FOLEY, HOAG & ELIOT
10 POST OFFICE SQUARE
BOSTON, MASSACHUSETTS 02109
TELEPHONE (617) 482-1390
CABLE ADDRESS "FOLEYHOAG"

WASHINGTON OFFICE
1625 EYE STREET, N.W.
WASHINGTON, D.C. 20006
TELEPHONE (202) 223-6547

May 16, 1973

Cambridge Redevelopment Authority
336 Main Street
Cambridge, Massachusetts 02142

Gentlemen:

You have asked us to reconfirm the views which we had previously expressed to you with respect to the possible conflict of interest on the part of Robert Gladstone, principal of Gladstone Associates.

Gladstone Associates is a firm of economic consultants, having its office in Washington, D. C. It has from time to time over the past several years been engaged by your Authority in connection with the Authority's undertaking of the Kendall Square Urban Renewal Project to assemble and analyze economic and real estate marketing data and to furnish its opinions and recommendations based thereon. It is estimated that the total time spent by the firm does not on the average exceed a total of 30 days in any one-year period. We understand that Gladstone Associates performs similar services for many other local redevelopment authorities, public agencies and other clients throughout the country.

In the early part of 1971 your Authority was informed that Mr. Gladstone had become a trustee of the Cabot, Cabot & Forbes Land Trust ("Trust") and this information was publicly set forth in a prospectus distributed by the Trust in April 1971 in connection with a public offering of Trust securities. Mr. Gladstone advised your Authority of his position and the scope of his activity as such trustee and gave his personal reassurance that the value and provision of consulting services in connection with the Kendall Square Project rendered by him and his firm to your Authority would in no way be impaired or in conflict with his trustee position.

The information furnished to the Authority indicated the following: that the Trust was established, as a so-called real estate investment trust under certain provisions of the Internal Revenue Code, to acquire equity interests in real estate, principally land underlying commercial, industrial and multi-family residential buildings; that the Trust had acquired the land underlying the Technology Square development in Cambridge owned by entities which were in turn owned by Cabot, Cabot & Forbes Co.; that the land so acquired then represented less than 8% of the total Trust assets (and we are now informed that this land represents a significantly lesser percentage of the total Trust assets); that the land was leased back to the selling entities under a 99-year lease which included arrangements whereby the operation of the building improvements and any subsequent development of any further improvements on the Technology Square site were the responsibility of the lessees and that the Trust in effect had a "passive" or "inactive" role as landowner and ground lessor with respect to both the portions of the site which were then improved as well as those portions on the northerly sector which were not then improved with buildings; and that Mr. Gladstone himself owned in 1971 less than 1/1000 of a percent (and we are now informed that he presently owns even a lesser percentage) of the outstanding shares of the Trust.

Mr. Gladstone's relationship as a consultant to your Authority constitutes him a special municipal employee within the meaning of the Massachusetts conflict-of-interest statute, Chapter 268A of the Massachusetts General Laws. See Chapter 121B, Section 7. Sections 17 to 20, inclusive, of Chapter 268A contain various provisions relating to actions by a municipal or special municipal employee with respect to matters involving the agency which he is serving.

In our view, Mr. Gladstone's services as a trustee of the Trust under the foregoing circumstances do not constitute a violation of any of the provisions of Sections 17 to 20, inclusive, of Chapter 268A. Mr. Gladstone is not, while serving as a consultant to the Authority, acting as agent or attorney for, or appearing before the Authority on behalf of, any other party and clearly not in connection with any particular matter in which he is participating or has been participating or which is or has been the subject of his responsibility with the Authority. The Trust has not held in the past, and does not now hold, any legal interest in any part of the Kendall Square Urban Renewal Project Area. The Trust does not have any financial interest, within the meaning of Chapter 268A, in the particular matter in which Mr. Gladstone serves as a consultant to the Authority. See Moskow v. Boston Redevelopment Authority, 349 Mass. 553, 567 (1965).

Beyond the above-cited sections of Chapter 268A, the statute also establishes in Section 23 certain standards of conduct for employees, including a prohibition against accepting other judgment in the exercise of his official duties. Mr. Gladstone and his firm have been engaged by the Authority to provide certain real estate market and development analyses and recommendations, and have always been free to serve other clients. In fact, their broad experience in consulting with other agencies and with developers generally enhances the value of their consulting services and advice to the Authority. Your Authority has been aware of the fact that Gladstone Associates is involved in consulting work for others and that Mr. Gladstone is, as trustee of the Trust, involved in Technology Square in particular. In receiving information from Gladstone Associates, it would, of course, be appropriate for the Authority to bear in mind, as it presumably does in weighing recommendations from all sources, both the reputation and ability of the firm as well as the possible outside influences or biases which might exist. It is our understanding that Gladstone Associates had furnished substantial services to your Authority over a period of years prior to Mr. Gladstone becoming a trustee of the Trust in early 1971, and that the services performed thereafter (reflecting of course the changing conditions in the area,including in particular the termination of the NASA Electronics Research Center) were entirely consistent with the material and advice previously furnished to your Authority by that firm. Under the circumstances, we believe that the Authority could reasonably determine that Mr. Gladstone's independence of judgment in collecting and analyzing economic and market data and in furnishing other consulting services to the Authority would not be impaired by his position as trustee of the Trust.

We have not been informed of any evidence, and have no reason to believe that there is any evidence, to the effect that Mr. Gladstone is violating any other standards of conduct, such as by improperly disclosing confidential information acquired by him in the performance of his duties to the Authority or by using his position with the Authority to secure unwarranted privileges for others, or by any other means.

Very truly yours,

(14)

Cambridge Redevelopment Authority

336 MAIN STREET • CAMBRIDGE, MASSACHUSETTS 02142 • PHONE (617) 492-6800

May 31, 1973

Mr. John H. Corcoran
City Manager
Cambridge City Hall
Cambridge, Massachusetts 02139

Re: Authority Consultant Arrangement with Gladstone Associates
Kendall Square Urban Renewal Area
Project No. Mass. R-107

Dear Mr. Corcoran:

The Chairman of the City Council Committee on Economic Development, Manpower and Employment, at the request of the Mayor, has asked the Authority for a statement concerning the relationship between Mr. Robert Gladstone, as marketing consultant for the Authority and as trustee of Cabot, Cabot, and Forbes Land Trust. Copies of an opinion prepared by the Authority's legal counsel on this matter are enclosed.

In summary, it is the opinion of the Authority's legal counsel that no conflict of interest exists in Mr. Gladstone's relationship with the Authority and with Cabot, Cabot, and Forbes Land Trust in view of (1) his work with the Authority on Kendall Square which began some four years prior to the creation of Cabot, Cabot, and Forbes Land Trust, (2) the fact that Cabot, Cabot and Forbes Land Trust is a publicly-held real estate trust, a business entity which is separate and distinct from the development company of Cabot, Cabot and Forbes, (3) the limitations imposed on the powers of the trustees of the Land Trust, (4) the public disclosure of Mr. Gladstone's involvement in the Land Trust, (5) the limitation of Mr. Gladstone's interest in the Land Trust to less than 1/1000 of one percent of the outstanding shares, (6) the fact that the Land Trust does not own or control current or future buildings at Technology Square, (7) the lack of any direct connection between the Land Trust and the Authority with respect to the Kendall Square project, and (8) the lack of any evidence that Gladstone Associates work for the Authority was in any way biased by Mr. Gladstone's association with the Land Trust.

Sincerely yours,

Robert F. Rowland
Executive Director

RFR:aab

Enclosures

(14)

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

EXECUTIVE DEPARTMENT
JOHN H. CORCORAN
City Manager

June 4, 1973

To the Honorable, the City Council,

I transmit herewith communication from Robert F. Rowland, Executive Director of the Cambridge Redevelopment Authority, relative to statement requested by the Mayor, on authority consultant arrangements with Gladstone Associates - Kendall Square Urban Renewal Area.

Yours truly,

John H. Corcoran
City Manager

JHC/m

15.

Agenda # 14 286

Transmitting communication from John H. Corcoran, City Manager, enclosing communication from Robert F. Rowland, Executive Director of the CRA, relative to statement requested by the Mayor, on authority consultant arrangements with Gladstone Assoc., Kendall Sq. Urban Renewal Area.

In City Council,

June 4, 1973

Tabled - by
L. Graham
7/2/73
Placed on File