



OFFICE OF SENATOR MARK C. MONTIGNY
CHAIR, SENATE COMMITTEE ON STEERING & POLICY

PRESS RELEASE

FOR IMMEDIATE RELEASE
September 16, 2024

Contact
Audra Riding
(617)722-1440

**SENATOR MONTIGNY STATEMENT
REGARDING THE INSPECTOR GENERAL'S STAR STORE REPORT**

BOSTON – *“Pursuant to my law, the Inspector General conducted a comprehensive assessment validating the grave concerns I repeatedly raised regarding the ineptness of DCAMM, the university’s reckless abandonment of the Star Store and its student-artists, and the associated waste of taxpayer funds from such bureaucratic failures. There is no doubt that the redevelopment of the Star Store ignited our ongoing arts and cultural renaissance, and I remain immensely proud of leading a project that paved the way for the downtown now bustling with restaurants, world-class museums, art galleries, and so much more. Our economic revival has taken on a life of its own with new housing, businesses, and a renovated Zeiterion Theater underway. The Star Store will shine once again, and I remain committed to ensuring its next chapter free from the disinterested failures and behind-the-scenes lobbying that unjustly enriched a private entity. During the initial genesis of this project there was a burning need to ignite economic development in New Bedford and it required creative solutions to get it done since the state was at its bond cap. A massive, vacant fire hazard in our city’s center with multiple failed development attempts in the private sector warranted aggressive government investment, and as a relatively new state senator I viewed inaction as unacceptable no matter the political risk. Had DCAMM and the university properly managed this lease and the associated investment of public funding, student-artists would still be thriving in the Star Store today. I am relieved that the IGO has finally shined a spotlight on the glaring failure of these agencies, outrageous lack of record-keeping, and total failure to serve the needs of our community. No longer can the university hide behind a disingenuous attempt to call this a mere lack of funding, especially after they neglected to request the \$8 million bond authorization I provided following their own capital needs assessment as well as over twenty years of ensuring the state budget funded the project. They had no plan or desire to retain Star Store, and it is now obvious that it could care less about investing in New Bedford. The money it wasted on the failed strip mall experiment could have been invested in Star Store’s maintenance, and they would have had additional state funding to finance renovations and maintenance for another twenty years had they secured the building for a dollar in accordance with my repeated legislative attempts and clear law drafted with former Governor Baker. The university conducts itself as if there are no consequences because it’s not their money and they know that the aggrieved students have very little recourse. DCAMM for its part basically sat on the sidelines like a mere spectator instead of actively managing an immensely important asset and now we know that*

privately they acknowledged their own neglect that put the Commonwealth and taxpayers in an untenable situation.”

Highlights from the Inspector General Report:

“The OIG requested records on additional rent paid for the entire lease term, but neither the Comptroller nor DCAMM was able to provide complete data on the additional rent paid by the Commonwealth prior to Fiscal Year 2012. Furthermore, the additional rent data available for Fiscal Year 2012 is incomplete. UMD should have been able to produce records covering the life of the lease, but was unable to do so..... The Developer likewise could not produce invoices prior to 2011”

“The Legislature twice authorized appropriations for UMD to perform capital improvements at the Star Store. First, following a 2016 study of the building’s mechanical and electrical systems that found “numerous issues with the major HVAC equipment and controls system,” the Legislature approved up to \$8 million in its bond authorization bill.⁹¹ None of those available funds were spent.⁹² Later, Chapter 358 of the Acts of 2020 made unspent funds from the previous bond authorization available “for the purposes of renovating the [UMD] Star Store [CVPA] into a twenty-first century arts and design hub connecting downtown arts, commerce and entertainment to working waterfront venues and activities, including expanded mixed use at the New Bedford state pier.”⁹³ Again, none of these available funds were used to make capital improvements at the Star Store.⁹⁴”

****Note: Each authorization cited above were initiated and secured by Senator Montigny via legislative amendment.**

“Pursuant to the TIF agreement, the Developer and DCAMM were required to file annual reports to the New Bedford Economic Development Council (NBEDC) disclosing the economic benefits of the project, including the number of full-time jobs created and the total amount of “investment.”¹⁰⁷ These filings were often incomplete and were not submitted at all between 2008 and 2017.”

“DCAMM’s director of leasing privately acknowledged that DCAMM had waited too long to start the process of thinking about the future, and had therefore locked itself into an untenable position.”

“The day before DCAMM sent this letter, the DCAMM director of leasing conceded to his colleagues the New Bedford Senator’s point that they were using a “no-bid” process. His email stated: I can’t refute the “no bid” point. We locked ourselves into the position we are in by: 1. Not being flexible with our ability to purchase and flip the property to another developer; 2. Not starting this process 2-3 years earlier to determine how the space would be utilized differently in the future; 3. Not sending the required reserve funding to the owner to maintain the systems of the building over the past twenty years.”

“DCAMM agreed to pay \$1.9 million in base rent for the one-year STTA, a reduction from the prior year, but not an amount seemingly based on any debt service, additional renovations, or any other cost the Developer bore, thus giving the Developer a much higher profit ratio.¹¹⁷”

“The STTA was the first year in which the Developer received rent from UMD while not having to service the initial debt. With the Commonwealth covering all of the Star Store’s operating expenses and the Developer not making any capital improvements to the property, the Developer essentially made \$1.9 million in profits during the STTA.¹²¹

121 In the prior year, the Developer’s profit was approximately \$383,252. See Figure 1.

With the Star Store’s Developer no longer having to service the debt for initial renovations and the Commonwealth responsible for operating expenses, in the final two years of UMD’s tenancy nearly all multimillion dollar rent payments made by the Commonwealth were profits for the Developer.”

###