

City of Chelsea
Economic Development Board
City Hall – Room 101
Chelsea, MA 02150
(617)889-8233

MEETING MINUTES

May 13, 2008

The meeting convened at 6:05p in the City Council Conference Room. In attendance were Chairman Richard Pantano, Members James Bill and Timothy Fraser and City Manager Jay Ash. Attending was also Chris Thomas and Kevin Saba.

Minutes

Mr. Fraser noted a correction in April 1st minutes, which Mgr Ash then changed. Chairman Pantano notes that Rodriguez should be Ruiz, which Mgr Ash also changed.

MOTION: To approve the minutes of the previous meeting.

Offered by Mr. Fraser and seconded by Mr. Bill. On the motion, the Board voted 3-0 in favor, thereby adopted the minutes.

Public Speaking

Chrm Pantano asked if there were any members of the public who wished to speak. Hearing none, he closed that portion of the meeting.

Urban Renewal – Chelsea Gateway

Chrm Pantano asked Mr. Saba and Ms. Thomas to make a presentation on their pending hotel project.

Mr Saba promised to provide items to the Board, including on site plan, elevations, equity partner, operator - Pro-Con, project timetable, budget, scope, feasibility update - which is being updated, licensing agreement. We wish to develop a hotel node in Chelsea and all the reviews, to date, are favorable. We still need to finalize the environmental completion, financing – as we don't want a commitment now because rates are likely to be more favorable down the road, and an executed licensing agreement. We remain very high on the project. He then introduced Ms. Thomas.

Ms. Thomas indicated that they want to develop a select service level hotel which is a new Choice brand, the Cambria Suites. Choice is under-represented in Boston, this hotel is needed a global distribution network. The plan shown recommends 130 unit development, but the shape

allows for 126 with 52 parking spaces, which are insufficient to meet our needs. Could do parking under the building, if we don't resolve the Lawrence Metals environmental site.

Mr. Saba discussed the first floor plan with the potential for parking.

Mr. Bill asked if the plans reflect parking on Lawrence. Mr. Saba said yes, otherwise another 10-12 more spaces are needed on the Palmer which might be accomplished outside of the building.

Ms Thomas said the bar is in an open space and designed and featuring Wolfgang Puck; the restaurant offering was a healthy menu with light fare designed by Cheesecake Factory designers, and the larger than typical fitness and pool design was done by the Hard Rock people.

It is an all suites hotel. She believes it is good for Chelsea to have more hotels to create a lodging node.

Ms Thomas asked if we should pull the hotel off of the property line to allow for off road drop off.

Mr. Bill said that if the 10-12 spaces could go across the street then there will be a surplus, though there may be a need for more parking. Mr. Saba said yes, they would like 1 space per unit, not the ½ to 1 that is required by zoning. Beyond the hotels need, there will be meeting, health club training and a need, therefore, for more parking.

Mr. Bill asked if any neighbors need parking and whether they might contribute to a parking garage. Mr. Saba said no, and unless money came for a garage it is unlikely that a garage might be built.

Chrm Pantano asked how many spaces could be fit onto Lawrence. Mr Saba says it depends on the cleanup process, but as many as 150 spaces were possible.

Chrm Pantano asked if the construction could change mid stream if parking was to become available on Lawrence. Mr. Saba said it could be but lenders like certainty. They may try to pick up parking on the lot before going underneath the building. They believe the matter will be solved in enough time.

Chr Pantano asked if the enviro issues on Lawrence were going to be solved in time. Mr. Saba said they don't know what the EPA will require, but they believe a cap with parking is not an unreasonable outcome.

Mr. Bill asked if a deck of parking effect the density of the project. Mr. Saba said they were not talking about a deck at this time.

Mgr. Ash notes that Mr. Bill's plan is an earlier version of the proposal. The developer is not looking at the deck now.

Mr Bill asked if they could do more than 130 rooms. Mr Saba answered yes, depending on market conditions.

Mgr Ash asked if the entrance of the hotel should be against the parking lot. Mr Saba said they need to manage the rear entrance, but the current entrance relates to the neighborhood, where the Emerald Block and the Mall are being developed.

Mgr Ash took out an aerial photo of the area.

Ms. Thomas points out that Lawrence Metals is below the Rt 1 grade. Mr Saba noted that they want the hotel to relate to the neighborhood. Ms. Thomas added that this is how an urban, not suburban, feel as to hotel presents itself, the area will be stunning.

Mr. Bill said you couldn't ask for any closer access. Ms. Thomas agreed and said the site relates well to the highway and is positioned to other hotels in the area.

Chrm Pantano said the site is the second best, with Lawrence being a better site. Mr. Saba said the subsurface conditions on the Palmer parcel were actually better, and that the Lawrence site could be tied up in environmental review for up to 10 years.

Mr. Bill asked if there could be a third hotel. Mgr Ash answered maybe.

Mgr Ash asked about the restaurant. Mr. Saba said it will be a full restaurant, no fryolators, cook to order breakfast and a limited menu dinner.

Mr. Bill said he hoped that it will accommodate parking for Chelsea residents who want to attend the restaurant. Mr. Saba said that's why they want so much parking.

Mr Bill asked if the hotel was marketed as an inside or outside restaurant. Ms. Thomas said it varies. Hotel guests and especially airport related patrons need to be made to feel as house guests and need to be comfortable and people come to meet them there. The restaurant will allow for that and will also be enjoyed by locals looking for a light fare.

Chrm Pantano asked about the function room. Ms. Thomas said yes it will have food and beverage. Looking at the site to see how many parking spaces will be available. The function room could be 250 people.

Chrm Pantano asked about the fitness room. Ms. Thomas said the public use depends upon the city's ability to receive it and available parking. There would be an attendant who could be a personal trainer. It would be more than lots of people coming through like a traditional fitness center.

Chrm Pantano asked how many Cambrias would exist. Ms. Thomas said there are 6 open and 72 in the pipeline. Chrm Pantano asked where the closest hotel was. Ms Thomas said Akron, but there are plans for RI, Manhattan and Brooklyn on the drawing board.

Chrm Pantano asked who was the competition. Ms Thomas said there are new life style brands, like the Hilton Garden Inn, Hyatt Place and Loft from Starwood vs select services – the new line is meant to be more residential.

Ms Thomas said the equity partner was confident about the site and the market. The equity partner has a hotel background with 20 years of experience. He won't be the operator, but has an eye for detail. They reviewed his financial statement, he is very bankable, with both a high net worthy and plenty of liquidity. They think financing terms will get better with time.

Mr. Fraser asked from where he was based. Ms. Thomas said CT, but resides in Boston, with hotels in central Mass and Vermont.

Mr Fraser asked if it would be solely him or a partnership. Ms. Thomas said just him.

Ms. Thomas said the managers were from award winning properties in New England. Pro-Con is the biggest builder of select service hotels. She estimates the project to be \$15m, \$13.5 hard and \$1.5 for soft costs. She sees trends in the market are upward across the board. What is presented can move forward so they can get environmental work done. The parking will dictate additional services.

Mr. Bill asked what was next. Ms. Thomas said the LDA.

Chrm Pantano thanked Mr. Saba and Ms. Thomas for the presentation.

Urban Renewal – CROP

Mgr Ash noted that the City Council had voted to transfer land to the ED Board. That land is two unbuildable parcels, 252/254 Spruce Street. The idea has been to transfer the parcels to JPI as part of their development. It is highly desirable for them to control the block. They have made private acquisitions on the other end of the block to do so. While it is recommended that they gain control of 252/254, the City is making a provision for the abutter at 250 to gain a portion to enlarge that property. JPI will draft a site plan for the City to approve. Once that is done, the LDA will be amended to include the remaining property in the JPI LDA, and the Board and State will need to approve it.

Mr. Bill asked about the valuation. Mgr Ash noted they are unbuildable lots, but that they will contribute to allow for the overall number of units to be built by JPI, and, per the LDA, the City would receive \$27,000 per unit built.

Mrg Ash also noted that there is a 1,000 s.f. parcel on the corner of Sixth and Maple that JPI requires to square off its parcel. This is done because the City has kept a portion of the land up against Spruce to accommodate a new turning lane, thereby shifting the entire building towards Maple. The City Council has also approved this.

MOTION: To accept 252/254 Spruce from the City Council as follows:

CITY OF CHELSEA

ECONOMIC DEVELOPMENT BOARD

RESOLUTION AND VOTE

WHEREAS: The City of Chelsea Economic Development Board is an urban redevelopment agency created by and operating in accordance with Massachusetts General Laws Chapter 121B; and

WHEREAS: The City of Chelsea Economic Development Board is a successor in interest to the former City of Chelsea Redevelopment Authority; and

WHEREAS: In furtherance of the objectives of the Urban Renewal Act, the City of Chelsea Economic Development 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 CROP;

WHEREAS: The City of Chelsea holds title to certain parcels of land known as 252 and 254 Spruce Street, Chelsea, Massachusetts and as shown on the attached deed and voted on February 11, 2008 to transfer said parcels to the Economic Development Board and

NOW, THEREFORE, The Chelsea Economic Development Board hereby accepts the transfer of two parcels known as 252 and 254 Spruce Street, Chelsea, Massachusetts.

Adopted on this day of May, 2008 by a majority of the members of the Chelsea Economic Development Board, consisting of members, by a vote of ___ to ___.

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

MOTION: To accept the 1,000 s.f. parcel at the corner of Sixth and Maple as follows:

**CITY OF CHELSEA
ECONOMIC DEVELOPMENT BOARD**

RESOLUTION AND VOTE

WHEREAS: The City of Chelsea Economic Development Board is an urban redevelopment agency created by and operating in accordance with Massachusetts General Laws Chapter 121B; and

WHEREAS: The City of Chelsea Economic Development Board is a successor in interest to the former City of Chelsea Redevelopment Authority; and

WHEREAS: In furtherance of the objectives of the Urban Renewal Act, the City of Chelsea Economic Development 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 CROP;

WHEREAS: The City of Chelsea holds title to certain parcel of land of approximately 1,000 s.f. and described in a deed dated September 7, 1954 and known as the Commonwealth of Massachusetts Layout #4190 Order of Taking Section 1, said parcel being at the corner of Maple Street and Sixth Street and voted on May 5, 2009 to transfer said parcel to the Economic Development Board and

NOW, THEREFORE, The Chelsea Economic Development Board hereby accepts the transfer of approximately 1,000 s.f. at the corner of Maple and Sixth Streets, Commonwealth of Massachusetts Layout #4190 Order of Taking Section 1.

Adopted on this day of May, 2008 by a majority of the members of the Chelsea Economic Development Board, consisting of members, by a vote of ___ to ___.

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

MOTION: The City Council having effectuated the transfer of property at 252 Spruce Street, 254 Spruce Street and an approximate 1,000 s.f. portion of property at the corner of Maple Street and Sixth Street, as described in the deed dated September 7, 1954 and Commonwealth of Massachusetts Layout Plan #4190, to the Economic Development Board for the purpose of promoting development consistent with the goals of the Everett Avenue Urban Renewal Plan, and the Economic Development Board having qualified a developer to carry out its goals in the Chelsea Residential Overlook Project area of the EAUR Plan, the Board does now grant that developer, JPI, designation rights to the aforementioned properties for inclusion in its redevelopment plan for CROP, with the intent on deeding those properties to JPI upon conclusion of an amendment to the LDA between the parties and approval of that amendment by DHCD.

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

OTHER

Mgr Ash reports that JPI continues to work on the MEPA certificate. MEPA looks like it will not require any additional filings, which is the best news that could be received. Final word should happen soon.

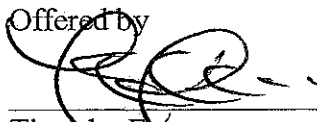
Mgr Ash reports that ACS Development is trying to attract the FBI Headquarters to Chelsea. It is a long shot, but several meetings have taken place and the site meets their requirements. He also has a meeting with ACS and the Mystic Mall coming up in June to discuss mutual interests around the development of both properties.

MOTION: To adjourn

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

The meeting adjourned at 7:30p.

Offered by



Timothy Fraser
Secretary