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Minutes 06/20/2007

FINAL Minutes of the Symmes Neighborhood Advisory Committee
 June 20, 2007, Arlington Senior Center

Present: Joseph A. Curro, Jr. (Chair), Greg Jackmauh, Lisa Lazarczyk
 Absent: Alfonso Sira

The meeting was called to order by the chair shortly after 7:30 p.m. The chair greeted attending Symmes neighbors and other Arlington officials and residents, and then requested that Symmes Redevelopment Associates give a presentation to inform attendees about recent changes in partnership arrangements and address concerns about plans to roll out the Symmes development as a rental project.

Jake Upton of SRA gave a short history of the RFP process by which E.A. Fish was originally chosen to implement the redevelopment project and specific milestones in that process, including:

- * ARB conditions for development at the site
- * open space agreement
- * negotiation of a Neighborhood Protection Plan with the SNAC
- * involvement of the Transportation Advisory Committee
- * legal appeals by two groups of residents and subsequent settlement
- * work with ARB to win approval of 100% drawings
- * drive to close on land

Mr. Upton discussed a shift in the real estate market. He noted that focus groups give Arlington a strong vote of confidence, but that people are still unwilling to put down a \$500,000 investment for something that may have lost value when it is delivered. He said that the transaction volume for condominium sales in Arlington provide a good economic indicator of where the market is. Mr. Upton cited redlining of the condominium sector by banks.

Mr. Upton said that E.A. Fish decided that they needed an institutional equity partner with a strong balance sheet, with whom to share economic risks and rewards and to help with leverage in obtaining debt. Hence, Fish structured a partnership with JPI, whereby Fish is the managing partner, but JPI owns 72% of the partnership equity. In addition to aforementioned benefits, Mr. Upton stated that JPI is a quality builder.

Bob McCullough of JPI next spoke, stating that his firm wants to be a good neighbor and classing the company as really a local company with Texas backing. Mr. McCullough stressed that he himself is a Massachusetts native.

JPI has developed over 80,000 units and operates mostly in coastal markets. They maintain a large discretionary facility with GE Capital Services, comprising \$650 billion of discretionary equity. Mr. McCullough said that JPI's guiding principles include "management by fact," a need to exceed people's expectations, obedience to God, and maintenance of a "moral compass" that is well-rounded.

There followed a presentation of some of JPI's other projects, including:

- * Jefferson at Providence: started as rental; sold to a condo converter
- * Jefferson at Penn Quarter DC: 13-15 historic facades used; financed as rentals, but sold as condos
- * Jefferson at White Plains: sold as condos when time came to apply for certificate of occupancy

There was a discussion of obligations carried by SRA. Because JPI has bought into the SRA partnership, obligations do not change and all control documents stay in place.

Symmes neighbor Haig Iskenderian asked whether Fish could have gotten financing on their own for a 100% rental project. Mr. Upton said that they could have. Mr. Iskenderian asked what value the partnership brings. Mr. Upton replied that it provides diversification and covers the \$6 million that Fish has thus far invested in the project. Mr. Iskenderian asked if Fish's resources were becoming stretched. Mr. Upton replied that they were not, but added that Fish does not have as much experience with high-end rental properties as does JPI. Mr. Iskenderian asked a question about the condo conversion process, to which Mr. Upton replied that he has a fiduciary obligation to look at transactions at all points in a project life cycle, but especially before occupancy.

JPI further discussed examples from other projects and stated that it was never their intent to have a "fractured condominium" project that is half rental and half condo. They stressed that in a scenario where they want to ultimately convert, they need to manage at the highest level.

Symmes neighbor Karen Johnson asked what the IRR at conversion was for previous JPI projects. Mr. McCullough stated that Providence was not a good indicator of the average portfolio, and that it had a 9% leveraged IRR. Sandi Wolchansky of JPI said that the minimum IRR that is sought is typically 20%. Ms. Johnson gained confirmation of the three possible scenarios that she put forward for the development: sell out to converter; sell individual units; or continue as rental.

Symmes neighbor Deborah Dill asked what happened to the affordable housing at the project. Ms. Wolchansky answered that it would be simultaneously and proportionately brought on line. For example, for every 20 units converted to condominiums, three would be sold to those at 80% of the average income level and one would go to someone making 120% of the average income. Ms. Wolchansky noted that because of the uncertainty of the ownership model, extra work was being done, with one set of documents being prepared for affordable rental and a second set for affordable condominium restrictions. In both cases, deed restrictions ensure that affordable housing strictures will continue in perpetuity. SRA stated that they are working with the Town's Housing Director Laura Wiener.

Symmes neighbor Beth Ann Friedman asked what the effect would be on the building sequence of recent changes. Mark Theriault of JPI Construction stated that the town homes on Hospital Road would be built first, followed by Buildings 4 and 3, and the additional town homes.

It was noted that there had not been much talk about the medical office building. SRA answered that they were trying to get the construction sequence down first, which they think with help with the marketing of the medical site. Jake Upton of SRA said that there were some thoughts about using the site as a parking area for a time. He stated the intention to nevertheless move ahead with abatement of asbestos and other hazardous materials in the nurses' building.

Symmes neighbor Regina Pontes asked why it was not possible to work with a smaller development, as is currently envisioned for Hamilton Farm in Winchester. Mr. Upton said he didn't know the answer. Arlington Selectmen Chair Annie LaCourt said that Winchester is still in the process of considering proposals and has not finalized anything around this.

SRA stated a desire to perform site remediation work in August, followed by the commencement of demolition in September. Site work is planned for late 2007/early 2008. SRA looking toward construction kick-off meeting on July 11.

Committee member Greg Jackmauh shared his impression that Fish's original proposal was a "Trojan Horse" for the Town. Through its evolution and transformation, less has been committed to the neighborhood and more to financial analysis. Mr. Jackmauh stated that he did not believe the developer was keeping their eye on the qualitative aspect of the project and challenged SRA to clarify why the project is not a Trojan Horse. Mr. Upton replied that he felt that SRA had made great strides toward reducing the impact by building everything at once. He said that the Town has an obligation on their debt service. Ms. LaCourt said that when a contract was reached, the responsibility rested with the Town and that any discontent should be directed there, rather than at SRA.

The meeting was adjourned at approximately 9:30 p.m.

