



Parcel P-3 PRC Meeting Notes
April 19, 2007
6:00pm-8:00 PM
Central Boston Elder Services
2315 Washington Street

PRC Members Present: Donovan Walker, Norman Stembridge, Sandra Henriquez, Dolly Battle, Reginald Jackson, Marilyn Lynch, Maurice Sequeira, Bruce Bickerstaff, Keith McDermott; Excused: Pat Flaherty, Khadijah Brown; OC Members: Dan Richardson

Reggie Jackson (PRC Co-chair) welcomed the PRC and audience. The PRC has 30 minutes to prepare for the Ruggles Place (RP) presentation. Pat Flaherty and Khadijah Brown are excused but they have submitted questions.

The 4/12/06 meeting notes were accepted with Dan Richardson being added to the attendance.

Maurice Sequeria (PRC) asked about lease modification and the option to purchase the land stated on page 4 and how would this affect the proposed benefits.

Hugues Monestime (BRA) replied that this was not an option. Dan Richardson (OC) added that this was never on the table. Benefits will come back to the community from this lease.

Ruggles Place Presentation

Barry Gaither (RP) introduced the project and the RP development team.

Reggie (PRC) asked him to begin with the job creation goals of the project. Barry (RP) replied that they are consistent with the original submission. They anticipate 1844 jobs varying from entry-level to professional earning a total of \$84 million/year. Over 50% of these jobs are new and pay living wages or above. There is a focus on medical and health related jobs, as well as cultural and educational. RP intends for many of these jobs to go to Roxbury residents and are designed around existing resources to create career paths for young people and adults. They have worked with Whittier Street Health Center (WSHC), O'Bryant, Madison Park TVHS, and Partners Health Care on these issues. They also recognize that collaboration can be difficult, so the project is willing to fund and staff and office to facilitate work between grounds and search for 3rd party support. Barry notes the extensive experience of Tom Welch and Beverly Johnson regarding the Crosstown Project with minority hiring.

In terms of wealth creation, creating jobs is a priority. The goal is to help lift household incomes in Roxbury. RP emphasizes small to moderate retail development and wants to assist local entrepreneurs that can service P-3 and the surrounding area. The

home ownership piece aims to build equity. This project has attempted to find the right mix of uses, including housing, parking, retails, office and retail space. It also has attempted to find a mix of employers.

Reggie (PRC) asked about the ground lease.

Tom Welch (RP) replied that RP proposes to pay the \$3/sf and asks for an option to buy the land at fair market value or \$15 million, whichever is higher. The lease escalates over time and reaches \$26/sf. We would like to buy the land within 10 years.

Reggie (PRC) asked how the project would address abutter issues.

Barry (RP) replied that RP met with all the abutters initially and that while there is no comprehensive list that all agree on, the team feels like they have a handle on issues of concerns for the BPS schools, WSHC, the Reggie Lewis Track and Athletic Center, Whittier Street Housing, and the Good Shepard Church. Page 5 of our response explains this in detail. Additionally, they have discussed partnerships with specific vocational programs at Madison Park and internship and arts education opportunities with the O'Bryant. RP is prepared to continue these conversations and work as a community.

Reggie (PRC) asked about project equity.

EJ Walton (PRC) stated that the project is owned by Elma Lewis LLC is 100% owned by the National Center for Afro-American Artists, Inc. Upon designation, the LLC will sell interest in this project to various equity sources to fund the project. There are no firm commitments until designation. The National Center will maintain a significant stake in the project throughout the process. Tom (RP) added that the project would have enough pre-development capital.

Ed Scott (RP) from Urban America (UA), an equity firm, introduced himself. UA is a private equity firm pursuing development opportunities in urban neighborhoods. They are currently in the midst of a \$500 million dollar fund. Ed complimented the RP team and stated that they have continued to advance this project in a significant manner. If RP is designated, pre-development capital is not an issue. Urban American hopes to be able to support this project, but recognizes that other equity funds would be looking to invest as well.

Reggie (PRC) asked about project phasing.

Tom (RP) replied that there are two phases. Phase I includes everything except the 12-1600-seat performance center. Phase II will take 4-5 years to fundraise and complete. Once we have been designated, we will begin a capital campaign. EJ (RP) added that it would take around \$75 million and 5-plus years to raise the money. There would be a silent phase to raise about 75% of the money, and then go more public once that goal is reached. It would be about 8 years before the center opens.

John (RP), an architect from Gund Partners addressed how the phasing would affect the site plans. Phase I will define the Whittier and Tremont Street corner. That building would have an interior park that would later house the performance center. The design is such that the building would be able to exist event without the performance center.

Bruce Bickerstaff (PRC) confirmed that this park would be temporary. John (RP) replied that it would be.

Keith McDermott (PRC) asked if the old Whittier Street building was being rehabbed. John (RP) replied that it was and would be part of the school.

Reggie (PRC) asked when the project would break even.

Tom (RP) replied that it would be viable from day one of opening due to strong interest from perspective tenants. We would be building to their specifications. Tom also spoke towards working with the medical institutions on workforce housing, designed to help employees such as nurses and technicians who cannot afford Boston real-estate prices. The site's market rate housing would help subsidize these units. There would also be some affordable units available to people making between 50-120% of AMI. The market rate housing would also help subsidize these units.

Reggie (PRC) asked about debt service.

Tom (RP) replied that about 75% of the project is debt, which is a common number in development.

PRC Q&A

Donovan Walker (PRC) asked a question on behalf of Pat Flaherty (PRC). If RP were designated, would they have sufficient pre-development capital? Tom (RP) replied that equity partners would provide this.

Donovan (PRC) followed up with Pat's (PRC) question about the Arts Education Capital. Tom (RP) replied that while they are unsure of the Boston Arts Academy situation, they certainly would like to be a part of the project. The Elma Lewis School and the Museum School are 100% committed. EJ (RP) added that if the money in this section of the project is not available, then that portion of the project would be smaller. This will not affect any of the buildings along Tremont Street.

Tom (RP) stated that there is 232,000 square feet allotted for Arts Education, if no BAA, then it will be significantly less space.

Donovan (PRC) replied that Pat (PRC) had anticipated this response and asked that since all of those institutions have limited budgets, how real are they as sources of equity? It would seem to require significant policy changes on the state and local level.

Barry (PRC) replied that they have had significant conversations with the leadership of all the institutions involved and their intent is legitimate. This portion of the project would be scaled down if they cannot generate the money.

Donovan (PRC) asked if RP considered changing their proposal at all. Barry (RP) replied that they had been working on this project since 2000 and felt confident that it was sound and well thought out. They did not feel the need to make changes but did want to address the issues.

Donovan (PRC) asked about the land purchase option in light of that fact that this option was not in the RFP.

Tom (RP) stated that this option came from the bidder's conference where it was stated that the ground lease was negotiable.

Donovan (PRC) stated that the PRC has not agreed to sell the land. If designated, what long would it take to move the project forward?

Ed (RP) stated that the only financial issue was in the negotiation of terms. This has been in planning for 5 years.

Donovan (PRC) stated that community was his priority, not dollars and sense.

Dolly Battle (PRC) asked about the \$3.6 million allotted for housing linkage and jobs. Tom (RP) replied that this was a citywide trust that developers contribute to when developing large projects. You contribute to this via linkage and this is a formula.

Sandra (PRC) stated that this was based on present value. Tom (RP) agreed.

Dolly (PRC) urged that money go to Whittier Street Public Housing (WSPH) residents. Barry (RP) replied there is money allocated to WSPH.

Tom (RP) stated that while they do not control the destination of linkage funds, the team wanted to work with the WSPH residents.

Bruce (PRC) asked about pedestrians crossing Tremont Street.

Tom (RP) stated that the short answer is yes we will deal with it. Sam (RP) from BSC< the traffic consultant, stated that they responded to this in their original submission and that there are not enough lights to cross the seven lanes of traffic. We also hope to put another signal in front of BPD and co-ordinate the lights.

Bruce (PRC) suggested the possibility of collaboration with NU on P-18 across the street to deal with the increased traffic. Changing the lights will not be enough.

San (RP) stated that they hope to add crossing opportunities for pedestrians.

Maurice (PRC) asked about the crossing in front of the BPD. Sam (RP) replied that the main entrance to the project is at that location.

Barry (RP) stated that at Crosstown, the project created a community organization of abutters to review decisions. They plan on doing the same thing here.

Sandra (PRC) asked about the purchase option. If it is not allowed, can you still make the community benefits happen? Tom (RP) replied that yes, but he felt the lease structure was overrated. We have simply proposed to pay fair market value for the site as determined by an independent appraisal. We will complete the project either way.

Sandra (PRC) asked about the projections in the proposal. Tom (RP) replied that the team had completed 2 proformas, one based on the ground lease and one based on the purchase option.

Norman Stembridge (PRC) asked if the project was fully funded. Tom (RP) replied yes.

Norman (PRC) asked about Phase II and the Arts Education Capital. Would this lead to significant changes?

Barry (RP) replied that if the full amount was not raised, Phase II would be smaller. They would like to bring nightlife and vitality to Roxbury and Phase II is independent of the rest of the project. Tom (RP) added that the worst-case scenario was a park. Barry (PRC) stated that they expected the fundraising campaign to be a national one. There is no major black theatre in the country, so there is sizeable interest at the national level.

Maurice (PRC) asked about the condo units. Will all of them be built in Phase I? He also asked about the market rate units.

Tom (RP) replied that they would.

Maurice (PRC) asked about the location of the market rate units. Tom (RP) replied that they are mixed in with the affordable units. You would not be able to tell the 3 types of units apart from the outside or location.

Maurice (PRC) asked if housing would be along Whittier Street.

John (RP) replied that there would be housing in the corner building wrapped around the theatre.

Dennis Tourse (RP) added that the workforce housing was not restricted to outsiders. While we are partnering with institutions to provide this housing, we hope that Roxbury residents would be able to take advantage of this opportunity.

Keith (PRC) asked how other developments completed by this team have helped the local economy. He also asked if the project contained any public subsidies. Tom (RP) replied that the project only had \$6.1 million in subsidies from TOD, CDBG, and PWED. If these cannot be leveraged, then the project would make less profit for Elma Lewis.

Ed (RP) spoke to the experience of Urban America. This is their second fund and the first that targets large-scale urban mixed-use projects. In our 52 real-estate assets, 65% of the contracts are held by MWBE. We want to do well by the community we invest in. He gave an example in Long Island with 2500 housing units and 600,000sf of retail.

Reggie (PRC) thanked the RP team for their presentation.

PRC Discussion

Sandra (PRC) asked if all three projects had been projected out all the way. Also, she remained frustrated with the bidders' conference issue. This process is flawed.

Keith (PRC) stated he attended the bidders' conference and agreed that the terms were negotiable. Has the BRA done a land appraisal?

Sandra (PRC) asked about the Fan Pier example cited by Tom Welch (PRC). Donovan (PRC) replied that they are two different pieces of land. You can't compare the two.

Sandra (PRC) replied that he is trying to say that the per-unit cost of P-3 is more expensive than Fan Pier. You cannot say that land value does not matter.

Norman (PRC) stated that the land (Fan Pier) was sold in a private deal. Keith (PRC) added that a private deal is apples to oranges.

Dan (OC) stated that the \$3/sf came out of discussions between the BRA and OC and was unanimously voted on by the OC. Different pieces of land have different prices. Waterfront Land was thrown away for years and now it is valuable. The Charlestown Navy Yard was practically given away. The BRA parceled it out and looked at the site potential. People will pay it.

Sandra (PRC) stated that she accepted this. She looked at the RP proposal and asked if it was accurate. This is something we should be looking at for all the proposals. It is an important evaluation.

John Dalzell (BRA) reminded that the BRA CFO had presented to the group and that some proformas stood out, and some didn't. These figures are based on projections. The BRA sense was these are workable deals that should be looked at.

Dan (OC) stated that all the respondents have replied to the RFP in different ways. The BRA has said that they are all feasible. Once we have designated someone, it is a new ballgame and becomes a negotiation. The OC asked for this low price. The BRA does project-by-project appraisal. You cannot compare different pieces of land and projects. The PRC needs to make a decision based on your gut instinct and appraisal of the development teams' work. To quote Donovan, the primary concern is the community.

Donovan (PRC) stated that nothing in the city is going for this low a price. It is \$26/sf in Joyce's building nearby. They will develop this and charge higher. The \$29/sf was a low lease number for the LMA and it takes 10 years to accelerate. This is an original process and the first time that the community is able to make this decision. Bartlett Yard developers needed \$4 million to even be considered. Until we work this out, this is a work in progress.

Julio Henriquez (RNC) was looking for clarity. Kairos said that developers could negotiate the \$3/sf threshold up. The RNC has asked the BRA for information about the Mosque and the Ferdinand Building. We need this information to make a decision and determine if it is consistent for P-3.

Reggie (PRC) asked the group how they felt.

Bruce (PRC) stated that the presentations eased some of his concerns raised by the BRA. Marilyn (PRC) responded that Tony Marinello (BRA) gave his honest opinion.

Bruce (PRC) stated that the RP cultural aspect was larger than the other projects. It also spoke to the fundraising issues raised by Kairos Shen (BRA) in his ICA example. Also, the condo units pricing will depend on internal unit amenities.

Dan (OC) made a point of information that it was time to move on to next week. If we want to get the recommendation to the OC and RNC before May, we have some work to do.

Marilyn (PRC) stated that she recognized Julio's point about the land payments.

Reggie (PRC) wanted the group to work on how they made a decision. The co-chairs have worked on this.

Marilyn (PRC) stated that the PRC should fill out their worksheet based on the goals and objectives in the RFP, but there would be no ranking. Our decision needs to reflect the information that we have received.

Bruce (PRC) asked if everyone had the goals and objectives.

Hugues Monestime (OC) handed out the goals and objectives in the RFP.

Reggie (PRC) stated that the process next week should be able to recommend one developer. We would vote on this as a PRC using a ballot to indicate your choice. This is not a ranking and we have learned from the past on this issue.

Bruce (PRC) asked that since he would be absent, could he fill out his ballot ahead of time. Reggie (PRC) responded that considerations would be made for those who would be unable to attend.

Maurice (PRC) asked that after reviewing the goals and objectives, what would next week entail? If there are 11 votes, what happens if there is a tie?

Reggie (PRC) felt this was a good point. Everyone has a vote. We have previously indicated rules and regulations on who would vote if they were in good standing. We will get all the votes.

Bruce (PRC) asked if a majority was needed. Reggie (PRC) replied that the development team with the most votes would win.

Julio (RNC) asked if this was based on Robert's Rules. Reggie (PRC) replied that this was based on rules agreed to by the PRC when this process was restarted.

Marilyn (PRC) stated that Bruce would make his vote via phone. Reggie (PRC) added that the co-chairs would work with any absentees.

Meeting Adjourned