



CITY OF CAMBRIDGE

OFFICE OF THE MAYOR

David P. Maher
Mayor

June 30, 2011

Martha Coakley
Attorney General
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02108-1518

Re: *Neighbors for a Better Community, Inc.*

Dear Attorney General Coakley:

I am writing at the request of the entire Cambridge City Council to seek your assistance regarding the activities of a Massachusetts Charitable Corporation known as Neighbors for a Better Community, Inc. ("NBC").

At the City Council meeting of June 6, 2011, the Council unanimously passed an order requesting, among other things, that:

The Mayor send a letter to Attorney General Martha Coakley on behalf of the City Council conveying its deep concern for the ability of a nonprofit agency to abuse the community trust and urging the Attorney General to take all possible steps to require the return to the community the benefits to which it is entitled.

See attached copy of City Council Order #O-1, dated June 6, 2011.

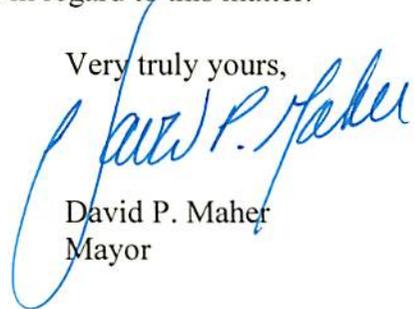
This same City Council Order asked that the City Manager provide the City Council with background information and a detailed chronology regarding the NBC's ownership of a certain parcel of land known as 131 Harvard Street in the City of Cambridge. At the City Council meeting of June 27, 2011, the City Manager provided that chronology to the Council. See attached City Manager Letter dated June 27, 2011.

The information provided by the City Manager, along with testimony from members of the public during City Council meetings, raises many serious questions regarding the actions of NBC and its officers and employees. There is a strong feeling in the community that community benefits intended to be provided by NBC were not ever provided. It is my understanding that it is your office that has the power and responsibility to oversee and investigate the activities of Massachusetts charitable corporations. On behalf of the City Council and the affected

community, I strongly urge that you take any and all necessary and appropriate investigative actions to determine if the assets of NBC have been properly managed. If you reach a conclusion that the assets have not been properly managed, then, on behalf of the City Council, I ask that you vigorously pursue any and all remedies available to preserve or recover any assets of the NBC in order that they may be properly applied to the intended purposes in the Articles of Organization of the NBC, for the benefit of the affected community, as originally intended.

Please let me know if I can be of any assistance in regard to this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "David P. Maher", written over the typed name and title.

David P. Maher
Mayor

cc. Nora Mann
Deputy Division Chief
Non-Profit Organizations/Public Charities Division

CITY COUNCIL

Policy Order Resolution

O-1
AMENDED ORDER
IN CITY COUNCIL

June 6, 2011

COUNCILLOR SIMMONS
VICE MAYOR DAVIS
COUNCILLOR DECKER
COUNCILLOR KELLEY
MAYOR MAHER
COUNCILLOR REEVES
COUNCILLOR SEIDEL
COUNCILLOR TOOMEY

WHEREAS: Questions continue to be raised by members of the Area Four community regarding what benefits the community has received from monies and land at 131 Harvard Street, the corner of Clark and Harvard Streets, transferred to Neighbors for a Better Community (NBC) for the benefit of the Area Four community; and

WHEREAS: It has come to the attention of the City Council that this land has been sold by NBC for \$100,000 after its rejection of an offer of \$450,000, which would have resulted in the building of eight affordable homeownership units at 131 Harvard Street and the distribution of the proceeds to community groups for youth and family services; now therefore be it

ORDERED: That the City Manager be and hereby is requested to provide the City Council with background information and a chronology on the ownership of the land, including the establishment and purposes of the Neighbors for a Better Community 501(C)3, the \$450,000 offer from CASCAP and the recent sale for \$100,000; and be it further

ORDERED: That the City Manager be and hereby is requested to contact the Attorney General's Office with a view toward freezing all monies from the sale of the property at 131 Harvard Street and insuring that all proceeds from the sale of the property will ultimately go to the benefit of the community; and be it further

ORDERED: That the City Manager be and hereby is requested to contact the Attorney General's Office with the request that the Attorney General's Office investigate whether NBC has violated the obligations conferred by its 501(C)3 status and the purposes set forth in its charter to use its resources for the benefit of the community and further how NBC can be required to fulfill these obligations; and be it further

ORDERED: That the City Manager be and hereby is requested to report back to the City Council on this matter; and be it further

ORDERED: That the Mayor send a letter to Attorney General Martha Coakley on behalf of the City Council conveying its deep concern for the ability of a nonprofit agency to abuse the community trust and urging the Attorney General to take all possible steps to require the return to the community

the benefits to which it is entitled.

In City Council June 6, 2011
Adopted as amended by the affirmative vote of eight
members.
Attest:- D. Margaret Drury, City Clerk

A true copy;

ATTEST:-
D. Margaret Drury, City Clerk

View Original Order

CITY COUNCIL

City Manager Letter

June 27, 2011

To the Honorable, the City Council:

In response to Awaiting Report Item Number 11-70, regarding NBC violations, please be advised of the following:

The City Council, in Order No. O-1 dated June 6, 2011, asked that I:

...provide the City Council with background information and a chronology on the ownership of the land [131 Harvard Street], including the establishment and purposes of the Neighbors for a Better Community 501(c)(3), the \$450,000 offer from CASCAP and the recent sale for \$100,000...

I am providing the following chronology of events pertaining to the acquisition of the property at 131 Harvard Street in Cambridge (the "Parcel") by Neighbors for a Better Community, Inc. ("NBC") from the Bulfinch Companies, Inc., who was the developer of an adjacent site at 210 Broadway in Cambridge. This chronology is based upon a combination of publicly available documents, reports I have received from members of my staff, and my own interactions and correspondence with representatives of NBC and others.

- 7/26/1998 - An agreement entitled "Development Controls and Community Outreach Program Agreement" was entered into between Bulfinch Companies and NBC. The Agreement provides a package of community benefits totaling \$1,520,000 to be donated by Bulfinch to NBC. Community benefits package includes a 10,000 square foot parcel of land at 131 Harvard Street, valued at \$450,000, to be deeded by Bulfinch to NBC for \$1. The Agreement requires that the 131 Harvard Street Parcel be conveyed to NBC as "a gift for public and charitable purposes" to be "used only for affordable housing, a gymnasium, community center, or a park, and accessory parking, or for any other community use approved by ... the then record owner of 210 Broadway". In addition to the Parcel and development concessions, the Agreement provided for a monetary payment of \$360,000 up front and additional monetary payments to NBC in the amount of \$710,000 spread over 10 years.
- 12/23/1998 - The Parcel is deeded by Bulfinch to NBC under terms noted above.
- 6/30/2001 - IRS 990 filing for period 7/1/2000 to 6/30/2001 - Parcel valued at \$450,000; Jonathan Carroll, board vice president, was paid \$82,850 by NBC, as "agency consultant". NBC's audited financial statements also value Parcel at \$450,000, and indicate that NBC paid \$84,850 to a "Board Member" for consulting services.
- 6/30/2002 - IRS 990 filing for period 7/1/2001 to 6/30/2002 - Parcel valued at \$450,000; NBC paid \$94,000 for consulting services (unclear to whom). NBC's audited financial statements also value Parcel at \$450,000, and indicate that NBC paid \$92,350 to a "Board Member" for consulting services.
- 6/17/2003 - City tax lien of \$1378.58 filed.
- 6/30/2003 - IRS 990 filing for period 7/1/2002 to 6/30/2003 - Parcel valued at \$450,000; NBC paid \$102,000 for consulting services (unclear to whom).
- 12/11/2003 - community meeting regarding "238 Broadway/Harvard Street Project" - notes indicate participants' desire to "press NBC to develop its lot [the Parcel] and combine with 125 Harvard Street."
- 3/2004 - City completed feasibility study of the potential for housing development spanning 125 & 131 Harvard Street sites.
- 4/1/2004 - redemption of tax lien by NBC.
- 6/30/2004 - IRS 990 filing for period 7/1/2003 to 6/30/2004 - Parcel valued at \$450,000; NBC paid Jonathan Carroll \$77,800 as Executive Director. A Commonwealth of Massachusetts Form "PC" ("Form PC") indicates Jonathan Carroll was paid this amount as a consultant.
- 6/30/2005 - IRS 990 filing for period 7/1/2004 to 6/30/2005 - Parcel valued at \$450,000; NBC paid Jonathan Carroll \$71,200 as Executive Director. Form PC indicates Jonathan Carroll was paid this amount as a consultant.
- 2/7/2006 - Following Cascap, Inc.'s purchase of 125 Harvard Street, City Manager wrote letter to Jacqueline & Jonathan Carroll regarding continuing City interest in discussing plans for the NBC Parcel. Letter copied to NBC board.

- 6/30/2006 - IRS 990 filing for period 7/1/2005 to 6/30/2006 - Parcel valued at \$450,000; NBC paid Jonathan Carroll \$7,000 as Executive Director. Form PC indicates Jonathan Carroll was paid this amount as a consultant.
- 6/30/2007 - IRS 990 filing for period 7/1/2006 to 6/30/2007 - Parcel valued at \$450,000; NBC paid Jonathan Carroll \$13,300 as Executive Director. Form PC indicates Jonathan Carroll was paid this amount as a consultant.
- 7/13/2007 - Appraisal completed for NBC which valued Parcel at \$1,350,000. Comparable sales for the appraisal report did not include properties subject to restrictions similar to that in place for the NBC Parcel.
- 9/20/2007 - City Manager letter to Met Life (owner of 210 Broadway) requesting information about intentions for use of the Parcel and expressing City's interest in ensuring that neighborhood benefit intended by Bulfinch's gift of property to NBC be accomplished.
- 10/9/08 - City Manager memo to Jonathan "Jay" Carroll inviting him to October 2008 meeting of the Affordable Housing Trust to discuss the Parcel.
- 10/23/2008 - letter from Jay Carroll offering sale of Parcel for \$450,000 with net sales proceeds to be distributed to community organizations as determined by NBC.
- 2/26/2009 - Parcel is listed for sale by Peter Racheotes. Parcel listed for sale for \$1,100,000; asking price later reduced to \$775,000.
- 3/27/2009 - City Manager letter to Peter Racheotes expressing City's interest in Parcel and requesting that terms of the Parcel's deed restrictions be communicated to interested purchasers.
- 4/10/2009 - Cascap offer of \$425,000 for the Parcel submitted to Jay Carroll.
- 5/7/2009 - letter from Area Four Coalition to City Manager, Mayor Simmons, City Council and Affordable Housing Trust urging City to:
 - Convey importance of the Parcel's deed restrictions to buyers; Identify best uses of the Parcel through community process;
 - Explore use of the Cambridge Affordable Housing Trust funds to build affordable units on site at the Parcel;
 - Serve as a fiscal conduit for distributing proceeds from the sale of the Parcel to other neighborhood non-profits;
 - Insure that board members and employees of NBC do not materially benefit from the sale of the Parcel;
 - Act with a sense of urgency to identify the best use of the Parcel.
- 6/10/2009 - Parcel listing becomes active again (had been under agreement).
- 6/11/2009 - Cascap offer of \$450,000 for the Parcel submitted to Jay Carroll.
- 6/15/2009 to 8/26/2009 - negotiations between Cascap and NBC for the sale of the Parcel result in NBC's acceptance of Cascap's offer of \$450,000; negotiations involve contingencies pertaining to the price and offer; Cascap's offer formally resubmitted on 8/19/2009 and accepted by NBC on 8/26/2009.
- 9/23/2009 - letter from Area Four Coalition to City Manager, Mayor Simmons, City Council and the Affordable Housing Trust reiterating concerns of 8/7/2009 letter, requesting that the City, Affordable Housing Trust or a non-profit acquire the Parcel and inviting City representatives to meet with the Coalition.
- 9/24/2009 - Affordable Housing Trust commits \$500,000 to Cascap for acquisition and development of the Parcel. Commitment requires that net sale proceeds be granted to the City for use for the benefit of low and moderate-income Area IV residents.
- 9/2009 through 10/2009 - Cascap negotiates Purchase and Sale Agreement with NBC for the purchase of the Parcel but cannot resolve issue of how sales proceeds will be distributed in a manner consistent with the Affordable Housing Trust's requirements.
- 10/8/2009 - Community Development Department staff meet with the Area Four Coalition to discuss the City's efforts to achieve the public benefit intended for the Parcel and status of Cascap's efforts to acquire the Parcel with funding from the Affordable Housing Trust.
- 10/14/2009 - per request from Cascap, email response from Jay Carroll to Cascap with a list of community groups that would receive funds from proceeds of the sale of the Parcel. Indicates that amounts would vary among groups and, despite Cascap's request for detail on distribution, no amounts of suggested distributions was included.
- 10/21/2009 - City Manager letter to Jay Carroll reiterating Affordable Housing Trust requirement that proceeds from purchase of the Parcel with public (Affordable Housing Trust) funds must be returned to the City to ensure that decisions on how fund are used in the community are made in an open and collaborative manner.
- 11/2/2009 - NBC returns deposit submitted with Cascap's accepted offer.
- 8/12/2010 - IRS 990 filed for period 7/1/2007 to 6/30/2008 - Parcel valued at \$450,000; NBC paid Jonathan Carroll \$13,300 as Executive Director. Form PC indicates Jonathan Carroll was paid this amount as a consultant serving as Executive Director at \$25/hr.

- 9/20/2010 - Parcel deeded from NBC to 131 Harvard St LLC for \$100,000. The 131 Harvard St LLC was organized on 12/15/2009, and is managed by Peter Racheotes and Christian Gentile, with Henry E. Davidson, Jr. listed as Resident Agent. The LLC's Deed for the Parcel is recorded as registered land at Land Court (all prior records had been recorded at the Registry).
- 9/22/2010 - City Manager letter to Jay Carroll requesting meeting to revisit sales proceeds distribution impasse and revive efforts to sell the Parcel to Cascap for \$450,000 for the development of housing.
- 12/13/2010 - City Manager letter to Jay Carroll after no response received from Jonathan Carroll to the City Manager's letter of 9/22/10. The 12/13/2010 letter requested a meeting between the City Manager and Jay Carroll on 12/21/2010.
- 2/15/2011 - Cascap was contacted by Peter Racheotes to inquire about Cascap's interest in purchasing the Parcel. Racheotes indicates he now owns the Parcel and would soon be listing it for sale.
- 3/2011 - new marketing of the Parcel begins. There is no price listed but asking price is reportedly more than \$1,000,000.
- 5/12/2011 - CDD planning staff contacted by a developer looking at the Parcel to discuss zoning questions related to potential development of the Parcel.
- 3/31/2011 - City Solicitor contacts Attorney General's office regarding the sale of the Parcel at 131 Harvard Street by NBC to 131 Harvard St LLC.
- 4/7/2011 - Attorney General's office advised City Solicitor that NBC filed the required approval form for the sale of an asset by a charitable corporation (Form 8A) and that the Attorney General's office had approved the sale of the Parcel by NBC to the 131 Harvard St LLC.

The City Council Order O-1 of June 6, 2011 further asked that I:

...contact the Attorney General's Office with a view toward freezing all monies from the sale of the property at 131 Harvard Street and insuring that all proceeds from the sale of the property will ultimately go to the benefit of the community....

And in addition asked that I:

...contact the Attorney General's Office with the request that the Attorney General's Office investigate whether NBC has violated the obligations conferred by its 501 (c)(3) status and the purposes set forth in its charter to use its resources for the benefit of the community and further how NBC can be required to fulfill these obligations....

Since the same Council Order requests that the Mayor send a letter to the Attorney General on behalf of the City Council conveying its deep concern regarding any abuse of the community trust and urging the Attorney General to take all possible steps to require the return to the community of the benefits to which it is entitled, it is my intent to satisfy the request for me to contact the Attorney General by submitting this Council Order Response to the Mayor for attachment to his letter to the Attorney General.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec