

Tufts University's Tisch College Real Estate Luncheon

April 4, 2014

Bill Cummings' Remarks

Thank you so much for the kind invitation to be with you here today. Thank you also, Tom, for that very warm and generous introduction.

It is particularly interesting to be here with a Tisch College real estate group. So much of ALL of our personal work revolves around real estate, plus public service and civic engagement.

As requested, I shall first share a little about my personal background. Then I'll talk about our highly unusual niche in commercial real estate, and then a little about philanthropy.

Born in 1937, I grew up as a poor but very happy Medford kid. \My dad was a house painter. \My parents, my sister and I all lived in a one-bedroom flat over a liquor store, on **Salem Street**. At Tufts I was mostly a commuter.

I was wondering recently if I might be the first Tufts grad who ever made a whole career in **Boston commercial real estate....** I have certainly been in it a lot longer than anyone else I see **here** today.

At the time of my Tufts graduation, however, I lined up my first real job, as did most of my business-minded classmates, through Tufts' Placement Office, at Ballou Hall. That first real job, for me, was selling and promoting **Vicks Vaporub**, all over the country.

In 1958, Vick Chemical Company was THE most sought-after job interview on campus. This was partially so because **Jack Kerouac** had just written about *his* job experiences as a former Vicks sales guy, in his best-selling book - **ON THE ROAD**.

Our starting pay then was only \$70 per week, but it did come with credit cards, and a seven-day expense account, and a **brand new Chevy**, and a **MARVELOUS training program**.

I was, indeed, **On the Road**, virtually every day and every weekend, during my first two years. Meager as it was in those days, almost **my whole salary went into the bank, every month**.

Vicks really was a perfect job for a very single 21-year-old, and that was followed by another perfect job, selling frozen seafood for three years with **Gorton's of Gloucester**. I was still on the road with Gorton's, but then, my travel was all by air.

After leaving Gorton's, and returning to Boston, I purchased a 200-year-old firm with but one part-time employee, for \$10,000. Way back when, the firm made Old Medford rum!

I worked my tail off making and **selling Old Medford fruit punch**, primarily to colleges and university DINING HALLS, for five years.

Tufts and MIT each **had a dozen of our refrigerated fruit punch dispensers**, while B.U., Harvard, and Northeastern probably had 40 each.

The most special highlight of the Old Medford years was meeting my soon-to-be new bride in a **hospital** kitchen. Joyce was a hospital dietician, at **Massachusetts Eye and Ear Infirmary**, and we married just one year after she placed her first order for Old Medford.

In 1970, we started Cummings Properties, almost entirely with the \$1 million proceeds **from the sale of Old Medford Foods company**. We were able to pay in cash for the construction of our first rental building, and never changed that practice.

And as it turned out, I also very soon became a general contractor, after the contractor for that first building suddenly went out of business. That was the last time we ever employed a GC or an outside architect.

After that first building leased up very quickly, at about \$1.90 a foot, we THEN took out the first mortgage, and we were off...

Today, there are about 10.5 million square feet. We have borrowed plenty over the years, but NEVER any construction money. That way, we never had to go through the **hugely time-consuming process** of begging construction funds from banks.

We incorporated the firm in 1970, and from 1972 onward, Cummings Properties reserved at least 10 percent of all net income for philanthropy. The resulting foundation today has **assets of more than \$1 billion**.

I worked enough during my Tufts years, by the way, to pay all of my own tuition and expenses, except one year when they gave me a very modest scholarship.

Soon thereafter, **my very first \$50 gift to Tufts, in July 1958, fully repaid the \$50 scholarship**. There has never been a year since when I did not donate to Tufts.

Joyce and I have both had all sorts of civic roles. My favorites include being a bank director, a publisher of three community newspapers, and **several years as an elected member and then chairman** of the Winchester Planning Board.

Looking back, **the very most treasured role**, however, was certainly serving here as a charter trustee of Tufts, from 1986 to 1996. That was just a wonderful time, mostly under President Jean Mayer.

Skipping forward a whole lot from there, let me tell you about **my LAST Tufts lunch**, back when Larry Bacow was still the new guy around here...

I felt quite safe in accepting Larry's lunch invitation that day, because Joyce and I had just donated the **Cummings Chair in Entrepreneurship**. So I felt pretty well protected from "The Ask."

It turned out to be a long lunch, at **Dewick-MacPhie Dining Hall**, and whatever expectations I had about being immune to a strong pitch that day -- they were *wildly* off the mark.

President Monaco, that meal has been called the "**Veggie-burger Lunch**." Did I ever tell you what happened that fine day?

Larry's message during that February 2003 lunch was that, because of a threatened **termination of State funding**, the future of the School of Veterinary Medicine was in grave danger.

Subsequently, **over our veggie burger lunch**, Cummings Foundation fully committed \$50 million in long-term funding, that very day.

Something very few of you likely know, the Foundation was required by the IRS to assume actual ownership of the Veterinary School itself, but not the real estate or the research. **The Foundation then engaged the University** to operate it Cummings School, as it still does.

And there is, by the way, no provision in that transaction for any kind of payments to ever flow from Tufts toward the Foundation.

ON THE OTHER HAND, the Foundation now owns and benefits FULLY from the operation of the large majority of Cummings Properties' commercial buildings.

Cummings Properties has done some pretty interesting projects during the past 44 years, but by far, the *most fun and challenging* project was our 2 million-square-foot **Cummings Center**, in Beverly.

The original **\$90 million asking price** for the old United Shoe Machinery Company property had gradually dropped, over a period of eight years, **to almost nothing**. By 1995, the price was all the way down to only \$10 million for our portion of the historic, but greatly abused 90-acre site.

The broker pushed hard for an offer of at least \$5 million, but we went quite a bit LOWER, and eventually **closed at just \$500,000**.

We were delighted to cooperate in Beverly with Tom Alperin and National Development, to purchase this decrepit complex, and then immediately split it apart for two quite different uses.

The \$500,000 property is assessed today at \$106 million. There are almost 400 clients leasing space, and they provide 6,200 to 6,300 good, full-time jobs there.

Cummings Properties is a PEOPLE COMPANY with MORE colleagues than even the local giants in this industry. Almost any real estate professor would probably argue against **our very vertical do-it-all-in-house approach**.

Interestingly, 10 percent of our 370 full-time staff average more than 30 years seniority!

With this great in-house expertise, our staff usually has exactly the talents we need to accomplish things very quickly, and **always at significantly reduced costs.**

We greatly appreciate our staff's **nimbleness and dedication.** And *they* very much appreciate the Firm, for never having missed a payroll, or having even a seasonal layoff, never mind a foreclosure or a bankruptcy.

Some of you know our **TradeCenter 128** property and the Middlesex County Superior Court. Every bit of the design, engineering, and architectural work on that 900,000-square-foot office complex was completed by our own in-house team.

We also did all of the financing, legal, and construction management internally, and all of the purchasing, as well as 80 percent of the leasing. In all cases, just the opposite of conventional **teaching.**

We have a real fetish about paying bills promptly and treating our subs the "right way." At the same time, we provide all of the in-between labor on all jobs with our own staff.

The Company has not borrowed in the last 20 years, and, as I mentioned earlier, during all of the years when we DID borrow extensively, it was always against completed projects only.

Even more unusual, I **personally guaranteed every loan** we ever took, to achieve lower interest costs. And I certainly remember 1980 well, when we saw mortgage rates up to 18, and even 20 percent!

So, we are surely different, in an old-fashioned sort of way, but it has worked, and it's certainly been enjoyable.

Joyce and I have managed about 12 weeks "away" in each of the last several years, including **some very remote corners of the world.** But when we are home, my 50 or so hours each week are almost all for Cummings Foundation.

Some of you know about our significant involvement in Rwanda. That sprang directly from our **Cummings/Hillel Program for Holocaust and Genocide Education** here at Tufts.

Through that fine multi-faith program, we interacted with 20 Tufts students, each year, after they traveled to Rwanda's **Agahozo-Shalom Youth Village** - a residential school for 500 of that country's most vulnerable high schoolers.

After hearing personally from many of the Tufts students about their life-altering experiences while living at the Village, Joyce and I first went to Rwanda, in 2012. And that first visit had such an impact on us, that we are already planning **our third African trip.**

As many of you know well, Agahozo-Shalom Youth Village was founded by **the late and very dear Anne Heyman Merrin**, who died tragically in January, following an equestrian accident in Florida.

The accident was only three days after Joyce and I sat with Anne, during the annual **Merrin Moral Voices Lecture** in Cohen Auditorium. And it was just *three months* after we traveled with Anne to introduce Agahozo Shalom to **Salem State University**.

Anne's enormously important nonsectarian work at Agahozo-Shalom will memorialize her great vision and personal sacrifice, far into the future.

Also in Rwanda, we are working in close collaboration with **Partners In Health** and Dr. Paul Farmer, to, hopefully, create a brand new **Pan-African School of Health Sciences**. Rwandan President Paul Kagame, by the way, will speak at Tufts on April 22.

Much closer to home, Cummings Foundation is now engaged in a major **new** grant-making initiative, PRIMARILY in northeastern Massachusetts. This year's very local grants will exceed \$20 million.

This new local funding is exclusively to support local non-profits in Middlesex, Suffolk, and Essex counties. We want to assist activities in the communities that are home to Cummings Properties, as well as its staff, and also its clients.

In closing, the work you all do for good in the many communities you touch is of extraordinary importance, AS IS your financial support of the truly very special Tisch College program.

You already have a tradition of raising hundreds of thousands of dollars each year through this event alone, for which Dean Solomont and the entire university are extremely grateful.

Real estate has been certainly very good to many of us here. Joyce and I are now excited about this new, very gratifying phase of OUR lives, during which we will work just as hard to make more good things happen.

Educating young Americans to be more caring and more aware of the tremendous needs of the underserved **is a true vocation**, in every respect. It is so well deserving of all the help all of you can provide.