

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

## MEETING MINUTES

December 4, 2012

The meeting convened at 6:16p in the City Manager's Conference Room. In attendance were Chairman Richard Pantano, Members Tim Fraser and Anthony Gonsalves and City Manager Jay Ash. Also in attendance was Mark Robinson

## PUBLIC SPEAKING

Chrm Pantano opened the meeting for public speaking. Hearing no members of the public wishing to speak, Chrm Pantano closed that portion of the meeting.

## ADOPTION OF MINUTES

**MOTION: Adopt the minutes of the Sept meeting.**

Offered by Mr Fraser and seconded by Mr Gonsalves. On the motion, the Board voted 3-0 in the affirmative, thereby adopting the motion.

Member Ted Coates arrives

## URBAN RENEWAL – CROP

Chrm Pantano welcomed Mr Robinson to update the board. Mr Robinson said they have been doing lots of work with Callahan, the contractor, and construction starts on Thursday with geopiers. They have already taken out the foundation. Environmental testing of everything that has been kept behind continues. East Boston Savings Bank is financing the project. They have completed 80% of the construction documents one month ago. Because it is a tight budget, they are waiting to price the project at 100% completion to get "true" price. Thus, they won't get final pricing until January. Want to open on April 2014, so they are doing the foundation now. Geopiers will go down 10' through a 24' round tube, and they will do 1,200 of them. Clay is 12' down.

Chrm Pantano asked if the clay will support the piers. Mr Robinson said yes. He also said they are 80% done with the bank and will close with the bank in two weeks. Waiting for the Guaranteed Maximum Price (GMP) to close out the final docs. The developer usually puts money up front, they are doing so an accepting the GMP as a risk. They will look at April 2014 for the opening of the first wing, closest to Spruce Street, and July for the second phase to be complete.

Chrm Pantano asked how many units in the first wing. Mr Robinson said 115, and went on to describe the project using the elevations he had.

Mgr Ash asked if Mr Robinson could discuss the changes in the market conditions. Mr Robinson said that construction prices are stable, but lumber is up 13%. Overall, the cost of the project is up about 3%, so they have had to value engineer the project as they are not where they want to be. The cost is about \$800-900k higher than they would like. Rental rates are going in the right direction. Rents are up 12% in Boston, 6-8% in Medford and Somerville and 2-4% in Chelsea. That is very pleasing. State planners are looking for 12,000 units per year to support state's economy. That is encouraging too.

Mr Gonsalves asked what the cost vs higher situation for rents meant for the project. Mr Robinson said they play with the numbers all the time, but the banks won't allow them to use the higher rents for projections of revenues. However, they are updating to try to get more value because of the cost increases.

Mr Gonsalves asked about the 80% completion in plans. Mr Robinson said they should be at 100% next week. Mr Gonsalves thought he heard they would be reading in January. Mr. Robinson said that for GMP pricing, plans will be done in two weeks. Mr Gonsalves said that then the cost is produced and East Boston Savings Bank can then close on the loan. Mr. Robinson said yes. Mr Gonsalves asked if the 35% the developer puts up funds everything before the 65% East Boston Savings Bank puts up – Mr Robinson said yes.

Mr Gonsalves asked what are the risks to get to that milestone. Mr Robinson said what is in the ground is always a risk. They have found old foundations and pilings, fortunately geopiers are more flexible than pilings. Mr Gonsalves asked if they could get to a final price without having the foundation done. Mr Robinson said no, but there is a contingency as well. He said the next biggest concern is rents in April of 2014. However, the contractor is certainly happy with what he is seeing so far. Mr Gonsalves asked what the contingency was. Mr Robinson said 5% over the GMP is what the contractor carries. Mr Gonsalves asked if that was on the \$45m project cost. Mr Robinson said that included land, soft and hard costs. The actually hard cost is \$30m. Mr Gonsalves asked if that is what EBSB will finance, which Mr Robinson said yes. Mr Gonsalves asked if that included interiors and landscaping, which Mr Robinson said yes. Mr Gonsalves asked if it would be LEED certified, which Mr Robinson said close to that. Mr Gonsales asked if there was a tax benefit to being LEED certified. Mr Robinson said no, but they were going to be above State efficiency rules. LEED is too costly, around \$250k for it. The building will be a good, efficient building.

Mgr Ash said that developer had requested that the rights assigned to Chelsea North be assigned to One North of Boston, and that the LDA provided for this provided that the new assignee met the minimum qualifications to be a developer. Mgr Ash review the list of One North members, which had been provided to the Board ahead of the meeting. Not on there was Hal Carroll who is an attorney and business advisory with Chelsea North and the former corporate counsel for the City of Boston.

The information provided prior is:

*Ownership of One North of Boston, LLC*

*Chelsea North, LLC*

*Mark Robinson*

*Mark White*

*Hal Carroll*

*Gate Chelsea, LLC*

*Damian A. Szary*

*Damian has over 12 years of experience in real estate development and acquisitions, with a specific focus on the multifamily sector. Damian is a Founding Member and Principal of Gate Residential Properties, LLC, a multifamily investment and development firm focused on both high-rise and low-rise, market rate, housing. Prior to co-founding Gate Residential, Damian was an executive with Archstone, one of the nation's largest apartment owners and developers, and served as its senior development officer in the Boston office. He was responsible for the origination, underwriting and execution of multifamily development projects in both the greater Boston and New York City metropolitan areas.*

*At Archstone, Damian was responsible for the successful development of two premier high-rise communities, Archstone North Point (Cambridge, MA) and Archstone Avenir (Boston, Ma). Throughout his career, Damian has been involved in the planning and development of over 1,500 housing units, ranging from small-scale adaptive reuse condominium projects to luxury, high-rise, apartment communities. Damian began his real estate career as a commercial broker with Spaulding & Slye (now Jones Lang LaSalle) before internally transitioning to the firm's development group. Damian holds a BA in Economics from Colgate University and a MS in Real Estate Development from Columbia University.*

*Kyle B. Warwick*

*Kyle has more than 22 years of diverse real estate experience with special expertise in master planning, regulatory approvals, mixed-use development, and financing. He has led planning and development of 15 million square feet of mixed-use real estate with an aggregate dollar value in the billions.*

*Kyle is Founding Member and Principal of Gate Residential Properties, LLC, a multifamily investment and development firm focused on both high-rise and low-rise, market rate, housing. Prior to co-founding Gate Residential Properties, LLC, Kyle was the Director of Investment Development at Jones Lang LaSalle. He joined Spaulding & Slye / Jones Lang LaSalle in 1994 and served the company in several leadership capacities, becoming a Principal in 2000. In 2000, Kyle initiated and oversaw Spaulding & Slye's residential investment and development practice. Over the next decade, Spaulding & Slye planned over 3,000 units of housing in the Northeast and Puerto Rico. Key completed projects included 120 units at the Pleasant Street Condominiums in Cambridge, 96 units at Folio Boston, and 234 units at North Point (Sierra & Tango). Kyle then went on to serve as Managing Director of the Development Group in 2003. Kyle was named New England Regional Director in 2004 where he oversaw the performance and long-term strategic direction of Spaulding & Slye's 250-person Boston office. In 2006, Spaulding & Slye merged with Jones Lang LaSalle. Kyle was one of the six key principals that led the JLL transaction. Kyle holds a BA from Colgate University.*

*Callahan, Inc.*

*Pat Callahan*

*As President, Pat's responsibilities include oversight of all company operations. His leadership ensures that the team's commitment and performance from preconstruction through project completion meets the*

*high standards of Callahan Construction. Pat's industry experience includes all areas of construction management, including: finance, legal, planning, personnel and business development. Callahan, Inc. currently employs over 100 highly qualified professionals and provides construction management services throughout Massachusetts, Connecticut and Rhode Island, New Hampshire, Maine, Vermont, New York, New Jersey and in Louisiana. The company employs proven methods to ensure the preconstruction process is tightly controlled through every step from conception to delivery, and that our clients are always satisfied with the final product.*

Mr Fraser asked if this represented 100% of One North. Mr Robinson answered yes.

Mgr Ash then provided the Board with a copy of the Delaware filing of One North as an LLC.

Mr Gonsalves asked if this represented 100% of One North. Mr Robinson said yes.

Mr Fraser asked if the entity is an umbrella. Mr Robinson said in order to get EBSB or someone else to finance the project, Chelsea North felt it needed to bring in someone with more development experience, so they brought in Gate Residential on a joint venture agreement to strengthen the team.

Mr Gonsalves asked if the One North LLC was for this venture. Mr Robinson said yes. Mr Gonsalves asked if Chelsea North retained day to day say in the project, which Mr Robinson said yes.

Mr Gonsalves said that One North is a compilation of 3 groups. Mr Fraser agreed saying that it is transferring the rights from Chelsea North to the others, including Chelsea North.

Mr Coates asked who was making the request for the transfer. Mgr Ash said Mr Robinson. Mr Coates asked if Mr Robinson was a partner of Chelsea North. Mr Robinson said yes, 1 of 2 managing partners.

Mr Gonsalves asked if the bank was giving the loan to One North. Mr Robinson said yes.

Mgr Ash said that Chelsea North was solely responsible for the land payment on the acquisition.

Mr Fraser asked if the Board was just being asked to consent to the assignment. Mgr Ash said yes.

Mgr Ash then went on to review the Letter Agreement before the board.

Mr Gonsalves asked why the Board was being asked to do a taking on Phase II. Mgr Ash said it was common for urban renewal authorities to do a confirmatory taking to clear the title on the property.

Mr Coates asked what the difference was between a confirmatory taking and a regular taking. Mgr Ash said a confirmatory taking would generally clear title of those people who could not be identified as holding an ownership stake in the property. Otherwise, a regular taking would involve identifying and notifying people with an ownership stake of the extinguishing of their rights. In this case, the Board would be doing a confirmatory taking.

#### **MOTION:**

In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of December 21, 2011 (the "LDA") between the Chelsea Economic Development Board (the "Board") and Chelsea North, LLC (the "Redeveloper") with respect to so-called "Disposition Parcel 5" (Map/Lot nos., 56-4, 56-5A, 56-5B, 56-17, 56-19, 56-21, 56-22, and 56-23) within the Everett Avenue Urban Renewal Area (the "Phase I Property"), which LDA was approved by the Department of Housing and Community Development on March 22, 2012, the Board hereby adopts the following motions:

1. To authorize the Chairman of the Board to enter into an agreement with Redeveloper (the "Letter Agreement"), which Letter Agreement supplements certain terms and conditions of the LDA, including (a) the acquisition by exercise of eminent domain of the real property supposed to be owned by the Redeveloper located at 240, 250 and 260 Maple Street and 140 and 160 Blossom Street, Chelsea, Massachusetts (Map/Lot nos. 56-7; 64-4; 63-12; 56-6; and 55-18) (the "Phase II Property"), (b) the subsequent re-conveyance of the Phase II Property to the Redeveloper, all for nominal consideration and the Redeveloper's agreement to waive all claims for compensation and other damages and to indemnify the Board against claims and liabilities arising in connection with said acquisition and re-conveyance, (c) the assignment of the Redeveloper's rights under the LDA to its affiliate, One North of Boston, LLC (the "Assignee"); and (d) the confirmation of certain other minor modifications made to implement the intent of the LDA concerning the closing date, the schedule for construction of improvements and infrastructure and the timing of payment of the purchase price, 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.
2. To authorize the Chairman of the Board to execute and record an order of taking with respect to the Phase II Property, a deed for the Phase II Property and to execute all other documents and take all such other actions as may be necessary or desirable to take the Phase II Property by eminent domain and thereafter re-convey the Phase II Property to the Redeveloper.
3. To authorize the Chairman of the Board to execute a deed to convey to Assignee the Phase I Property, and to execute all other documents and take all such other actions as may be necessary or desirable to convey the Phase I Property and consummate the transactions contemplated by the LDA.

Offered by Mr Fraser and seconded by Mr Coates. On the motion, the Board voted 4-0, thereby adopting the motion.

#### **URBAN RENEWAL – Chelsea Gateway**

Chrm Pantano asked for an update on Chelsea Gateway. Mgr Ash said he has been working with staff and the EPA, DEP, MassDevelopment and the developer on a hotel for the Lawrence Metal property. All have been helpful, with the EPA offering up \$1m towards the cleanup of the environmental issues on Lawrence. MassDevelopment will put up \$250k, and the City and developer are directing the \$1m in escrow to the cleanup.

The developer is also spending money on plans and holding on to a flag. EPA has requested additional testing which will then inform the extent and cost of the cleanup. It is hoped that a plan will be approved by the parties, cleanup will take place, and the land will be delivered ready to the developer by June or July. The developer is fully committed to the project, and may consider a 40 room expansion of the Residence Inn as well.

**OTHER**


Mgr Ash said the City is progressing on acquiring the Central Avenue property for a future hotel as well. There is no word from the Symbolis on the status of the FBI project.

**MOTION: To adjourn.**

Offered by Mr Coates and seconded by Mr Fraser. On the motion, the Board voted 4-0 in the affirmative, thereby adjourning.

The meeting adjourned at 7:40p.

Offered by

  
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Timothy Fraser  
Secretary