

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

MEETING MINUTES

October 21, 2008

The meeting convened at 6:11p in the City Manager's Conference Room. In attendance were Chairman Richard Pantano, Members Timothy Fraser and Jackie Ruiz, City Manager Jay Ash, Kevin Saba, Chris Thomas, Bob Boulrice and Councillors Roy Avellaneda and Leo Robinson.

PUBLIC SPEAKING

Chairman Pantano opened the meeting up for public speaking, asking if any member of the public wished to address the Board. Hearing none, he closed public speaking.

Chelsea Gateway – DMG/Choice

Chrm Pantano recognized Mgr Ash who reintroduced Kevin Saba of DMG and Chris Thomas of Choice Hotels. Mgr Ash said the two were here to sign the LDA and he just wanted to have them come in for a re-introduction, not that they needed one. Mr. Saba said that while the market was in the state of flux, Choice was a solid organization and ready to move forward. Ms. Thomas said the group that was part of the original presentation has stuck together and have formed a strong partnership. The LDA is very workable. Choice is willing to place either equity or debt in the project. Hotel numbers in Greater Boston are holding up. They are relative flat but stable. There is lots happening in the travel and tourism market in Boston, and that means the Chelsea hotel will be a good hotel. The building hasn't physically changed much. They are doing hard-estimates now and are looking forward to completing the due diligence on time.

Mgr Ash asked how many rooms the hotel will be and when will construction begin. Ms. Thomas said they are at 129 rooms now, but that come move. Construction and completion should be in line with the LDA. Due diligence will be completed in December. They should close on the land by October 2009.

Mgr Ash reminded the Board that at its last meeting, the Board authorized the Chairman to sign the LDA. There were two changes that border on significant, so, while the LDA is ready to go, the Board may wish to review those changes and reaffirm its votes. Change one relates to the purchase price. The Board and redeveloper have agreed upon a price of \$1,865,000, which is fully supported by the appraisal. In July, \$1m of the total was to then be directed into escrow. Because the developer would prefer not to have \$1m tied up while environmental issues are being addressed by the Board, the agreement provides for a \$1m bond to be posted instead. That bond would be callable just as an escrow fund could be accessed. The second change relates to the City offering to cover up to \$100k in due diligence expenses. Choice wasn't sure if it should

move forward on spending money without the State having approved the agreement. The City is offering to back up the cost of doing so during the period in which the State is reviewing the LDA, so that no time would be lost in getting a project done quicker than later.

Mr. Fraser asked if there was a deposit as well, and would that be from the bond or the proceeds. Mgr Ash said yes, there was a \$10k deposit, a \$1 million bond and an \$855k payment at closing.

Mr. Fraser noted there was a typo page 7(b). Mgr Ash corrected the record.

MOTION: To accept the changes to the DMG LDA as reflected in the Version 6 draft of the LDA, to endorse the LDA and to re-authorize the Chairman to sign the agreement.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 to adopt the motion.

Chrm Pantano thanked Mr. Saba and Ms. Thomas for their faith and commitment in Chelsea. Mr. Saba did the same for the Board's faith and commitment in them.

MINTUES

MOTION: To adopt the minutes of the previous meeting.

Offered by Ms. Ruiz and seconded by Mr. Fraser. On the motion, the Board voted 3-0 to adopt the minutes.

URBAN RENEWAL – Amendment 4

Chrm Pantano asked Mgr Ash to review the matters involving Amendment 4 of the Everett Avenue Urban Renewal plan. Mgr Ash explained at recent meeting, the Board adopted an Amendment 4 that added six parcels to the urban renewal district. He took out a map and pointed to those parcels. Subsequent to that vote, but previous to it being submitted to DHCD, it was re-determined by staff that four of the six parcels were not needed to be in the urban renewal district. So, staff was recommending the rescinding of the previous Amendment 4 vote, and the adoption of a new Amendment 4. That new Amendment 4 would only add to the two City parcels. Once the Amendment 4 was adopted, the Board could also petition the State to accept the transfer of the two City parcels to be placed in the disposition are for JPI.

Mr. Fraser asked if the excluded 4 parcels were the ones on the Maple Street side of Heard, to which Mgr Ash answered yes.

Chrm Pantano aside if the Board would have to approve the purchase of the four parcels. Mgr Ash said only if they were in the urban renewal district and if they were going to be used for some other use.

MOTION: To withdraw the Board's approval of the Amendment 4 adopted at its April 1, 2008, for the purpose of entertaining a new Amendment 4.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 to adopt the motion.

MOTION: To adopt the following:

**City of Chelsea - Economic Development Board
Everett Avenue Urban Revitalization and Development Project**

Dated: October 21, 2008

Amendment No. 4

- WHEREAS,** the Chelsea Economic Development Board (the "Board") has approved an urban renewal plan entitled the "Everett Avenue Urban Revitalization and Development Project" (the "Urban Renewal Plan"), which provides for the acquisition, clearance, rezoning, redevelopment and/or rehabilitation of decadent areas in the City of Chelsea (the "City"), and
- WHEREAS,** the Massachusetts Department of Housing and Community Development approved the Urban Renewal Plan in accordance with the requirements of Mass. Gen. L. c. 121B on July 6, 1998, and subsequently amended by Amendment No. 1, adopted September 25, 2001, Amendment No. 2, dated December 13, 2005, and Amendment No. 3, adopted February 13, 2008 dated
- WHEREAS,** in order to fully accomplish the objectives of the Urban Renewal Plan, the Board wishes to amend the Urban Renewal Plan to enable the Board to expand the boundaries of district to include two residential parcels in the district, those parcels being identified on the City of Chelsea tax maps as 56-24, 56-25 and as shown as Map No. 1.1 – Amended Project Boundary Map, and
- WHEREAS,** the Board further wishes to designate those two parcels, both of which are unbuildable lots whose ownership has been transferred by the City to the Board, into an Expanded Disposition Area No. 5, as shown as Amended Map No. 9D – Disposition Map, and
- WHEREAS,** the inclusion of the two parcels in the proposed expanded district and Disposition Area No. 5 will better promote the maintenance and/or redevelopment of the parcels in a manner consistent with the remaining redevelopment of Disposition Parcel 5 proposed by JPI, its approved redeveloper, and

NOW, THEREFORE, the Board takes the following actions to amend the Urban Renewal Plan and create a new disposition parcel:

1. The Everett Avenue Revitalization and Development Project shall encompass all previously approved parcels and two new parcels, 56-24, 56-25, found on the City of Chelsea tax maps, with all reference to the Urban Renewal Plan area from this date forward being inclusive of said two parcels, and
2. There shall hereby be designated an Expanded Disposition Area No. 5, said district which shall include parcels 56-24 and 56-25 of the City of Chelsea tax maps.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 to adopt the motion.

Urban Renewal – Dryco

Mgr Ash noted that a minor issue was before the Board. Dryco was locating on Everett Avenue. There is a belief in urban renewal regs that the Board needs to approve every occupancy. Whether or not that is the case, this matter seemed routine in that the dry cleaner was a use consistent with the plan and would seem to provide an ancillary service in the district.

MOTION: To approve the use of the property known and numbered as 228 Everett Avenue for Dryco Cleaners as consistent with the Everett Avenue Urban Renewal Plan.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 to adopt the motion.

Urban Renewal – JPI

Mgr Ash informed the Board that he had been in contact with JPI and that the financial market crisis was impacting JPI's ability to raise capital. JPI remains committed to the project and is in contact with several other sources for financing. Tom O'Brien of JPI continues to maintain that the Chelsea project in the urban renewal district is a top priority for him and his company. It may take

MOTION: To adjourn.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 to adopt the motion.

The Board adjourned at 6:58.

Offered by



Timothy Fraser
Secretary