government zoning incentives for developing cultural centers. The Sater family, owners of the Middle East, is looking to keep their legacy alive in what they have built over the last 50 years, but only to a point. The history of the Middle East represents the importance of the local music scene as it is recognized as a nationally recognized venue, the commitment of residents to making arts successful in Cambridge, and the positive impact of immigrants. He proposed purchasing the Middle East property and transforming it into a broader cultural center with five to six stories of building that are a tribute to the arts and the contributions of immigrants to Cambridge. He envisions the building as a synergistic system that balances different cultural uses with willingness-to-pay tenants and includes supporting infrastructure functions like affordable childcare. From his work with the architecture firm Mass Design Group, he showed a conceptual layout

and stacking design. Through a combination of housing and public sector support, the goal is to get to a level that will attract outside investment for the \$100 million dollar project. He offered to share slides with his financial due diligence to date including rent analysis, construction quotes, and massing. He asked the CRA to be a capital and technical partner. There would be synergy with the Foundry and shared programming and resources. Time is of the essence but the development market is heating up and the Sater family has gotten several bids. He has pleaded with the family for time to put an alternative together. He has incubated this with his own funds but he cannot do this alone.

In response to Ms. Drury, Mr. Mardirosian said that he has no pledged money. He has spoken to banks. He is less worried about debt which would be about \$65-\$70 million of the project and is more focused on the finding \$30 million for equity. He is talking with equity investors but he would need to promise the returns of mid-to-high teens.

Mr. Crawford said that he is energized by the subject. He is interested in what the building and the parcel can accommodate and the possibility of technical involvement from the CRA. There is a lot of permitting and zoning to address. Mr. Mardirosian said that he is assembling a team and working potentially with an advisor to provide real estate development expertise. He would welcome the assistance of the CRA in that role. In response to Mr. Crawford, Mr. Mardirosian said that he hadn't yet reached out to community extensively but he hasn't heard that anyone is against it. He has spoken to a majority of City Council members who are supportive for an up-zoning. The only controversy that could come up is the issue of height but housing is needed so he is hopeful that people appreciate the value and the tradeoff.

Ms. Drury said that everyone wants to save the Middle East. Mr. Mardirosian said he has been encouraged by his interactions to date.

Mr. Bator is compelled by the subject matter. He applauds the energy and wants to be supportive. He explained that the CRA faces an ongoing problem since the needs in Cambridge are great, especially with Covid, but that CRA resources, including staff, are limited. For any significant project that the CRA takes on, there are others that, by default, cannot be done. It's possible that there could be a way to nurture this proposal financially and with staff but he is not able to make a major commitment in such an early stage of this proposal.

Mr. Mardirosian was open to continuing the conversation.

Mr. Zevin said that it is not just an issue of resources. His concern is whether this falls within the stator purview of a redevelopment authority. He agreed that the goal is wonderful. Mr. Bator said that the CRA role could be with the redevelopment housing. Mr. Zevin asked to see an asset assessment given opening of the Foundry, the space on Third Street at the BioMed building, and the existing new auditorium at the school on Cambridge Street. He wants to be sure that the current resources in the City are being used in the best way for performing spaces before more are built. He understands the potential synergies but packing five to six stories of performance space will pose expensive acoustical and egress issues. Incorrectly labeled items on the Mass Ave map in the presentation had him question the validity of the analysis.

Ms. Drury noted that the CRA is working on a strategic plan to set goals for the next five years. Mr. Zevin said that involvement might be a question for legal counsel.

Ms. Born thought that the presentation was terrific. It struck the right positive tone in portraying this as an exploration of whether it is possible to bring an economic development model into the City, into Central Square, into the cultural district that isn't just reliant on the highest use but responds to community need. The redevelopment authority has heard pleas over the last five or six years from the arts community looking to see if the CRA has the statutory capacity to respond to the replacement of such businesses. Ms. Born would like to investigate what could be allowed because she agreed that the displacement of cultural institutions is a loss for the city. These smaller art venues differ from the larger theaters being built as community benefits associated with lab building development in the heart of Kendall Square.

Mr. Mardirosian addressed Mr. Zevin's comments. He said he is positive that there aren't enough smaller venues for the visual arts, the dance studios, and the recording studios. He added that most of the venue uses would be occupied at different times of the day. He stressed that there are limited opportunities to do this. The land should be as productive as possible so it has to go vertical. It can't be a single story. The rents of other parcels in the area

are too high. A strategic plan takes time. The legality needs to be investigated but he urged the Board to be as creative and flexible as possible to make this work within the CRA mandate. He suggested that this might be similar to the efforts with the Foundry and Bishop Allen.

Mr. Zevin said that redevelopment authorities used to consider districts as a whole. He suggested looking at the broader area of Central Square and developing a system by which future development could accommodate these relatively small uses in a more scattered fashion.

Mr. Bator explained that the strategic planning includes analyzing CRA's mandate and the other projects being done. As evident from the CRA's work, the CRA does push the limits where possible. If this is appropriate within the CRA's legal authority, the CRA could help identify a model of redevelopment and housing, hopefully affordable, in an urban space in a way that promotes and supports the arts. This model could then be duplicated and followed. This approach is more attractive to him as opposed to a one-shot project, although the outcomes might be less clear at the start. Mr. Mardirosian agreed that creating a scalable model is compelling as it could be used in Cambridge and other cities as a blueprint to rescue and redevelop cultural space. A public-private partnership is necessary.

Ms. Born suggested that Mr. Mardirosian meet with staff and possibly one board member. The CRA could offer some technical assistance or help with a third-party economic assessment of the current figures which might help when talking with other investors. Mr. Mardirosian said that he is currently starting a diligence review with Redgate to look at the numbers. He said it would be helpful if the CRA could be involved more formally, including a capital contribution soon. Ms. Born confirmed that the City of Cambridge is not able to help with private real estate investments.

In response to Ms. Born, Mr. Mardirosian confirmed that the property is being actively marketed. The Sater family has certain financial pressures with their real estate holdings and they are looking to sell the property to the highest bidder with the nearest term access to cash. They are open to being active partners to a certain level of upfront cash contribution. The family is open to rolling over some equity. Ms. Born said that the CRA has relationships with independent highly regarded national level real estate consultants. This is a seed investment that will help attract equity partners. Mr. Mardirosian welcomed the offer. He emphasized that he needs to credibly represent numbers that investors want. Before deciding on any further CRA involvement, Ms. Born restated the need for an independent real estate assessment.

There was a discussion about the next steps. Ms. Born stated that it is not realistic to think that the CRA will give \$20 million as seed money for this project. Mr. Bator added that in addition to the independent real estate assessment and legality of CRA involvement, Mr. Mardirosian should continue talking with staff. The Board will follow with interest. It is too early in the process for the Board to make any decisions.

Mr. Crawford said that as the options become clearer, the CRA will be in a better position to respond. He agreed that more data and analysis on the current arts market in the area would be helpful. He would like an economic impact report on what businesses are operating and how venues propose to survive. Mr. Evans said that the City did an analysis of the impact of arts in Cambridge about two or three years ago. In addition, he will send the Board the art asset map that was created by CRA staff three or four years ago when a niche for the Foundry was being analyzed. He noted that things have changed in four years. Mr. Evans also has an inquiry to legal counsel on such matters.

Ms. Born suggested Mr. Mardirosian reach out to the Boston Chapter of the Urban Land Institute for technical help or exposure. She also mentioned he contact Bryan Koop, of Boston Properties. Mr. Mardirosian said that he will follow up but he is most concerned in gaining the confidence in the capital to secure the parcel. Mr. Evans said that he has also had conversations with CDD staff who are supportive of CRA engagement.

Ms. Born said that this is an economic development project. Ms. Drury said that perhaps it can be a demonstration project. Mr. Bator stressed his frustration with having such an undefined presentation come before the Board for a decision. As a general policy, he stated that only defined and researched proposals should come before the Board. If the goal of the presentation is to get a sense of the Board, that should be made explicitly clear. Ms. Born said that she and Conrad had set the agenda and she wanted to get the Board's initial reaction.

7. US Bank Investment Account Annual Report

Motion: Authorizing the Treasurer and Executive Director to open a new US Bank account for the purpose of investing the funds of the Kendall Square Transit Improvement Program (KSTEP)

Ms. Kailasam introduced David Javaheri from Morgan Stanley Wealth Management, who will present the annual review of the main discretionary investment account held at US Bank. The Account Summary Page of the presentation showed that, per the CRA Investment Policy, thirty percent of the funds are allocated to a special screened list of 19 companies that are on the Division of Banks Legal List of Investments. Seventy percent of the money is in US treasury or government agency securities, averaging about a year in maturity and earning a little more than ½ percent interest. Traditional banks are not paying that and/or zero.

Due to the strength of the market, the stock percentage rose to 33%. According to the policy, a rebalance was needed at the end of last quarter to get the stock percentage to 30%. The stock market will continue to be volatile. The specific stocks that the CRA holds have always exhibited very good downside protection. When the markets go down, they are less volatile because they are big blue-chip, value-based companies that pay a very high cash flow. The 30% equities averaged a 3% yield, which is a good insulation.

Looking at the Time Weighted Performance Summary page, Mr. Javaheri noted that in the last 12 months, the CRA spent about \$4 million which is almost the amount of money that was made (\$3.2 million). This is almost a 10% return, which is far greater than he expected. It is unrealistic to think this will happen every year. Comparisons of this return with the returns of treasury bills, 1–2-year treasuries, and the S&P 500 can be found on the last rows of the chart. Looking at Performance Inception, the last column on the right, the portfolio has averaged 3.66% in six years. If all the money was kept in CDs or treasuries, the earnings would have only been 1%. Mr. Javaheri said that the 30/70 allocation and the risk return profile are good. He would not make any changes except for rebalancing.

He noted that there is a current agenda item in the state legislature that references the ability of government or quasi-government entities to use the “prudent person” rule instead of the legal list. When that would go through is unclear. Although the legal list has done exceedingly well, an adopted prudent person rule would allow CRA funds to be more dynamic with a more granular specificity of holdings.

Mr. Bator said that he is pleased to see the report. He suggested that the CRA do what it can to support the effort to free up public entities in Massachusetts from the list. Mr. Javaheri said this is the first time he’s seen this amount of momentum. This was brought up by the Massachusetts Collectors Treasurer’s Association (MCTA). In response to Mr. Evans, Mr. Javaheri said that this would allow the CRA to invest in securities that meet Environmental, Social and Governance (ESG) criteria. Morgan Stanley has a large team dedicated to this type of investing, which includes screening and monitoring.

Ms. Kailasam said that leaving Cambridge Trust Wealth Management (CTWM) was discussed in a previous Board meeting. At the suggestion of the staff, the Treasurer and Asst. Treasurer approved moving all the funds to Cambridge Savings Bank (CSB). The Foundry funds will remain in cash as these funds will be used in the short-term. However, since KSTEP does not have immediate cash needs, it makes sense to have its funds managed in the same way that the main account is managed at Morgan Stanley-US Bank, with 30% in equities and 70% in fixed income. The motion is to open a new account for KSTEP in Morgan Stanley-US Bank. This will end the relationship with CTWM.

Mr. Bator said that this decision was made after very careful thought by staff. It is the right thing to do as it is the most prudent use of funds. CTWM was charging 40ps investment fees for holding cash and the CRA was losing money at CTWM, given the zero rate of return.

A motion, moved by Mr. Bator, authorizing the Treasurer and Executive Director to open a new US Bank account for the purpose of investing the funds of the Kendall Square Transit Improvement Program (KSTEP) with cash on Cambridge Savings Bank and assets sold at Cambridge Trust Wealth Management. A roll call was taken by Mr. Evans and each member’s vote was repeated
Mr. Bator – yes
Ms. Born – yes

Mr. Crawford – yes
Ms. Drury - yes
Mr. Zevin – yes
The motion carried unanimously.

8. Strategic Planning Update

Kathryn Madden said that staff has been doing research and evaluation of the last seven years. Her presentation outlined the goals and timeline of the Strategic Planning process. The discovery phase is wrapping up. CRA is transforming from a startup enterprise into a more mature organization taking on more complex and many more projects. Systems are needed to better manage the increase in work. The current mission statement speaks to aspirations, constituency, operation, and identity of the CRA. The mission has been advanced through the CRA's work on open space and infrastructure projects as well as projects that focus on community support and economic development issues. Many CRA projects have been clustered in Kendall Square but there are several projects that focus on areas with minority, low income and/or English isolation populations. About half of the projects taken on in the past seven years have been completed, while others have long-term obligations. The CRA is good at being nimble and responsive, as demonstrated with its Covid relief support.

Ms. Madden spoke about some preliminary findings with regards to project management, partnerships, DEI integration, advisory committees, strategy, and regulatory framework. Staff have been talking about a formal Go-No Go process for evaluating future projects. She summarized the analysis of the CRA's internal operations and policies. Some of the recommendations for improving internal operations are already in process. Financially, the CRA's assets and its liabilities have grown. A more robust financial system is needed to replace Quickbooks. From the analysis of the various partnerships and transactional relationships, incorporating DEI goals and improved outreach are a primary focus.

Ms. Madden spoke about the next steps in the process. Staff will continue to improve on some aspects of internal operations, including project decision making, research into financial systems, and internal processes for collaboration and learning. Before the outreach phase begins, it is important to build a strong sense of the CRA story and determine how best to communicate that. Ms. Madden will come back to the Board for a more in-depth discussion of how best to leverage the CRA's capital structure to make an impact.

Mr. Bator said that given the current amount of work and the likelihood of more, a focus on internal operations and systems is key. It is important to recognize the need for more expertise sooner than later. He expects that the Executive Director will need to relinquish day-to-day detailed control over every aspect. He added that a board size of five, which is a state mandated governance structure, forces a limit of two members on subcommittees and is something that needs to be addressed.

9. Design Review Meeting Update

Ms. Born said that she and Mr. Zevin attended the design review meeting. Ms. Alikpokou summarized the memo in the Board packet. The March 30th meeting was held virtually to discuss the MXD substation development proposal. Boston Properties (BXP) and its consultants presented the two commercial buildings on the north portion of the development parcel, open space in the center, and the residential building on the south side. The team is working towards sizing the commercial buildings to function as life science labs and incorporating balconies and overlooks. The consultant showed three massing variations. Ideas for the open space included activity and wellness programming, an art environment, and an "urban oasis". Three variations were presented for the residential component. Comments from the committee can be found in the Board packet memo.

Ms. Born commented on the architecture term, point tower, but said that the notes did not need to be modified.

Regarding the project, Mr. Evans said that the next step is amending the Infill Development Concept Plan with a change in the residential building location and design, from the 135 Broadway proposed plan that the Board had seen previously, and then adding the two commercial buildings. The process will have a less complete building design than in the past since there are more schematic phases of the design. This is more similar to how the City handles PUD permits in that a designated spot has an amount of mass and development but the architecture is still to be worked on in follow-up design reviews. There will still be ongoing discussions in the community about the

overall massing but the focus will be on open space. The development team wants to serve the community as much as possible. The design of the commercial building will evolve when a potential client emerges. Mr. Evans has urged the development team to advance the residential design.

In response to Mr. Bator, Mr. Zevin said that there are serious below-ground constraints that are evolving. There is a conflict between the new residential building and the Akamai building. The project still has to clear the Energy Facilities Siting Board (EFSB). Mr. Crawford added that the EFSB is being pressured to do some self-reflection in connection with other projects. Mr. Crawford likes the intent to focus on the connections to the space. He would like to hear more on the landscape habitat. Mr. Evans said that the landscape architects have been asked about bringing small trees onto the space. Mr. Zevin suggested talking with MIT regarding the plantings on top of their new underground Hayward garage.

Adjournment of CRA Board Meeting

A motion was moved by Ms. Drury to adjourn the meeting. A roll call was taken by Mr. Evans, upon which he repeated each member's vote.

Mr. Bator – yes

Ms. Born – yes

Mr. Crawford – yes

Ms. Drury - yes

Mr. Zevin – yes

The motion carried unanimously at 8:46 p.m.