

Worcester Redevelopment Authority

Michael P. Angelini
Chair

Peter Dunn
Chief Executive Officer



WORCESTER REDEVELOPMENT AUTHORITY

Thursday, August 10, 2023

9:00 A.M.

City Hall, Levi Lincoln Chamber

Worcester, MA 01608

CALL IN INFORMATION:

+1-415-655-0001 US Toll

Access Code: 2307 8215 0602

Present:

Worcester Redevelopment Authority Board

Michael Angelini, Chair
David Minasian, Vice Chair
Sherri Pitcher
Richard Burke

Staff

Peter Dunn, Chief Executive Officer
Michael Traynor, City Solicitor
Alexis Delgado, WRA Finance Manager
Julie Lynch, Director of Facilities
Greg Ormsby, Office of Economic Development
Jeanette Tozer, Office of Economic Development - ?
Edgar Luna, Office of Economic Development
Jane Bresnahan, Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 9:00 A.M. on Thursday, August 10, 2023

1. Call to Order

Mr. Dunn called the meeting to order at 9:02 A.M.

2. Roll Call

Chair Angelini advised he will chair the meeting but will not participate in any discussion regarding Item 1 or Item 2, for reasons previously stated with respect for Item 1 and with respect to Item 2 that matter is being presented by Mark Bornstein a partner at Bowditch & Dewey on behalf of a client of the firm.

Mr. Dunn called the roll – Ms. Pitcher, Mr. Burke, Mr. Minasian, and Chair Angelini.

Chair Angelini advised all votes will be taken by roll call.

3. Approval of Minutes: July 13, 2023

Ms. Pitcher made a motion to approve the minutes of July 13, 2023.

Mr. Minasian seconded the motion.

The minutes were approved 4-0 on a roll call.

New Business

1. Discussion and selection of the redevelopment partner for the Denholm property at 484-500 Main Street.

Mr. Dunn recounted the healthy discussion at the last meeting about the evaluation and selection of the development partner for the Denholm property at 484-500 Main Street. A lot of that is captured in the minutes and the presentation of the evaluation is also appended in the package. This item was tabled to this meeting for some additional information and conversation related specifically to the Responsible Employer Inclusionary Participation Policy of the WRA and confidence that that is going to be met on this project.

Mr. Dunn turned to Mr. Rengel from the Menkiti Group and a member of the team from Bozzuto to talk a little bit more about their commitment and understanding of the policy and how they intend to ensure that. Mr. Rengel, Vice President of Menkiti Group acknowledged members of the Bozzuto Construction team, Brady Davidow, Director of Preconstruction, Kelly Cantley Senior Vice President and Brian Reney, Senior Vice President will turn over to respond to the REIPP discussion. Mr. Davidow stated as a general contractor with a volume of over \$650 Million Dollars a year, approximately forty percent of the projects undertaken by Bozzuto Construction involve jurisdictions with specific employment policies and procedures. Their team is well versed in compliance procedures and policies and will ensure that the language from the REIPP employment policy is included in the the subcontractors' agreements for the project.

Mr. Dunn also advised that in addition to the monthly reports on the REIPP during construction, he has spoken to the Menkiti Group about providing monthly reports in the predevelopment phase so that the board is informed of their progress of items and benchmarks outlined in the LDDA.

Chair Angelini asked Mr. Dunn to provide the recommended course of action. Mr. Dunn advised there is a vote in the packet and would be seeking a motion from a Board member relative to the vote that the Worcester Redevelopment Authority hereby selects the Menkiti Group as the preferred developer for the purchase and redevelopment of the former Denholm property at 484-500 Main Street pursuant to the request for proposals issued November 22, 2022, Be It Further Voted the Authority authorizes its chief Executive Office to negotiate the terms of the Land Disposition and Development Agreement with the Menkiti Group.

Ms. Pitcher offered the following vote:

Voted that the Worcester Redevelopment Authority (“Authority”) hereby selects Menkiti Group as the Preferred Developer for the purchase and redevelopment of the former “Denholm Property” at 484 – 500 Main Street pursuant to a Request for Proposals issued November 22, 2022; and

Be It Further Voted that the Authority authorizes its chief executive officer to negotiate the terms of a Land Disposition and Development Agreement with the Menkiti Group

Mr. Burke seconded the motion.

Ms. Pitcher affirmed the vote.

Mr. Burke affirmed the vote.

Mr. Minasian abstained.

Mr. Angelini abstained.

The item was approved on a 2-0-2 roll call.

Chair Angelini offered concluding remarks. While he abstained and did not participate in the discussion it is his intention going forward to participate in the implementation of this vote. As long as members of the Menkiti Group are here Chair Angelini provided the following comments: The Board wishes the Menkiti Group well, would like to see the project completed and has confidence in their ability to do so. This is an enormously important project to the city of Worcester in terms of the development of downtown and very visible project with its location directly across from City Hall. It would be enormously unfortunate if this project is not completed in accordance with the application. It is understood that there are timetables established in response to the RFP as referenced by Mr. Dunn already with respect to the LDDA. The Board hopes to accelerate this and will participate in accelerating the timetable for the completion of this project. It is also understood that financial markets are not always stable nor ever predictable and the success of this project extends to some extent on those markets. Getting this project completed and getting it completed on time or before time is of enormous importance to this Authority and to this City. The Board looks forward to partnering in meeting that commitment but want to emphasize its enormous importance to the Board and the community.

Mr. Rengel appreciated the comments and thanked the board. They are honored to be selected and are committed to this challenge and been preparing for this for years. Excited to be working on this with the city and citizens of Worcester to deliver a first-class project at this historic site and so important to so many in the region. He expressed their commitment to do everything they can to make this project a success.

2. Authorize Letter of Intent and Lease Agreement for the Union Station Garage, Ednardo Cardosa.

Mr. Dunn introduced Item 2 to authorize a letter of intent and lease agreement for Union Station Garage space with Ednardo Cardoso. Mr. Cardoso is one of the owners of Two Chef’s Restaurant on West Boylston Street. Staff have had a number of conversations with Mr. Cardoso as well as his local counsel Mr. Borenstein on the opportunity at the Union Station Garage. The Board has had various fits and starts with potential interest on

the garage. Certainly, the pandemic impacted that negatively, but at the end of the day the garage space at the retail level has been vacant since the garage was built and it is a long time coming. Staff are very excited about this opportunity and have outlined a letter of intent with the potential tenant as well as his local counsel. Mr. Dunn provided a summary:

The leased premises is approximately 8,000 square feet. There are two spaces on either side of the pedestrian walkway and the tenant is interested in both of them. The larger contiguous portion is about 6,000 square feet, the other about 2,000 square feet.

One of the challenges has been the buildout of the space. It is raw - currently a dirt floor - not much of a vanilla box. In this case, staff are particularly excited because there is no need for the WRA to contribute financially to the buildout or any kind of tenant improvement allowances. In exchange for the significant investment that the tenant will need to make, there is a lower square foot cost on the rent. Otherwise if the WRA were to put in substantial investment, the rent on a square foot basis would be much higher to recoup that investment. The base rent is \$5.00 per square foot with escalations of 3% starting on the third anniversary. There is a deferral during the buildout phase and have outlined in the vote a definition of when the rent commences.

There is already a draft conceptual layout plan proposing a restaurant with a layout of 185 seats including a full-service bar, all of the necessary accessory type of uses with the kitchen, dishwashing area, bathrooms, storage for coolers as well as food. The 2,000 square foot, standalone space on the other side of the pedestrian corridor will be mostly related to functions and those kinds of events with the full-service restaurant being really focused on the 6,000 square foot contiguous space along Franklin Street.

The term of the agreement is proposed for fifteen years with two five-year options under mutual agreement. The tenant will be responsible for utility uses, as well as all the improvements to the space. One thing to note it is very likely that Mr. Cardoso will form a limited liability company. The entity is being formed, but Mr. Cardoso will also be guaranteeing the lease personally.

Those are some of the highlights. A momentous occasion, as mentioned earlier this is a long time coming. Staff and the Board have been patient on that space looking to complement the Canal District vitality, having something very engaging to the pedestrian environment versus a first-floor office use or other kinds of uses that would not be as complementary to the live, work and play environment that we have been creating in the Canal District. Hopefully, this will be one more amenity, one more new business owned by a local individual.

Ms. Pitcher asked if this is an expansion of Two Chefs or are they closing the one on West Boylston Street and opening here. Mr. Dunn advised this would be a second restaurant although all of the partners involved in the Two Chef's operation may not be involved in this operation, but they are not closing that location. This is a second location for Mr. Cardoso. Ms. Pitcher asked what kind of restaurant this will be. Mr. Borenstein introduced Mr. Cardoso who described the concept as casual Italian fare, similar to Two Chiefs. He is considering the name Eddy's Pub and Restaurant. Mr. Borenstein also noted that Mr. Cardoso is a Worcester resident. He has built his business in Worcester and excited about expending these opportunities within Worcester. Ms. Pitcher asked how many seats. Mr. Cardoso replied 185. Mr. Borenstein continued, as Mr. Dunn mentioned, there are really two spaces with restaurant in the 6,000 square foot space and

the 2,000 square foot space will be more for events. Mr. Cardoso added the function area would hold about 60-70 people added to the 185. Ms. Pitcher inquired about the timing. Mr. Cardoso looks to start construction in the next few months and have everything open late spring next year.

Mr. Minasian asked if Mr. Cardoso already has an architect on board and if the plans are finished or in design still. Mr. Borenstein advised design is still in development with additional refinements needed before they are at a position to submit applications for permits. Mr. Minasian asked who the architect is for the project. Mr. Cardoso advised it is Rafael Hernandez of Acropolis, office is on Brussel Street. Mr. Minasian asked if financing is already in place. Mr. Borenstein replied there is a lender willing to lend on the project subject to the letter of intent. The vote by the WRA is the linchpin to really move this thing forward as the lender wants to see a commitment and ultimately a lease with the WRA. Mr. Cardoso has already invested a quite a bit of money into the concept itself as part of that additional investment that will come after the letter of intent being signed.

Mr. Minasian asked if the lease starts once they move in or does it start upon this vote. Mr. Dunn advised the lease commencement date is when the agreement is executed and then rent commencement date is specified, which would be after. There a few different conditions for rent commencement, either thirty days after the issuance of a certificate of occupancy for the lease premises, or twelve months from the lease commencement date.

Mr. Minasian provide final comment reflecting on the space being vacant for a long time, the possibilities, different people kicking the tires that has not come through. Excited about Mr. Cardoso, a perfect fit and looking forward to going over there eating thanks for investing and thanks for opening.

Mr. Dunn provided a reminder that there is nothing in the lease with WRA related to parking as that is controlled by the Off Street Parking Board. The WRA has a lease with the city of Worcester for the retail space, so this is effectively a sublease with Mr. Cardoso and wanted to provide the reminder that the WRA does not actually own the garage.

Mr. Minasian asked if the build out is subject to the REIPP. Mr. Dunn advised the REIPP is not triggered. One of the articles of the REIPP has to do with leases involving WRA property, but that is triggered when the amount of annual rent exceeds \$100,000.00 annually so this is under that.

Mr. Minasian offered the following vote:

Voted, that the Worcester Redevelopment Authority hereby authorizes its chair or vice-chair to execute a Lease Agreement with Ednardo Cardoso, or his nominee, demising a certain portion of ground floor retail space within the Union Station Municipal Garage with the following lease terms and requirements: The property located at 225 Franklin Street, Worcester, MA 01604 and known as Union Station Municipal Garage.

Ms. Pitcher seconded the motion.

Mr. Angelini abstained.

The item was approved on a 3-0-1 roll call.

Chair Angelini thank you all, Ms. Pitcher excited about the restaurant and the investment in the city, congratulations from the Board members.

3. Financial Update Report

- a. Report on Prior Month's Executed Contracts and Payments**
- b. Report on Downtown Urban Revitalization Plan Expenditures**

The financial report covered the period from July 11, 2023, to August 7, 2023.

5. Status Reports

- a. Union Station**
- b. Downtown Urban Revitalization Plan**
- c. The Cove**

Mr. Dunn advised relative to Union Station there was some water infiltration and damage related to the MBTA activities going on above the 961 Restaurant space. Staff are working through that right now and just wanted to give the board a heads up. Related to Luciano's still waiting on executed lease amendment. Mr. Minasian asked if at a future meeting a discussion of the status of the MBTA project is how that is coming along and affecting Union Station. Mr. Dunn confirmed.

Regarding the Downtown Urban Revitalization Plan, Mr. Dunn mentioned the Denholm project has been the major focus and moving along as voted earlier on the first item of business. Ms. Pitcher asked about an update on the Midtown Mall. Mr. Dunn replied because of some of the key activities on the meeting agendas taking priority he had not yet invited Mr. Lana to come before the board. Ms. Pitcher reiterated that would be helpful.

Mr. Dunn presented the REIPP update on the Cove project.

Chair Angelini concluded the status report by asking for an update relative to the miscellaneous improvement projects at Union Station, design and construction. Mr. Dunn confirmed he would ask Ms. Lynch to prepare an update on those activities.

6. Adjournment

There being no further business, Mr. Dunn called the roll to adjourn the meeting at 9:32 A.M.

Respectfully submitted,

Peter Dunn
Chief Executive Officer