

City's Loan to W Hotel in Jeopardy

by Scott Van Voorhis

City Hall is battling to safeguard millions of loan money tied up in the bankrupt W Boston amid a push by its top lender to foreclose on the posh but financially troubled condo and hotel high-rise.

Beset by slower than expected condo sales, Sawyer Enterprises, the developer and owner of the W Boston, filed for federal Chapter 11 bankruptcy court protection in June.

Boston's Department of Neighborhood Development (DND), which provided millions in emergency lending last fall for the W Boston, is now preparing to face off in court this fall against Prudential Insurance Co. of America.

Prudential, the project's lead lender, wants to short circuit the typically lengthy bankruptcy court process and seize control of the deluxe 235-room hotel and its 123 multimillion-dollar condos.

But city officials fear a foreclosure could potentially put at risk a \$10.5 million loan City Hall issued last fall to help Sawyer, the hotel's developer, build out a crucial restaurant, bar and spa, contends Evelyn Friedman, head of DND.

Instead, city officials want to see Sawyer and the W Boston given a chance to work out the project's financial problems through the bankruptcy process, she said.

Friedman, in turn, fears a "worst-case" scenario in which the Prudential forecloses and then moves to quickly sell off the W condos in a way that could jeopardize efforts to get the full value for the multimillion-dollar units, said Lucy Warsh, a spokesperson for DND, elaborating on her boss's comments.

"If it goes to foreclosure, the Prudential could wipe us out," Friedman said.

In particular, the insurer has indicated in court filings that it wants to sell the hotel's condos

to a single entity, Friedman said. She maintains that could lead to a fire sale of the units to a real estate firm or developer for pennies on the dollar, which might then turn around and auction off the units.

The stigma of foreclosure would be counterproductive to efforts to market what is billed as one of Boston's most exclusive and luxurious hotels and condo towers, Friedman added.

"The Prudential ought to think about it," Friedman said. "If they sell the condominiums in a fire sale, that is going to reduce the cachet of the hotel," she said.

And a fire sale would likely mean fewer dollars to pay off other creditors standing in line behind the Prudential, including the Department of Neighborhood Development, Friedman said.

By contrast, the bankruptcy process would buy the time needed by Sawyer and its marketing team to sell the W

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IMAGE COURTESY OF SAWYER ENTERPRISES

Rendering of W Hotel

BRA Tells Liberty Mutual To Build Park

by Melina Schuler
Courant News Writer

Liberty Mutual will be required to create a park as mitigation for the pedestrian connector bridge that will be built over Stuart Street.

The Boston Redevelopment Authority (BRA) board told the Fortune 500 company a commitment to improving the public realm was required for the approval that was given for the project last week, according to Jessica Shumaker, spokesperson for the BRA.

Liberty Mutual agreed that the parking lot at 30 St. James Avenue could be made available as a park, or another piece of company-owned land could be used, according to John Cusolito, spokesperson for Liberty Mutual.

"We have not completed any design on that public access area, but we have committed to it,"

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PHOTO COURTESY OF LIBERTY MUTUAL

Rendering of Liberty Mutual's proposed development

New Beginnings



The *Boston Courant* welcomes our new neighbors. To help you settle in once you unearth yourself from piles of bubble wrap and boxes, we have compiled a Newcomers' Survival Guide, beginning on page 9, which includes important phone numbers, trash collection schedules and parking regulations.

We hope this consolidated reference guide is useful to all residents who call this area home sweet home.

W Hotel

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Boston's condos at decent prices, protecting the city's investment in the process, according to Friedman.

Representatives from Prudential declined to comment for this story.

Both sides are now preparing to make their case in court, with a trial set in early September in federal bankruptcy court.

The case will hinge on the W Boston's true value in a market where some new luxury condo towers have taken a beating and upscale hotels around the country are floundering in bankruptcy.

City officials, citing an appraisal of the W Boston, maintain that the hotel and condos are worth \$197 million. That would be more than enough to cover the \$162 million in debt owned on the property.

In fact, even if push comes to shove and Prudential were to succeed in getting

court permission to foreclose, DND contends there is enough value in the hotel and its condos, barring a fire sale, to pay the city and other creditors, Warsh said.

Failing that, city officials could tap into several properties that Sawyer Enterprises put up as collateral for the city loan, she added.

"They have been hitting their prices," Friedman said. "It doesn't matter to us if it goes slowly. We are still getting paid."

Prudential, by contrast, argues the hotel and condo project's value is no longer sufficient to cover the \$162 million in debt it still holds on the Stuart Street property, giving it the right to push ahead with a foreclosure.

"The debtor has demonstrated no ability to mount a fresh sales campaign to rehabilitate its business or otherwise reorganize nor does it have any prospects for such reorganization on the horizon," Prudential said in papers filed in bankruptcy court, Dow Jones Newswires reported.



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Sox Program

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"Marcos brought so much to the program," wrote Olano in an e-mail. "His exuberance for baseball was matched only by his commitment to the service work we did in the community. Marcos was constantly bouncing back and forth between his American and Dominican teammates, and early on, served as a terrific bridge between the two groups."

Olano wrote that one of his favorite parts of the trip each year is watching the teens overcome the language barrier that exists for some.

"Eventually, they begin to get to know names, ages, baseball positions, and by the second day of the trip they are already onto complex handshakes and personal jokes," he said. "By the time the last day of the program rolls around, they are often without words again, but this time because they find the experience of leaving their friends to be such a difficult one – not knowing when or if they may see them again."

Students Move-in

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Department patrol the neighborhood during the last week of August and first week-end of September.

Capt. Michael Mackan, chief of code enforcement, said last year "was a good year" for move-ins in the Fenway, even though some spots, like 105 Peterborough Street, had been chronic problems in the past, with garbage piled so high he could not see the dumpster behind the stack. He added that Northeastern University (NU) has scheduled move-ins to its housing on Symphony Road and Hemenway Street, and the college provides trash pickup at those properties daily.

"It can be sort of controlled chaos," during moving days, said John Tobin, NU's

new vice president of Community and City Affairs, and the college is paying for detail officers from the Boston Police Department to patrol the area to keep traffic flowing and resolve any issues that could arise. Additionally, Northeastern is offering residents the opportunity to relocate their cars to a parking lot on Camden Street for the day if they wish to escape the move-ins.

Tobin said NU has a plan to address trash issues, but would not disclose more details, and said residents should call him at 373-5810 with concerns.

At Berklee College of Music, student behavior is discussed the day they move in, said Assistant Dean of Students Angela Davis.

"We really do care about how our students are living and behaving in the community," Davis said.

Albany St. Hotel

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Street could be put to productive use for the people and City of Boston. But this is just an initial step in what will necessarily be a process that brings this project to completion," wrote Justin Krebs, principal at Normandy Real Estate Partners, in an e-mail.

Any community benefits the developer

would provide as a result of the impacts of the project will be determined when the BRA makes zoning relief recommendations, Shumaker said.

The 332,285-square-foot project will be a dual-function hotel and consist of two buildings joined by a common parking garage, roof terrace and swimming pool. One of the hotel towers will be 16 stories with 210 "select-service" rooms and a restaurant. The other tower will be a nine-story "extended-stay" facility with 198 rooms.

Liberty Mutual

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Cusolito said.

Gretchen Speck, a member of the project's Impact Advisory Group (IAG) representing the Ellis South End Neighborhood Association, said a park on the St. James site is not enough to make up for the Stuart Street pedestrian bridge, explaining she would like to see a more significant public space developed. Speck also expressed concern about who would be responsible for maintaining the park.

The 22-story, 590,000-square-foot building that will be constructed on part of a parcel that is bordered by Columbus Avenue and Berkeley and Stuart Streets will feature a glass pedestrian bridge connecting the current Liberty Mutual building at 175 Berkeley Street to the planned development at 157 Berkeley Street.

"It will be well-designed and aesthetically pleasing," Cusolito said, adding that it will provide easy access for Liberty Mutual employees to pass between the two buildings.

Speck said the IAG had also suggested enlivening Columbus Avenue. Liberty Mutual altered its initial design plan to include an employee entrance there and will include seating as part of the streetscape along the avenue, Cusolito said.

Although Speck said she would have preferred a public entrance on Columbus Avenue, the insurance giant plans to have a public café at the Berkeley Street entrance of the new building where patrons can buy coffee and something quick to eat, Cusolito said. Seating will not be available inside.

"I think we heard the community loud and clear, and it was very helpful to hear what they thought about the project and what they thought would help the community," Cusolito said.

Speck said she recognized that Liberty Mutual made changes to its design plan as a result of the IAG and other parties that made comments, adding, "I think Liberty Mutual is definitely an asset to the city."

According to Shumaker, the BRA received about 100 comments about the project proposal.