

City of Chelsea
Economic Development Board
City Hall – Room 101
Chelsea, MA 02150
(617)466-4180

MEETING MINUTES

August 26, 2014

Chairman Pantano convened the Board at City Hall at 6:30p. In attendance were Chairman Pantano, members Ted Coates and Tim Fraser and City Manager Jay Ash, and numerous persons in the audience. Public Speaking Chairman Pantano opened the meeting for public speaking.

PUBLIC SPEAKING

Dick Driscoll rose and asked if the Board had reviewed the Harvard study. Mgr Ash interjected that public speaking is for the public to offer comment and not a time for a back and forth with the Board. Mr. Driscoll had no further comments. Mr Coates said he had not reviewed the Harvard study but will do so.

MINUTES

MOTION: To adopt the minutes of the June meeting.

Offered by Mr Fraser and seconded by Mr Coates. On the motion, the Board voted 3-0 in the affirmative to adopt the minutes.

URBAN RENEWAL – Vale Blocks

Mgr Ash made a presentation to the Board. The Everett Avenue Urban Renewal Project was adopted in 1997. The 65-acre district included a Phase I area where the Board would acquire parcels, and the hope was that the private sector would then redevelop Phase II and Phase III. Phase I has been very successful, with three hotels and the FBI building coming. Only a portion of Phase II was acquired privately, and the redeveloper could not secure the financing and didn't have the confidence to undertake a major project while the other blighting properties were still there, so the Board acquired parcels in Phase II. The Phase is now successful with One North open and Phase II to begin site clearing on September 15th and geopiers on October 15th. There is a similar problem with Phase III. There has been some investment, including the Stop & Shop replacing the old lumber yard and the largest vacant building in the urban renewal district being acquired by an investor who then brought in Alkermes, which invested \$40m in the building. A developer has acquired the junk yards, but nothing has happened since then, and it is because the blighting uses and properties are again creating a roadblock for projects, financing and confidence. Additionally, the plan, in 1997, envisioned light industrial there, but we are much further along in our economic development and higher and better uses that can be attracted. Just as no one envisioned 3 hotels and an FBI building, we were unable to vision in 1997 what the

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market would be in 2014, and that market has changed, and we had no idea the Silver Line and commuter rail would be coming to the Mystic Mall. So, the Board may wish to begin the process of getting acquisition rights from the State to create an environment for redevelopment, and may wish to undergo a review of the plan to determine if we wish to change our allowed uses from light industrial to something else, like residential, office and hotels. Such plan changes would require a process that would probably include State hearings. We will need to meet with the State to determine if this is a major or minor plan change. Minor changes, like the addition of another zoning use, do not require a State hearing, but allowing the City to acquire property could constitute a major plan change. If so, the State will hold a public hearing on the proposal. A plan change would allow for eminent domain, although the Board has never needed to exercise eminent domain rights. It will take the City several months to be prepared to submit to the State and then take a couple of months of work with the State before a plan change would likely be adopted. The motion before the Board would allow the City to begin the process by talking with current owners, developers, those responsible for infrastructure work and State development officials about the process. To facilitate to the review, we are breaking the focus area up into four blocks. Block 1 is the triangle that includes Savino's. Block 2 is between Everett, Carter and Vale. Block 3 is Vale, Carter and Fourth. Block 4 is Fourth to the railroad track. The map shows those blocks and all the owners of those blocks.

Mr Fraser asked who OMLC is? Mgr Ash said he didn't know what OMLC stood for, but the owner was Billy Thibeault.

Mr Fraser asked if they had acquired the properties. Mgr Ash said that Thibeault had acquired the junk yards after the urban renewal plan had been announced, just as a developer had acquired the former Bio-Med building. However, Thibeault has been unable to get a development going there in part because of all the blighted properties around what he had acquired.

Mr Coates asked if the process would constitute a major plan change. Mgr Ash said it was likely, in that the Board would likely want to have the ability to do acquisitions and would like to be able to change allowed uses.

Mr Coates said he has concerns that once the process starts it will be hard to turn it around. By announcing that the process has started, it might cast shadows on any redevelopment property owners would make or developers would want to do. Potential buyers might run away. It's possible that conditions might improve on their own.

Mgr Ash said the experience in Phase I and Phase II were totally different, in that the announcement of the Board's interest actually spurred development activity. None of the parcels are big enough on their own to be redeveloped without interacting with the other parcels. The reason that no major development has happened in the Vale Blocks for 17 years since the City announced the urban renewal district is because no one wants to make a major investment in a new building with all of the marginal uses still standing next to them. So if we want to see development happen, it will take City action to make it happen.

Mr Coates asked if the vision was for one or two developers to undertake the redevelopment. Mgr Ash said that it could be even more, but that is one of the outcomes of the development work that needs to be done. We need to figure out what uses want to go there, how to assemble

parcels large enough for that to happen, what infrastructure is needed and what tools may be out there to also help. It is possible that there could be one master redeveloper. In Phase I, there has been three redevelopers. In Phase II, there were two until one failed and then the other developer picked up both projects.

Mr Coates said that one of his problem is how vague the motion is. He might be more comfortable if we all knew what the vision was. Mgr Ash said that is what the process would result in, and that he would be looking to gain the input from current property owners, the development community, state development officials and our own knowledge to figure that out.

Mr Coates questioned if Light Industrial was not acceptable. Mgr Ash said it was his sense that higher and better uses could be attracted to the area, especially given the Silver Line and commuter rail. The planning process would look at those things, and others would be engaged in the discussion.

Mr Coates said he was not in favor of starting the process at this point. He said that there are businesses there that would need to be moved, so maybe we should just start planning and not be thinking about moving businesses. Mgr Ash said the problem with that approach is that the City has limited time for planning activities and if the Board was not willing to start something more formal, than maybe the City's planning time would be better spent elsewhere. The fear would be that City would spend a great deal of time on the process and then not get the necessary votes from the Board to move forward. The Board will have ample ability to stop or alter the process along the way, as each action requires a Board vote and some require submittals to the State. With nothing having happened in the Vale Blocks for 17 years on its own, it is important for the Board and the City to take the steps necessary to make something happen there.

Mr Coates said he won't be on the Board for those next steps so it is important what the entire Board thinks.

Chrm Pantano said the site configurations are tough to think that individual projects would take place on their own. Mgr Ash confirmed that smaller parcels and odd shapes makes it difficult to imagine individual property owners assembling parcels to create bigger development. But, they can all be engaged through the process to see how they are doing, if they have thought at all about downsizing or needing more or different space, and whether there are any redevelopment options that make sense there.

Mr Fraser said we may see owners make an effort to assemble parcels. Mgr Ash said he was willing to look at all the possibilities, but formally kicking off a planning phase would be important. The Harvard study was a good look, but it was done by college students and cost nothing to the City. Sometimes you get what you pay for, in this case, we got some perspectives on the area that may or may not be right for all of us and in this market place. I've reviewed that study, and will keep it in mind as we look at all of the possibilities. City staff is very accomplished and capable of looking at all of the possibilities.

MOTION: The Economic Development Board requests the City Manager to initiate the process of drawing up an amendment to the Everett Avenue Urban Renewal District that

would allow the Board to entertain the prospects of making acquisitions in the Vale Blocks to facilitate development as consistent with the urban renewal plan and could include amending the plan to allow for certain types of developments, including residential, within. As part of that process, the Board requests that the City Manager meet with property owners of land potentially impacted by an adopted amendment and subsequent Board acquisition activity, with those meetings happening as soon as possible and with the intention of informing property owners of pending actions and rights.

Offered by Mr. Fraser and second by Mr Coates. On the motion, the Board voted 3-0 in the affirmative to adopt the motion.

Mgr Ash said that the City will begin contacting property owners in September and will take 3 months or so of planning and then there will be another three months or so of with the State if the Board wants to go that route.

Chrm Pantano asked if anyone in the audience had questions. Mr Driscoll asked what is the plan of the Board for my property. Chrm Pantano said he and all others will be kept posted. Mr Fraser said that his property is not in the planning area just adopted.

URBAN RENEWAL – CROP

Mgr Ash informed the Board that Phase I is 100% leased. Phase II is looking at a 9/15 start for site clearance and a 10/15 start for geopiers.

URBAN RENEWAL – Chelsea Gateway

Mgr Ash informed the Board that the it has been the policy to authorize the Chairman to sign documents necessary for things like closings, but If the closings don't take place by the time of the next meeting, a motion to allow the same takes place again. That is what is before the Board, and the redeveloper, Christine Thomas who is here tonight, is ready to close on the land. The EPA has completed the cleanup project, the utility work is being completed, and, oh by the way, there is reason to believe we'll be getting some funding to do more infrastructure in the area. The parcel was breached by the City's contractor, so there has been some additional actions needed to take place to deal with the environmental impacts, but Christine is ready to go with what is still a Hilton Homewood Suites, is still 152 rooms and has a 250 person function room. So, that motion would be to reauthorize the Chairman to move forward on the closing.

MOTION:

VOTE TO AUTHORIZE THE ECONOMIC DEVELOPMENT BOARD CHAIRMAN OR CITY MANAGER TO APPROVE ALL CLOSING DOCUMENTS FOR THE SALE OF LAWRENCEVILLE LLC

WHEREAS: The City of Chelsea Economic Development Board (the "Board") is an urban redevelopment agency created by and operating in accordance with Massachusetts General Laws Chapter 121B, and is the successor in interest to the former City of Chelsea Redevelopment Authority; and

WHEREAS: In furtherance of the objectives of the Urban Renewal Act, the Board has undertaken a program for the clearance and reconstruction or rehabilitation of slum and blighted areas in

the City and in this connection has been and is currently engaged in carrying out the urban renewal project known as the Everett Avenue Urban Renewal Program; and

WHEREAS: The Board holds title to that certain properties referred to as Chelsea Gateway, namely tax maps parcels 55-17A and 55-17B also known as the land at 145 and 155 Beech Street, Chelsea, Suffolk County, Massachusetts, more particularly shown as Parcels 7 and 8 on a plan entitled "Acquisition Plan of Land Prepared for the Chelsea Economic Development Board, Everett Avenue Urban Revitalization and Development Project, Chelsea, Massachusetts" dated January 22, 1999 by Cullinan Engineering, recorded with Suffolk Deeds, Book 23509, Page 190; and

WHEREAS: The Board and Lawrenceville LLC, upon signature of its duly authorized officials, have executed and updated and amended LDA for the redevelopment of Lawrenceville LLC and

WHEREAS: The parties wish to proceed to the land closing provided for in the LDA; now be it therefore

VOTED: That the Chelsea Economic Development Board does hereby authorize the Board Chairman, Richard Pantano, or the City Manager, Jay Ash, upon review of all closing documents to ensure conformance with the LDA, to sign the deed, settlement statements, any other land use or environmental conditions documents, and any other documents either the Board Chairman or the City Manager deems necessary to convey the parcels to Lawrenceville LLC, subject to the continued and further control of the LDA between the parties.

Offered by Mr Coates and seconded by Mr Fraser. On the motion, the Board voted 3-0 in the affirmative, thereby authorizing Chrm Pantano to move forward on the closing.

URBAN RENEWAL – Emerald Block

Mgr Ash informed the Board that it was being asked to approve the construction plans and a letter amending terms of the agreement that was required by the lender. On the construction plans, the zoning and planning boards and the planning department have already done the traditional site plan review. In the context of the LDA, the Board is responsible for determining if the building conforms to the urban renewal plan, which it does, and the LDA, which it does. The redeveloper will no doubt answer any questions they can about the building, but the vote on approving the plans is based upon Section 301 of the LDA. Regarding the TIAAA requests for amendments and clarifications, those have been reviewed by the Board's attorney and have been found to be in order. We'll first deal with the site issues. Once the site plan is approved, the Board would still have an opportunity to review any material changes to the site plan. The TIAAA letter deals with material changes more.

Chrm Pantano welcomed Patricia Simboli. Ms Simboli introduce here architect, Bill Blanski, the lead architect, to review elevations with the Board. Mr. Blanski said the building would be 8 stories with another story for mechanical screening. It would have an architectural pre-cast exterior. They continue to research the materials, which he pointed to on a board, and that research is going well.

Chrm Pantano asked if the glass has reflecting properties. Mr. Blanski said the glass had a 20% rating, a very subtle reflection that will have some shimmer. Not a mirror which would have 100% rating.

He went on to say that the only site changes since the last time the Board so the site plan was that the parking was reorganized to a bit; they added more trees in the parking lot. The forecourt was redesigned to provide a quad with trees that frame the courtyard; that creates an inside/outside

relationship, and the Everett Avenue signage area is now a welcome mat that will have color to it.

Chrm Pantano asked how many parking spaces were lost through the reorganization. Mr Blanski said none. They are required to have 400 spaces. They have 280 outside of the building.

Chrm Pantano asked if 10 public spaces were enough, it seems low. Mr Blanski said yes, they are enough. Interior parking would be available if needed fi there were larger meetings.

Chrm Pantano asked for a description of the fencing. Mr Blanski said the requirement is for a 8' protection around the property. They will raise the perimeter. There will be a 5' fence sitting on a 3' wall, and the elevation will be at 8-9 feet around the site.

He went on to say that the Feds like a classic look and feel for the building. This building does this. There are vertical piers that have lights behind them that will subtly add light to the exterior plus a halo effect around the top of the building.

Mr Fraser asked if there was a night view rendering. Mr Blanski said he didn't not have that, but it hasn't changed since the last time they showed the Board the night view.

Mr Blanski then showed the rendering of the lobby of the building.

Mr Fraser asked what the signage would be; on the land and on the building. Ms Simboli said there would be one sign on the landscaped area on Everett Avenue, double sided with the federal seal and its property address of 201 Maple Street.

Chrm Pantano asked about traffic flow. Mr Blanski said there are staff entrances on Beech and on Maple and that there would be a 50/50 split of staff using them. The building is fully operational a traditional 8-5 schedule and probably 90% of the employees would come and go then. Then there is night duty. Building is occupied 24/7. For a building of 220 s.f., there is not a lot of traffic. Ms Simboli said it is a low density building. A commercial building have 800 to 1,000 people travelling to and from it; we'll have half.

MOTION: The Chelsea Economic Development Board does hereby approve the site plan for the Emerald Corporate center project per plans of August of 2014 and as required by Sec. 301 of the LDA.

Offered by Mr Coates and seconded by Mr Fraser. On the motion, the Board voted 3-0 to approve the site plan change.

Mgr Ash reviewed the TIAAA letter, and the explanation of each of the paragraphs contained within and to which he provided the Board's with notes regarding them, as follows (corresponding paragraph in parenthesis):

(a)The LDA and Quit Claim Deed comprise the agreement and is certified by our attorney

(d) This last line, the Board's approval, will be accurate upon your approval of the plan pursuant to Section 301 of the LDA.

(e) 4h refers to a payment of \$350,000 to the Board for MEPA related costs. This provision changes when that is due, to be later than was in the LDA – which benefits the redeveloper from a cash flow perspective but does not have a substantial impact on the City.

(f) The term "material" is in the eye of the proposer. They wanted to tighten it up a bit to better define what a material change is. Once the Board approves the plan, then only a material change comes back to the Board. Arguably, the Board's only interest is in those items listed in this section f now, and thus the Board remains protected.

(g) The Billboard has been removed.

(h) Routine request.

(i) Routine request

(1) This section gives them the right to start building by Nov of 15, but calculates the cost of us buying it back based upon Nov of 14 values, which should be a benefit to the Board if the project fails.

(2) Documentation has been so provided.

(3a) IF we give them until Nov of 15 to start construction, we've given them 4 years beyond that date to complete the construction. This clause specifies that date.

(3b) In general, this language has been reviewed and approved by our attorney. The language gives the lender more protection to step in and complete the project if the redeveloper fails. Although it benefits the lender, the Board's interest in getting the development up should also be improved.

(4) This protects the lender from suit for something that they weren't directly involved in, although they may have financed it. Our attorney has reviewed and approved.

(5) Discussed prior – changes the date for getting in the ground to Nov of 15 and completed by Nov of 19.

(6) 501 is a right of first refusal should the redeveloper seek to sell the land. This is confirming that a foreclosure sale would be different, which it would be because TIAA is paying for construction, not raw land, which is what 501 contemplates.

(7) Just changes who we pay if we assume control of the land and sell the rights for more than is owed.

Mgr Ash again noted that the letter had been reviewed by the Board's attorney and approved. The lender wishes these changes in order to finance the project; we want the project financed so that it will get built.

Mr Coates asked if the GSA deadline is more real than the LDA deadlines. Ms Simboli said yes, we need to be occupied by July 2016.

Chrm Pantano asked when the project will break ground. Ms Simboli said the construction trailers were delivered today and the work has begun and will be ongoing.

MOTION:

Reference is hereby made to that certain Amended and Restated Land Disposition Agreement for the Sale of Land for Private Development dated as of November 21, 2003 (the "LDA") between the Chelsea Economic Development Board (the "Board") and Emerald Corporate Center LLC (the "Redeveloper") with respect to so-called "Emerald Block" within the Everett Avenue Urban Renewal Area (the "Property").

Whereas, to finance the construction of the Improvements on the Property, the Redeveloper intends to borrow funds (the "Loan") from Teachers Insurance and Annuity Association of America ("TIAAA"), and to secure the repayment of Loan with a mortgage on the Property;

Whereas, as a condition to making the Loan, TIAAA has requested that the Board agree to grant TIAAA additional notice and cure periods in the event of a default by the Redeveloper under the LDA and to grant TIAAA additional time to perform under the LDA should TIAAA foreclose its mortgage;

Whereas, the Redeveloper has requested that the Board (a) extend the deadlines to commence and complete construction of the Improvements by one year; (b) approve the Construction Plans submitted by the Redeveloper dated May 14, 2014, (c) clarify the date under Section 4(h) of the LDA by which the Redeveloper is required to make a \$350,000 payment to the Board; (d) acknowledge that the Redeveloper can satisfy its obligations under Section 304(b)(i) of the LDA to contribute \$250,000 to a Chelsea-based non-profit community based organization through the establishment of the Simboli Family College Award which has made and will make contributions to Chelsea High School graduates, and (e) approve certain other modifications to the LDA;

Now, Therefore, the Board hereby adopts the following motion:

To authorize the Chairman of the Board to enter into an agreement with the Redeveloper (the "Letter Agreement"), which Letter Agreement supplements certain terms and conditions of the LDA, including (a) granting TIAAA additional notice and cure periods in the event of a default by the Redeveloper under the LDA and granting TIAAA additional time to perform under the LDA should TIAAA foreclose its mortgage; (b) extending the deadlines to commence and complete construction of the Improvements by one year; (c) approving the Construction Plans submitted by the Redeveloper dated May 14, 2014; (d) clarifying the date under Section 4(h) of the LDA by which the Redeveloper is required to make a \$350,000 payment to the Board; (e) acknowledging that the Redeveloper can satisfy its obligations under Section 304(b)(i) of the LDA to contribute \$250,000 to a Chelsea-based non-profit community based organization through the establishment of the Simboli Family College Award which has made and will make contributions to Chelsea High School graduates; and (f) approving certain other modifications to the LDA, all as more particularly set forth in the Letter Agreement reviewed by the Board, with such changes as the Chairman of the Board may approve in his sole discretion, and to take all such other actions as may be necessary or desirable to implement the foregoing resolution in the sole discretion of the Chairman of the Board.


Offered by Mr Coates and seconded by Mr Fraser. On the motion, the Board voted 3-0 to approve the changes requested in the TIAAA letter and authorizing Chrm Pantano to sign the letter.

MOTION: To adjourn

Offered by Mr Fraser and seconded by Chrm Pantano – the Board voted 2-0 (with Mr Coates having left the meeting) to adjourn.

The meeting adjourned at 7:45.

Offered by

A handwritten signature in black ink, appearing to be 'Timothy Fraser', written over a horizontal line.

Timothy Fraser
Secretary