

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

MEETING MINUTES

June 23, 2014

Chairman Pantano convened the Board at City Hall at 6:15p. In attendance were Chrm Pantano, members Ted Coates and Tim Fraser, City Manager Jay Ash, and members of the public.

PUBLIC SPEAKING

Chrm Pantano opened the meeting for public speaking. Mr. Richard Driscoll inquired if anything about his property would be raised this evening. Mgr Ash responded in the negative and said he emailed Mr. Driscoll to that end. Mr. Driscoll reported he did not see the email. Hearing no other members of the public wishing to speak, Chrm Pantano closed that portion of the meeting.

MINUTES

MOTION: To adopt the minutes of the April meeting.

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

URBAN RENEWAL – Chelsea Gateway

Chrm Pantano asked for an update on the EPA clean-up and the hotel project.

Mgr Ash said he had been in regular contact with the EPA. The project was near complete, with only some additional cleanup on the MA DOT property left. There was general agreement to allow for several spots on the northern end of the site to remain at above 50 parts per billion, but under 100 parts, as the cost was high to get to the lower number, and the hotel would act as a cap anyway. The parking lot would remain at under 100, with the parking lot being the cap. Utility lines were provided for clean corridors and other actions were taken to enhance the site for the hotel construction.

Regarding the hotel, a new designed was reviewed and approved, making the hotel look much sleeker. Work was ongoing on infrastructure, including the burying of utility lines, with much of that work being completed with State funding through the MassWorks program. The developer is reporting a September groundbreaking on the Hilton Homewood Suites.

URBAN RENEWAL – CROP

Chrm Pantano welcomed Mr Mark Robinson and Mr Mark White and asked for an update on the One North Project.

Mr. Robinson said the project was 97% leased. Six units are still left. They have beat everyone's expectations. The doggie day care was big, they have 65 dogs in the building. They expect everyone to have moved in by September 1st. The second half of the building was just opened two weeks ago. Pool is almost set, maybe to be completed this weekend. The grand opening of the building is July 16, from 4-8p. Permanent financing with close in September, and they have a term sheet for Phase II, each from East Boston Savings. They are at design docs to get to construction docs. Will do a foundation only permit to get going. They have a clear lane to do so in September, geopiers in November, steel in January. They expect to have a construction loan in November. The new building will feature bigger windows, better public space, a half court indoor basketball space. Residents of each phase can use the public facilities in the other. So far, everything is going incredibly well.

Mgr Ash asked if anything was changing regarding the footprint of Phase II – Mr Robinson said no, noting that there would be one level of parking and 5 stories above.

Mgr Ash asked what the exteriors would look like. Mr. Robinson said similar panels, but different colors. The buildings shouldn't look like brothers and sisters, but cousins. There will be larger windows and more articulation. The rents and rates per square foot are anticipated to be higher.

Mgr Ash explained that the Board is being asked to once again approve the sale of the two small Board parcels in Phase II, and to allow for the lien on Phase II for the Phase I land to be returned to Phase I, now that it is complete. Mgr Ash said it was necessary to make such a switch because no bank would fund the construction of Phase II with the Board having a first position on the property should the project go into default. An estimate of value of Phase I shows that there is plenty of capacity in the financing for the Board to take a second position on Phase I, with excess equity existing in the event of a market decline and a bankruptcy. The developer would still make payments on the loan.

Mr Coates asked if the terms and repayment stay the same on the loans. Mgr Ash answered yes.

Mr Coates asked if the hot sauce building was staying. Mgr Ash said it was anticipated to stay now, as the design of the Phase II project does not require the demoing of that building. By keeping the building, it will make it easier for it to be an ancillary support of the project, like a restaurant or a convenience store, somewhere in the future.

Mgr Ash provided the Board with a summary of actions the Board has taken in the past regarding the Phase II development, which is now committed to the record as follows:

April 15, 2014

MOTION: To adopt Motion 1, to adopt Amendment 1 to the LDA, which read:

In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of November 24, 2009 (the "LDA") between the Chelsea Economic Development Board (the "Board") and Chelsea North, LLC (the "Redeveloper"), and based upon an appraisal as to the value of \$734,000 for the parcels as of November 24, 2009, Section 101 (a) is hereby amended by striking "Seven Hundred Twenty-five Thousand dollars (\$725,000) and replaced with: "Seven Hundred Thirty-four Thousand dollars (\$734,000).

Sept 17, 2013

MOTION: In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of November 24, 2009 (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. 63-13 and 63-16) within the Everett Avenue Urban Renewal Area (the "Board's Phase II Property"), which LDA's approval is pending before the Department of Housing and Community Development, the Board hereby adopts the following motion:

1. *To reaffirm its support and approval for the LDA as dated November 24, 2009.*

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

MOTION: In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of November 24, 2009 (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. 63-13 and 63-16) within the Everett Avenue Urban Renewal Area (the "Board's Phase II Property"), which LDA's approval is pending before the Department of Housing and Community Development, the Board hereby adopts the following motion:

2. *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 assignment of the Redeveloper's rights under the LDA with respect to Map/Lot no. 63-16 to its affiliate, Bryson Road LLC (the "Assignee") and the approval of the Assignee's right to lease the existing billboard located on Map/Lot no. 63-16 to Lamar Advertising Company, or other comparable billboard operator;

(b) the confirmation of the continuation on a portion of Map/Lot no. 63-16 of all uses presently conducted, or like uses as consistent with local zoning or approved, if necessary, by the Chelsea Zoning Board of Appeals, with any new use also requiring approval by the Board;

(c) the confirmation of certain other minor modifications made to implement the intent of the LDA concerning the closing date, including the extension of the time for the closing to take place, as cited in Section 101(c)(f), by striking "one hundred eighty (180) days" and replacing it with "two hundred seventy (270) days", and the allocation of the purchase price between Map/Lot nos. 63-13 and 63-16; and

(d) the acceptance of a first mortgage on Map/Lot no. 63-13 in favor of the Board, 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.

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

MOTION: In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of November 24, 2009 (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. 63-13 and 63-16) within the Everett Avenue Urban Renewal Area (the "Board's Phase II Property"), which LDA's approval is pending before the Department of Housing and Community Development, the Board hereby adopts the following motion:

3. *To authorize the Chairman of the Board to execute a deed to convey to the Assignee Map/Lot no. 63-16 and to convey to the Redeveloper Map/Lot no. 63-13, to accept a first mortgage on Map/Lot no. 63-13 and to execute all other documents and take all such other actions as may be necessary or desirable to convey the Board's Phase II Property and consummate the transactions contemplated by the LDA.*

December 4, 2012

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.*

September 18, 2012

MOTION: The Economic Development Board authorizes its Chairman, Richard Pantano, to execute, by and on behalf of the Board, such documents as may be necessary to convey City tax map parcels 56-4, 56-5A, 56-5B, 56-17, 56-19, 56-21, 56-22 and 56-23 to Chelsea North, LLC, in conformance with the Land Disposition Agreement entered into by the Board and Chelsea North on December 21st, 2011.

December 12, 2011

MOTION: To accept the Phase I LDA as amended.

Chrm Pantano requested that the proposed motions add "in the same amount" following "First Mortgage:

MOTION (as amended):

In connection with that certain Land Disposition Agreement for the Sale of Land for Private Development dated as of November 24, 2009 (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. 63-13 and 63-16) within the Everett Avenue Urban Renewal Area (the "Board's Phase II Property"), which LDA was approved by the Department of Housing and Community Development on March 21, 2014, 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 substitution and acceptance of a second mortgage (the "Second Mortgage") in favor of the Board on the Redeveloper's Phase I Property (Map/Lot nos. 56-4, 56-5A, 56-5B, 56-17, 56-19, 56-21, 56-22 and 56-23) for the first mortgage (the "First Mortgage") in the same amount and held by the Board on the Redeveloper's Phase II Property (Map/Lot nos. 55-18, 56-6, 56-7, 63-12 and 64-4) and the discharge of the same; (b) the subdivision of the Map/Lot no. 63-16 to create a separate parcel for the existing billboard (the "Billboard Parcel"), the transfer of the Billboard Parcel to Redeveloper's affiliate, Bryson Road LLC (the "Bryson Road"), and the approval of Bryson Road's right to lease the existing billboard to Lamar Advertising Company, or other comparable billboard operator; and (c) the confirmation of certain other minor modifications made to implement the intent of 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.

2. To authorize the Chairman of the Board to execute a deed to convey to the Redeveloper Map/Lot nos. 63-13 and 63-16, to accept the Second Mortgage and discharge the First Mortgage in the same amount, and to execute all other documents and take all such other actions as may be necessary or desirable to convey the Board's Phase II Property and consummate the transactions contemplated by the LDA.

Offered by Mr. Coates and seconded by Mr Fraser. On the motion, the Board voted 3-0 in the affirmative, thereby adopting the above motion with two authorizations.

Mgr Ash asked the Board to consider confirming the affordable housing language in Section 308 and to accept the payment of \$50k per unit of affordability in place of requiring 22.2 units of affordability in the proposed 222, Phase II development.

MOTION: Pursuant to Section 308 and the redevelopers commitment to exercise clause "ii", the Board hereby acknowledges and accepts the redevelopers offer of \$50k per unit of affordability on 22.2 units, or 10% of any number of units above 222 total to be constructed in Phase II, and agrees that said payment shall be due to the Board or its designee at a time that is no later than the issues of a Certificate of Occupancy by the City's building inspector for the entire Phase II development.

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

Mgr Ash asked Mr Robinson what is next for the Phase II development. Mr Robinson said 1. Record the land sale and mortgage, 2. Petition the ZBA for a sub-division, 3. Secure a construction loan by November, and 4. Begin earth moving and foundation

work in September. There is some risk in doing the earth moving and foundation work prior to securing the construction loan, but we're willing to take the risk to stay on schedule and get the building under construction as soon as possible.

Mgr Ash asked what might stop Phase II from happening. Mr Robinson said that they were confident about underground issues, but that could always pop up, as well as something that caused the bank to stop the financing process. In Phase I, they estimated that it would cost \$150k for underground problems, it was \$250k. East Boston Savings is good on where we are with underground possibilities, but if the market was to collapse that could present a problem.

Mr White added that cost overruns could also be a problem.

Chrm Pantano inquired further about the conditions of the land on Phase II. Mr Robinson said the conditions were not as favorable, for example the foundation of Strahan is still in the ground, and there may be some hot spots that need to be sent off-site. Mr White also noted that the land is the new flood plain – as a result, they are building 3 feet higher, with the top floor going from 11 feet down to 10 feet to help compensate for that.

Chrm Pantano asked what is happening with construction costs. Mr Robinson said they are initially looking at a 16% increase. Windows and HVAC are significantly higher. Total project cost is up 18%, plus they are carrying a 3% inflation factor.

Chrm Pantano asked what the rent projections are. Mr Robinson said they are up 3 ½% on the existing units, and Phase II rents are the same.


Chrm Pantano thanked Mr Robinson and Mr White for the presentation.

MOTION: To adjourn.

Offered by Mr Fraser and seconded by Mr Coates. On the motion, the Board voted 3-0 to adjourn.

The meeting adjourned at 7:23p.

Offered by



Timothy Fraser
Secretary