



Regular Board Meeting
Cambridge Redevelopment Authority

Wednesday May 18, 2022 at 5:30 PM
Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

APPROVED Meeting Minutes

At 5:38 PM, Ellen Shore, CRA Operations Director, said that on February 15, 2022, Governor Baker signed a law, Chapter 22 of the Acts of 2022, which included an extension of the remote meeting provisions of the Open Meeting Law until July 15, 2022. In accordance, tonight's CRA board meeting is being held remotely. There will be opportunities for public comment at the start of this meeting and at the discretion of the chair. Ms. Shore explained the steps to provide public comment. Board meeting materials can be found on the CRA's next meeting webpage. This meeting is being recorded, including all video, audio, and QA 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 – present
Treasurer Christopher Bator – not present, will be joining the meeting at 6 PM
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury – present
Executive Director Tom Evans - present

Public Comment

No requests for public comment were offered.

A motion was moved by Ms. Drury to close public comment. A roll call was taken by Mr. Evans and each member's vote was repeated.
Chris Bator – not present
Kathy Born – yes
Conrad Crawford – yes
Margaret Drury - yes
Barry Zevin – yes
The motion carried.

Minutes

1. Review of April 13, 2022 Minutes

Draft Motion: To accept the minutes of the Regular Meeting of the Board on April 13, 2022

No amendments or comments were offered.

A motion was moved by Ms. Drury to accept the minutes of the Regular Meeting of the Board on April 13, 2022. A roll call was taken by Mr. Evans and each member's vote was repeated.
Chris Bator – not present
Kathy Born – yes
Conrad Crawford – yes
Margaret Drury - yes
Barry Zevin – yes
The motion carried.

2. Review of May 18, 2021 Executive Session Minutes

Draft Motion: To accept the minutes of the Executive Session of the Board on May 20, 2020

Mr. Evans said that Executive Session minutes are due within a year once the issue is under review or if the release would be contradictory to the rationale for initially having an executive session. The last lease amendment was just executed with YPP, which concludes the lease business for the Bishop Allen Project.

A motion was moved by Ms. Drury to accept the minutes of the Executive Session of the Board on May 20, 2020. A roll call was taken by Mr. Evans and each member's vote was repeated.

Kathy Born – yes

Conrad Crawford – yes

Margaret Drury - yes

Barry Zevin – yes

Chris Bator – not present

The motion carried.

Communications

3. May 4, 2022 Letter from O.R. Simha regarding Danny Lewin Park Design

Ms. Born said that this letter was in response to a design that was presented in the design review meeting held on May 4, 2022. Mr. Evans said that the designers, MikYoung Kim, are working on a response to a number of the comments raised. There will be a community meeting later in the month to review a revised design.

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

Mr. Evans said that a communication was received before the agenda was posted but it wasn't ready to be shared until now. The letter states that Charles Sullivan and the Cambridge Historical Commission have recognized 99 Bishop Allen for its historic building renovation. An event will be held on Thursday, May 26. Ms. Born congratulated the staff, the architects, and the contractors. Mr. Evans added that the design team felt very strongly about the preservation initiatives and were very thoughtful regarding the work to allow those historic elements to be readable in the public space of the building.

A motion was moved by Ms. Drury to place the communications on file. A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – not present

Kathy Born – yes

Conrad Crawford – yes

Margaret Drury - yes

Barry Zevin – yes

The motion carried.

Administration Items

5. Monthly Staff and Quarterly Financial Reports

Mr. Evans summarized the staff report that is in the Board packet. He said that although the 325 Main Street sidewalk is opening up, a smaller portion of it will most likely close again when work on the MBTA headhouse begins. Mr. Evans raised the idea of having a community celebration on Main Street once Main Street reopens since it's been under construction for three years. A tour of the roof garden for the CRA Board is being scheduled soon. He noted that the Board needs to tour the whole 325 Main Street building before awarding a CRA certificate of completion for that project.

Hema Kailasam, Director of Finance and Operations gave highlights of the quarterly financial report. She said that the quarter was quiet. There was a drawdown of \$1.3 million this quarter, which is equally shared between the unrealized losses in the investment portfolio, the usual operating expenses, and the amount paid out to the contractor for the completion of the 99 Bishop Allen building. There is an issue with the arrival of the permanent

lighting that has resulted in the delay of the closeout. Occupancy of the building took place in January and rent for the first quarter has been collected. Because some of the space in the building was converted from conference rooms to office spaces, the monthly dependable income is higher than originally anticipated. This should offset the surprise of higher utility expenses.

Mr. Evans said that Mr. Bator arrived at 6 PM.

A motion was moved by Ms. Drury to place the staff and quarterly report on file. A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – yes

Kathy Born – yes

Conrad Crawford – yes

Margaret Drury - yes

Barry Zevin – yes

The motion carried.

6. Investment Account Annual Report and Strategic Plan

Ms. Kailasam introduced David Javaheri, wealth manager from Morgan Stanley, who is managing the CRA's main discretionary account and the KSTEP funds account.

Mr. Javaheri presented an asset allocation chart of the CRA's main investment account which showed 30.6% in equities, 11% in cash, and 58% in fixed income. The portfolio is monitored on at least a quarterly basis and rebalanced to keep the equities at 30%. If that percentage increases, equities are sold to get back to 30% and more Treasuries are purchased. The fixed income is composed of 12- to-18-month laddered US Treasuries with defined maturity dates and fixed interest rates. The equities are equally weighted among 19 stocks that are on the state's Legal List of Investments. There is a small amount of cash for projects and operations.

Mr. Javaheri presented a time weighted performance summary chart. Looking at the year-to-date column, about \$1.4 million was taken out of the U.S. Bank account to pay bills. There is also a \$396,000 unrealized loss in investment values. For the first four months of this year, the portfolio was down 1.5%. However, this is good compared to the one- to two-year Treasuries and T-bills, which were down 2%. The world benchmark was down almost 13%. The other 70% of the portfolio is in U.S. Treasuries, considered the safest investments because all Treasury securities are backed by the "full faith and credit" of the U.S. government and have short-dated maturities. However, there are unrealized losses in the Treasury portfolio because of the changes in interest rates.

Mr. Javaheri explained that since the CRA holds its fixed assets until maturity, the CRA is not expected to lose money at maturity, even if these decrease in value with rising interest rates. The interest earned is still based on the rate when purchased. However, because GASB requires mark to market reporting, the holdings will show a loss. On April 30 2022, if the CRA were to liquidate the entire portfolio, there would be a loss of \$396,000.

Looking at the custom period column on the chart, the average annual return of the portfolio for three years (2019 through 2020) was 6.89% per year. The period started with \$17.9 million, there was \$3 million in net contributions and withdrawals, and a gain of \$5.7 million in investment earnings. The last column in the chart shows the portfolio's performance since inception. Seven years ago, the portfolio started with CDs only. A substantial amount of money has been added and the portfolio has grown very conservatively at 3.7%. If the money had been left in CDs or Treasuries, there would only be one-third of those earnings. Compared to the world stock market, the CRA was able to achieve half the return but with a fraction of the risk. The investment policy is working very well particularly in extraordinarily crazy, volatile markets.

Ms. Born asked Mr. Javaheri to restate the CRA investment policy. Mr. Javaheri said that the CRA is currently bound by Massachusetts investment statutes. This might change, but for now, there is a list of 22 equities, the "Legal List," in which a state agency is allowed to invest. Of those 22 individual stocks, three utilities were not included because they do not meet ESG (environmental, social, governance) criteria. The strategy is to keep 30% of CRA funds invested equally weighted in the 19 stock companies. The equity portion of the portfolio pays a dividend of 3%. The fixed-income U.S. Treasury holdings represent 70% of the portfolio. The strategy to buy

short-term U.S. Treasuries reduces risk. The portfolio does not hold any corporate bonds. The portfolio is reviewed quarterly and rebalanced when needed, at a minimum of a year, to keep the 30-70 ratio.

Mr. Javaheri then gave a presentation for the funds in the KSTEP account which Morgan Stanley started managing in May 2021, using the same 30-70 strategy. Looking at the year-to-date column on the weighted performance summary, the short-term performance isn't as good as the larger account and is down about 2%. However, since its inception, this account has earned 1%.

Mr. Evans noted that \$120,000 has been expensed from the KSTEP account for administrative costs and the bus shelter project. The portfolio is still greater than the original contribution of \$6 million. Staff is waiting for the MBTA to provide information on future bus planning. Hopefully, a meeting tomorrow will shed some light on the bus network redesign.

Mr. Javaheri summarized by saying that in really down markets, the 19 stocks in the portfolio are unbelievably resilient because they make a very defensive portfolio. Using a disciplined strategy and not deviating are key. The Treasuries are short term. When they mature, other short-term treasuries are purchased. At least once a year, the equities in the portfolio are rebalanced. He and Ms. Kailasam are reviewing this quarterly, at a minimum.

In response to Ms. Born, Ms. Kailasam said that as of April 30, the ending market value of the main CRA account was \$24,894,979 and the KSTEP account was \$6,589,977. Ms. Born asked about other assets that the CRA holds. Ms. Kailasam said that about \$7.5 million is in a money market account at Cambridge Savings Bank for the Foundry. This money will be allocated at some point this year to pay the City for the CRA's share of the construction costs, and used to seed the operating account and required capital reserve account for the building. The CRA's total assets are \$37.5 million. The CRA expects the next payment from Boston Properties in December, based on their building permit. Mr. Evans added that the building permit will be applied for at the end of this year. The payment is due upon issuance after ISD's review. This payment is for both the residential building and the first commercial building at 290 Binney Street.

Mr. Evans said that staff are discussing various investment strategies. Mr. Bator said that the finance subcommittee has met with Mr. Javaheri. He would like staff to come to the Board for approval of a plan so that it can be executed immediately upon receipt of that inflow of money. With the increase in assets, the CRA will have access to different kinds of tools and perhaps different kinds of markets. Staff should come back to the Board if there is a need for additional in-house financial advice or consultation.

Ms. Born asked if the next large infusion of funds, which related to the MXD Eversource project, is contingent upon Eversource getting approval from the state utility siting board. Mr. Evans said that he was told that Boston Properties has signed a binding agreement with Eversource to build Eversource a box for the substation with the housing on one end. There is no alternative site in discussion at this point time. Eversource is committed to that location, although they don't have the full state approval. A more precise payment projection can be made once Boston Properties gets through the enabling permit for the movement of utilities and demolition of the garage.

In response to Ms. Born, Mr. Evans confirmed that development fees from residential projects differ from those from commercial projects. Per the Development Agreement established with Boston Properties in the 1980s, a base amount for the gross floor area was established, which went up annually. After a certain critical mass of office was developed, the amount paid for office and lab space was doubled. An alternative payment schedule for gross floor area payments was only done for the Proto project at 99 Ames Street.

Mr. Bator added that the CRA should be ready programmatically as well. If additional personnel and resources are needed, staff should come back to the Board. Mr. Evans said that staff have been working on a strategic plan, which looks at internal capacity and external projects. Staff have been meeting the CRA Strategic Advisory Group regarding external projects. A Strategic Plan document will be brought to the Board this fall.

7. Personnel Update - Director Search and Staff Development

Draft Motion: Authorizing the Executive Director to enter into a sole source contract with Ann L. Silverman Consulting to provide employment placement service for a value of up to \$26,000.

Draft Motion: Authorizing the Executive Director to enter into a contract with _____ to provide staff development consulting for a value of up to \$_____.

Mr. Evans said that this past winter, he, Ms. Schwarz, and Ms. Kailasam (the leadership team) discussed existing staff development, additional staff needs, staff structure, executive coaching, and methods to better utilize staff resources. Staff launched a 30B procurement process for a consultant to help with these issues, with a scope that was under \$50,000. Seven organizations were contacted. Three responses were received at the end of March. Upon review, one was immediately discarded as it was off the mark and very expensive. Of the two remaining, the proposal from an organization called Rainmaker is Exhibit A of the Board memo. The scope was set to end in September but the timeline will need to be adjusted due to Ms. Schwarz's resignation. To help staff find a replacement for Ms. Schwarz's position, Mr. Evans proposed using a search firm. Staff will still be involved in the hiring process. In the past, the CRA used a search firm to fill the Foundry Consortium Executive Director position. Mr. Evans proposed that a sole source contract be approved with Anne Silverman. The one-page scope is Exhibit B of the Board memo. Staff already has Ms. Silverman's qualifications from her previous work. A draft job description is Exhibit C of the Board memo. The title of the position will be changed to Director of Projects and Planning to broaden the scope of the work.

Mr. Evans said that there are two motions, one of which was published with blanks until interviews were completed on Monday. Rainmaker's scope might be edited to include a focus on tools for a hybrid working environment. Mr. Bator said that this made sense as a natural reflection of CRA's growth as an organization and its growing complexity. Ms. Born agreed.

A motion was moved by Mr. Crawford authorizing the Executive Director to enter into a sole source contract with Ann L. Silverman Consulting to provide employment placement service for a value of up to twenty-six thousand dollars (\$26,000). A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – yes

Kathy Born – yes

Conrad Crawford – yes

Margaret Drury - yes

Barry Zevin – yes

The motion carried.

A motion was moved by Mr. Bator authorizing the Executive Director to enter into a contract with Rainmaker to provide staff development consulting for a value of up to thirty-six thousand dollars (\$36,000). A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – yes

Kathy Born – yes

Conrad Crawford – yes

Margaret Drury - yes

Barry Zevin – yes

The motion carried.

8. Internal Controls Policy Update

Draft Motion: Amending the Internal Controls Policy to increase credit card account limitation from five thousand dollars (\$5,000) to ten thousand dollars (\$10,000)

Ms. Shore, Director of Operations said that a CRA Internal Controls Policy was approved by the Board at the end of 2020. At that time, there was an understanding that this document might need changes in the future. With that being said, Ms. Shore proposed to change the section of the policy regarding the credit card. The CRA has a credit card account with limit of \$5,000. Both the Executive Director and Operations Director have credit cards to use for CRA business; both draw from this one account. Even though the monthly charges are typically less than \$5,000, often because of payment flow, that limit is reached. When this happens, recurring charges may be denied or necessary one-time expenses are unable to be covered. She said that just about every online purchase, or

software or hardware license requires a credit card these days. The change being proposed is to increase the card limit to \$10,000 to streamline CRA operations. The Board document is a redlined version of the policy.

A motion was moved by Ms. Drury to amend the Internal Controls Policy to increase the credit card account limitation from five thousand dollars (\$5,000) to ten thousand dollars (\$10,000). A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – yes

Kathy Born – yes

Conrad Crawford – absent

Margaret Drury - yes

Barry Zevin – yes

The motion carried.

Projects and Programs

9. 325 Main Street Public Easements

Motion: Approving the Terms of Amendments to the Kendall Plaza and Pioneer Way Public Access Easements within Parcel Four of the Kendall Square Urban Redevelopment Plan

Alexandra Levering, Project Manager, gave a presentation on the 325 Main Street covenant and easement. She noted that the 325 Main Street building, the public amenities, and the roof garden are very close to completion.

The first easement area, the Public Roof Garden, outlined in orange on the slide, requires an amendment to the hours of operation. In either 2015 or 2016, the CRA Board extended the CRA covenant over the roof garden. The expiration date is still June 30, 2115. However, the current covenant states that it is open seven days a week, one hour after sunrise to one hour before sunset. The proposed covenant amendment, which was noted in the IDCP Amendment One approval letter, extends the Roof Garden operating hours to 11 PM from June 1 through September 30 to take advantage of the longer and warmer days.

The next area, the Second Level Terrace, Staircase and Elevator, outlined in blue, is a new easement which would be added to the Parcel 4 Operating Easement Agreement. The MBTA headhouse is not part of this easement but it is part of the MBTA's easement area. They are working on making that publicly accessible.

The terms listed in the presentation will be put into a legal agreement with the assistance of CRA's and Boston Properties' lawyers. The general public will have full access, ingress and egress through the public access easement areas. No elevator access to Level 4 of the easement area will be accessible when the Roof Garden is closed. Boston Properties can make reasonable rules to protect the safety of the people using these easement areas but those rules need to be approval by the CRA. Boston Properties will maintain and repair these public access easement areas. If unrepairable, BXP may seek CRA approval to have them relocated

Ms. Levering then showed the layout of the ground floor of 325 Main Street and spoke about Pioneer Way and its associated easements. The CRA will continue to have a 24/7 public easement through the Public Lobby and into Pioneer Way West, in perpetuity. The current Pioneer Way East easement is divided between public space (the Innovation Space Commonwealth Kitchen Public Market) and a private bike parking area for the 325 Main Street tenant. Changes to this area include the addition of public bathrooms and a wellness room that are accessible to everyone. There will be an entrance into the elevator that serves the retail on the second floor, the public space on the second floor, and the Roof Garden.

Ms. Levering showed a recommended new layout for 325 Main Street which changes the eastern end of Pioneer Way to include an area which ensures that there is a connection between Pioneer Way and Kendall Plaza. This will be maintained and open 24/7, in perpetuity. There is also a 24/7 connection into the Green Garage. During open hours of the Innovation Space, other egress pathways would be accessible - from Pioneer Way to Main Street, from Pioneer Way to the MBTA Headhouse, and from Pioneer Way to the Plaza. The width may not be less than seven feet. The time duration for these easements is still being discussed with Boston Properties.

Ms. Drury wanted to be sure that the 24/7 pathways were safe. Ms. Levering noted that the easements provide internal block connections that are a big public amenity, especially in the colder months. The residential building at 88 Ames Street, the MIT dorm, more retail, and an entertainment venue at 325 Main Street on the second floor will make this a more active area. Ms. Levering said that the vaulted Public Lobby will feel very open. Ms. Levering agreed that further designs of the Innovation and ground floor space should consider a sole pedestrian walking through the area at 1 AM. Mr. Zevin shared Ms. Drury's concern. He recalled an issue regarding the visibility of the elevators in the Green Garage from Main Street in the Public Lobby, when it was open space before the previous Public Lobby. Now they are less visible. Security might be needed as a mitigating factor. Mr. Zevin said that the public might not feel comfortable in the enclosed multi-alcove Pioneer Way late at night.

Mr. Evans said that there's nothing written in the easement which prohibits the CRA from letting Boston Properties close the easements at certain times of day. The public easement follows the terms that exist today, although it's been closed for a while due to construction so no one is walking through there. When it was the Food Court, it was closed a lot of the time. On a cold day, this pathway will be very valuable for the residents of Proto. He said that people will use it. It will be lit and monitored. Mr. Evans said that the bathrooms would be shut when the trains stop.

Mr. Crawford said that with apartments, hotels, entertainment venues, dorms, and T traffic, the pathways will be used but he agreed that more investigation would be useful. He said that it is very important to break up these blocks so that people can walk through them to make the city more livable. He is looking forward to some level of permeability. Mr. Zevin said that Kendall Square might get more bus routes possibly on Ames Street due to the new MBTA bus plan. This and the T might populate the area but possibly not during the wee morning hours. Mr. Bator said that he supports the comments that have been made. The CRA is obligated to pay attention to the architectural design and ease of pedestrian movement, as well as to the public's safety.

In response to Ms. Born, Mr. Evans said that the CRA is the holder of the easement and will continue to be the holder of the easement. Mr. Evans said that for the stairs, Boston Properties is granting the additional easement space with the same terms that exist on the Plaza. For Pioneer Way, they are asking to modify the existing easement by taking a bit away from Parcel J. Since Parcel J is getting a little smaller, staff asked for some additional space, which is the access through the retail area.

Ms. Born asked Mr. Evans to explain how a change to the access hours of the easement could occur, if needed. Mr. Evans said that all CRA easements and covenants give broad brush access but do allow for rules to be created if necessary. A rule would be an action for the CRA Board to take during a public meeting but it would not require a recording change to the easement. Ms. Born confirmed that a vote to accept the amended easement is not necessarily voting for 24/7 access to remain indefinitely if there were an issue. Mr. Evans said that the CRA is the enforcer of the easement. Should the CRA cease to exist at some point in time, it is likely that all these easements would pass to the City.

In response to Ms. Born, Mr. Evans confirmed that the floor plan is evolving per staff feedback. It is a big committee process which includes the designers, Boston Properties property management, and representatives of the food vendors. Mr. Evans confirmed that the easements don't have specific geography because the space is designed to be changeable and flexible.

Ms. Born gave Heather Hoffman a chance to make a comment. Ms. Hoffman stressed that prominent signage should clearly state the hours open and that the public is welcomed. The citizens should get what they have been promised. Ms. Hoffman noted that she has never been scared walking around the area. Reasonable lighting can make people feel better. There will be enough people who are comfortable walking around if there's a good reason to walk around.

Mr. Evans noted that this is only a term sheet. Staff will come back with the actual paperwork. It will take about six months to get the recorded document approved per the agreement with Boston Properties.

A motion was moved by Ms. Drury approving the Terms of Amendments to the Kendall Square Plaza and Pioneer Way Public Access Easements within Parcel Four of the Kendall Square Urban Redevelopment Plan. A roll call was taken by Mr. Evans and each member's vote was repeated.

Chris Bator – yes
Kathy Born – yes
Conrad Crawford – yes
Margaret Drury - yes
Barry Zevin – yes
The motion carried.

10. Foundry Update

Mr. Evans said that the Foundry Advisory Committee and members of the Foundry Consortium Board just toured the Foundry. Most of the heavy inside work is completed. Punch list work for the floors is now in progress. The current critical path item is the roadway work on Rogers Street and the yard. Mr. Evans showed a number of pictures of the first-floor area. The inside atrium's paneling and glasswork are up. The last item is the railing materials for the stairs and the porch. The construction lighting has been removed and most of the permanent lighting has been installed. The building has permanent power with the exception of the theater. This area has the most work inside still to be done. It is possible that the theater may not be done when the certificate of occupancy is awarded. There are two studios and a garage door to the outside yard. The dance studio only needs the sprung floor to be installed. The STEAM Workshop, in the southeastern corner of the building, is set up with 3D printers and other STEM learning elements, a small kitchenette for science experiments, and drop-down power outlets. The Fiber Arts room is along Rogers Street. There is also a jewelry and metal workshop. The CRA is buying a fair amount of equipment for this room. The largest of the workshops is the woodshop, in the south western corner of the building. There is a café, although there is no operator as of yet. Equipment is expected for the café and the demonstration kitchen. A punch list exists for the third-floor office space. The expected substantial completion date is planned for the first week of July. The contractors need to remain in the building at least through July to finish up the theater space. The application for the occupancy permit will be submitted shortly.

The tenants for the office space and the Foundry Consortium staff would be the first to move into the building but the Foundry Consortium said that public programming won't begin until September. There is no third-floor tenant as of yet. The nonprofit space on the second floor will be occupied by Greater Boston. The lease has been finalized but it has not yet been signed. There was a meeting with the brokers to talk about a strategy for the third-floor space. They are very confident that once the building is open, the space will lease very quickly. Staff will do a new push to generate interest. There have been discussions about splitting up the 8,000 square foot floor space on the third-floor since 2,000 to 4,000 square foot spaces seem to be very attractive. For that and other reasons, staff may seek to get an on-call designer contract to help think through small remodeling jobs.

The Foundry Consortium has hired people to fill the open positions with sequential start dates so that they are not being onboarded all at once. In response to Ms. Born, Mr. Evans said that June 22 is being held for the ribbon cutting. The City is waiting until Tuesday to confirm the date. They want to confirm that Roger Street will be done.

At 7:46 PM, the agenda was concluded.

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

Chris Bator – yes
Kathy Born – yes
Conrad Crawford – yes
Margaret Drury - yes
Barry Zevin – yes
The motion carried.

Ms. Shore noted that the next Board meeting is June 8.