

CITY OF SOMERVILLE
INTEROFFICE MEMORANDUM

To: Members of the Board of Aldermen

From: Eileen M. McGettigan, Special Counsel

Re: Settlement - Prospect Iron & Steel v. SRA

Date: June 21, 2018

A settlement has been reached by the parties in the matter of Prospect Iron & Steel v. Somerville Redevelopment Authority (“SRA”). The lawsuit is one of four filed against the SRA arising out of the eminent domain takings of properties on the D-2 Block on May 29, 2013. At the time of taking, the SRA paid a pro tanto amount of \$3,165,000 for approximately 2.08 acres of property owned by Prospect Iron and its related companies. The settlement provides for payment, by December 31, 2018, of an additional \$5,000,000, plus 5% interest from the date of the entry of the order of dismissal, for a total land acquisition cost of \$8,165,000. Union Square Station Associates LLC (“US2”), the SRA’s Master Developer, has agreed to pay the settlement at the time they close on the D-2 Block, which they anticipate to be November 2018. However, if the closing does not take place before December 31, 2018, the SRA, as the named defendant, would be obligated to pay the settlement amount, which would require an appropriation by the Board of Aldermen. Under the Master Land Disposition Agreement, there are several preconditions to a closing, including transfer of the remaining City-owned parcel to the SRA, and US2’s receiving MEPA approval. The court has requested updates as to the parties’ progress toward a closing date. The first status update is due on July 17, 2018.