

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

MEETING MINUTES

October 27, 2010

The meeting convened at 6:10p in the City Manager's Conference Room. In attendance were Chairman Richard Pantano, Members Tim Fraser and Jackie Ruiz, and City Manager Jay Ash. Also present were Mark Robinson and Mark White

MINUTES

Motion: To adopt the minutes of the April and June meetings.

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0, thereby adopting the previous meetings minutes.

PUBLIC SPEAKING

Chrm opened with no one wishing to speak and then closed.

URBAN RENEWAL – CROP

Chrm Pantano welcomed Mark Robinson and Mark White to make a presentation. Mr. White said they have just finished quarterly reviews of multi-family properties in the area of Chelsea, Medford and Revere, and occupancies are as high as 97%. There use to be concessions on rent, but those seem to be dwindling. Construction pricing is good for a new project, but banks haven't opened up to lending at a point that makes the project a go at this point. So, they will need higher rents or lower loan rates to go. But, the sense is that is coming. Basically, they are looking at a very similar project to JPI. Mr. Robinson then engaged in a discussion about the available loan programs they have explored.

Mr Fraser asked if the stringent loan restrictions were loosening up, to which Mr. Robinson said yes.

Mr. Robinson also noted that there is still a fair amount of friction about locating a project in Chelsea, but he believed that the local businesspeople who couldn't see the inherent strength of Chelsea and this particular project were missing something.

Chrm Pantano stated that it must be an image thing, because the location couldn't be better. Mr. White agreed that the image doesn't match the reality. He noted that like in the case of the Wyndham, it only takes one to see it and get the deal done.

Chrm Pantano suggested that the graduate student market could help get the rental market over the hump. Mr. White agreed and said he hoped to get to the point where it takes off like Southie, Charlestown and Somerville. Chrm Pantano says it has to. Mr. White noted that no one is building, so the 1st project out of the ground will be great.

Chrm Pantano asked if financing was the biggest issue. Mr. Robinson said it was, and did a review of rents they were hearing from other properties and how those rents would translate into financing options. He also reviewed the cost of construction, around prevailing wage versus open shop.

Mgr Ash reviewed where the board was with the LDA, having reviewed the recent changes and reaffirming the financial aspects of the negotiated deal. He noted that the LDA would have to also be reviewed and approved by the State before it was the guiding document. He reviewed Section 101 a, 1 & 2, regarding the purchase price, c about the 24 months to close, f about the deposit, g about the development holding fee, h about the option to purchase the additional lot on Heard Street and 304 the construction timelines. Chrm Pantano stated that he thought the Board was ready to move forward on the LDA.

MOTION: To approve the LDA between the Board and Chelsea North for the redevelopment of Phase I of CROP, authorizing the Chairman to sign the agreement and the City Manager to forward the necessary paperwork to the State for its review and approval.

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

URBAN RENEWAL – CHELSEA GATEWAY

Chrm Pantano asked Mgr Ash for an update on Chelsea Gateway. Mgr Ash stated the project was a month or so behind because they were trying to get the cost of the project down, but that had nothing to do with financing. Financing seems to be going just fine. They were interested in setting the bidding of the project up for better construction pricing. They may wish to preload the property in December and look at a groundbreaking in March or so.

Chrm Pantano said that the hotel industry is up and that should continue be good news for the project.

Mgr Ash said he hopes the project will be filed with the ZBA prior to the next ED Board meeting.

WEBSTER BLOCK

Chrm Pantano asked Mgr Ash to review the details of the Webster Block development. Mgr Ash said there a groundbreaking at Webster Block on 120 units all market rate and 5,000 sf of retail or office. To facilitate that development, the City Council has

authorized the Economic Development Board to loan \$1.5 m to the project, to cover a gap in the financing of the project.

Chrm Pantano asked why the Board would do the loan if the project is outside of the urban renewal district. Mgr Ash noted that the Council believes the Board to best be in position to judge a project, and that the Board had so acted in the past. To fund the loan, the Council has adopted a measure to secure \$500k from overlay surplus, which has been voted on by the Assessing Board, and \$1m in proceeds from a NSTAR payment on an easement on City property on Willow Street. The loans will be secured by Synergy, the developer.

Chrm Pantano asked if the City would be in second position in the chain. Mgr Ash answered in the affirmative.

Mgr Ash noted that the first \$500k is in place, and that the second \$1m would be in place soon enough to also lend that money out. There was a general discussion about the terms of the loan.

MOTION:

**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 programs to enhance and further the City of Chelsea's overall economic development goals;

WHEREAS: The City of Chelsea City Council has found that the housing and other mix uses proposed in the 1 Webster Avenue Development Project supports the City of Chelsea's economic development goals.

WHEREAS, The City Administration recommends that a loan in the amount of \$1.5 Million Dollars and pursuant to the attached Commitment Letter to Webster Block, LLC is required to help secure the advancement of the proposed project.

NOW, THEREFORE BE IT RESOLVED AND VOTED, that the Chelsea Economic Development Board hereby authorizes a loan to Webster Block, LLC for the Webster Avenue Development Project in the amount of \$1,500,000.00 substantially to the same terms and conditions as outlined in the attached Commitment Letter dated October 11, 2010;

BE IT FURTHER VOTED that the Chelsea Economic Development Board hereby directs and authorizes Jay Ash, City Manager to execute and deliver, on behalf of the Chelsea Economic Development Board, any and all documents loaning Webster Block LLC \$1,500,000 Dollars pursuant to the Commitment Letter dated October 11, 2010.

BE IT FURTHER VOTED that Jay Ash, City Manager is authorized to and directed to do any act or to take any action which may be required to carry out the intent of the foregoing votes.

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


OTHER

Mgr Ash said the Mystic Mall is putting up \$1m and the City is hoping to get a \$1m state grant to repair Everett and Spruce. An application is expected shortly. Nothing yet on the Simboli project. Discussion about the Thibeault property is continuing but nothing fruitful to report. Chrm Pantano asked if is zoned for light industrial, to which Mgr Ash answered yes.

MOTION: To adjourn

Offered by Mr. Fraser and seconded by Ms. Ruiz. On the motion, the Board voted 3-0 in favor, adjourning at 7:30p.

Offered by



Timothy Fraser
Secretary