

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

MEETING MINUTES

July 16, 2012

The meeting convened at 6:50p in the City Manager's Conference Room. In attendance were Chairman Richard Pantano, Members Tim Fraser, Ted Coates and Anthony Gonsalves and City Manager Jay Ash. Also present was Mark White and Mark Robinson.

NOTE FOR THE RECORD

Members Pantano, Fraser and Coates joined Mgr Ash at a tour of Residence Inn at 5:30. That site visit was posted.

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 April meeting.

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

URBAN RENEWAL – CROP

Chrm Pantano asked Mark Robinson and Mark White to provide the Board with an update on the project. MR said they were looking at a joint venture, talked to many to seek such a partnership, and have partnered with Gate Residential. Kyle Warwick has a good reputation and was most recently with Archstone. He has partnered with Damian Szary, who lived in Chelsea for a while and most recently worked at AEW. Both have great resumes in the area of multi-family housing. They are doing the MaxPak project in Somerville together. For equity, MR said they have Morgan Stanley. They are still working on the debt side and are looking at East Boston Savings and Sovereign. Have had good tours with each of them. Construction docs are being worked on. Jay (Ash) gave a 2 hour tour to Sovereign, which generated some more interest from them. MR said they have found many to be skeptical of Chelsea, despite all that has happened. They are looking at a late September, early October date to do site demolition.

Construction documents should be completed by the middle of October. Callahan will be the contractor; the difference with them was they would do a completion guarantee. Dolben Mgmt is also on board on the residential management side. Callahan will get on the site early to get beyond the winter issues. They think there is a real path towards development. They are encouraged by Everett Avenue being so alive, and Starbucks and Dockside add to that, and then people can walk to Admirals Hill.

MW added that they believe Chelsea is close to a tipping point. The FBI project and their own project may tip it, and the Marriott is helping all of us in getting our projects together.

Chrm Pantano asked if either East Boston or Sovereign is taking a percentage of ownership in the property. MR said no, they will only be financing the project.

Chrm Pantano asked if both were offering the same type of terms. MR said yes, at this level.

Chrm Pantano asked if the project was too big for East Boston. MR said no, but that they might see if others want to participate by taking a portion of the debt.

Chrm Pantano said that maybe people are too close to Chelsea to see what is actually happening here. MW commented that East Boston was aware of what was going on, having already financed a project on Webster Avenue.

MR added that many want to see that the Board and the City want things to happen – Sovereign wanted to see and hear it, and Jay and the LDA did it.

Mr Gonsalves asked when will the CDs start. MR said they wouldn't normally start until financing, but they're so excited and have started them already. Once CDs are done, the contractor will give a guaranteed maximum cost to build, and then they will go back to the bank to check in with the bank to confirm all the numbers.

Mr Gonsalves asked who was fronting the CD cost. MW said they are taking the risk by paying for the CDs to be done without the financing in place.

Mr Gonsalves said that the last time Chelsea North was before the Board the Board was told that the CDs were stopped. MW said yes, but now they are seeing enough to feel good to move forward.

Mr Gonsalves asked what percentage of the CDs are completed. MW said 10%.

Mr Gonsalves asked if he had it right that 65% of the financing would come from the bank and 35% from the developer. MR said the 35% comes from the development team, including Morgan Stanley and Gate Residential.

Mr Gonsalves asked if the project would be constructed non-union. MR said yes, it is the only way to make the numbers work. However, they will bid the project out both ways and make sure that both union and open shops get the bid package. They have met with union contractors and invited them to bid early, but either they have not or their proposals are several millions dollars more. The project just can't bear the additional cost.

Mr Gonsalves asked if there were any design issues. MW said they are thinking of tweaking the studios to create more 1 bedrooms by squeezing the courtyards a bit.

Chrm Pantano asked what the s.f. difference would be. MR said about 100 s.f. for the 1 bedrooms.

Chrm Pantano thanked MR and MW for attending and wished them luck.

OTHER

Mgr Ash noted that there was no official word on the FBI, but that it was okay to speculate about a fall start to the project. The Simboli's are continuing to work the project very hard.

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 7:45 p.

Offered by



Timothy Fraser
Secretary