

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

## MEETING MINUTES

May 11, 2009

The meeting convened at 6:05p in the City Managers Conference Room. In attendance were Chairman Richard Pantano, Members Timothy Fraser, Jackie Ruiz and Ben Faust, and City Manager Jay Ash. Also in attendance were Mark Robinson and Mark White of Chelsea North and City Councillor Matt Frank.

## MINUTES

**MOTION: To adopt the minutes of the March 10<sup>th</sup> meeting.**

Offered by Mr. Fraser and seconded by Mr. Faust. On the motion, the Board voted 4-0 to adopt the minutes.

## PUBLIC SPEAKING

Chrm Pantano opened the public speaking portion of the meeting. Hearing no one wishing to address the Board, Chrm Pantano closed that portion of the meeting.

## URBAN RENEWAL – CHELSEA GATEWAY

Chrm Pantano asked for an update on the hotel project. Mgr Ash said the hotel is still a go – tax relief is important – he went through a summary of the tax relief as proposed to the City Council – in total it provides about \$1m in relief. There are some title issues that the lawyers are resolving, but none seem unresolvable. The hotel is looking at an extended stay, which seems to be in vogue. It will make the rooms bigger.

Charm Pantano asked if it would have any impact on the number of rooms to be developed. Mgr Ash answered no.

Mgr Ash noted the parties are still working with EPA on the environmental issues across the street. It looks like they are deciding against a garage on Lawrence for now. In July or August there will be more discussion about design with the Board.

Mr. Faust asked if people stay in extended stay hotels forever – is there any particular benefit to having people stay longer, like community participation. Mgr Ash said not they don't stay, and he didn't see the traditional "community participation" from those who did.

Chrm Pantano asked if construction might begin in October. Mgr Ash said no, it could be November or March. ISD would first need to review plans and that would be the City's first big step

## URBAN RENEWAL – CROP

Chrm Pantano asked for an update. MGR Ash said he believed that JPI was out of the deal, that the word out on the streets was that they were pulling out of everything. He has been trading phone calls with JPI, but doesn't have confirmation yet. He has left messages though that they are in default to of \$161k in payments. He believes the Board should take a default action and suggested that they review a potential vote to authorize a letter to go out on the default.

Chrm Pantano asked if \$100k is reflected in what they owe. Mgr Ash said the total they owe is \$161k, from which the \$100k deposit would be deducted.

Chrm Pantano said the Board should move ahead on default. JPI has had 6 months to respond and they haven't.

## 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 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 Chelsea Residential Overlook Project (CROP); and

**WHEREAS:** On June 28, 2007, the City of Chelsea Economic Development Board entered into a Land Disposition Agreement with JPI Development Services for the redevelopment of the Heard Street Subdistrict of the Everett Avenue Revitalization and Development Project;

**NOW, THEREFORE,** the City of Chelsea Economic Development Board hereby makes the following findings of fact:

1. The City of Chelsea Economic Development Board, has been duly constituted and exists in accordance with the provisions of Section 7.0-7.03 of Part II of the City of Chelsea Administrative Code, is a successor in interest to the former City of Chelsea Redevelopment Authority (the "Board");
2. The Board is an urban redevelopment agency operating pursuant to Massachusetts General Laws Chapter 121B;
3. The Land Disposition Agreement between JPI Development Services, LP ("JPI") and the Board required a Development Holding Fee of Twenty-three Thousand Dollar for each month that the sale of the property did not occur;
4. JPI has not made this payment since September 2008;

5. As of today, JPI owes the Board \$161,000.

**NOW, THEREFORE, THE BOARD HEREBY TAKES THE FOLLOWING ACTIONS:**

**VOTED:** That the Board hereby finds that JPJ Development Services, LP has breached its obligation under the LDA Section 203.

### FURTHER

**VOTED:** Jay Ash, City Manager, is hereby authorized and directed to and deliver, on behalf of the Board, a Notice of Default to JPI Development Services, LP pursuant to the LDA.

### 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.

Adopted on this 11th day of May, 2009 by a majority of the members of the Chelsea Economic Development Board, consisting of members, by a vote of — to

Offered by Mr. Fraser and Seconded by Mr. Faust. On the motion, the Board voted 4-0 to adopt the motion, thereby authorizing the Mgr Ash to notify JPI of their default.

Mgr Ash noted that the vote of a default would result in CN stepping in as the developer. He has met with CN in Feb and March and if they step in for 9 months, they will be prepared. A potential difficulty is that they equity requirement for a development as gone from 10 to 20 to maybe 50%. The LDA with CN still needs to be worked on though.

Chrm Pantano noted that the Board should proceed with reviewing the LDA.

The Board proceeded through the section by section review of the LDA. Of particular note was items 101e, 101c, 101f, 103, 201, 201e, 303, 304 and 308. Also 802b, 1003, 1007.

Following the completion of the review of the LDA.

**MOTION: To authorize the Chairman to enter into the LDA between the Board & Chelsea North as presented and forward the LDA to the State for its review & approval.**

Offered by Mr. Fraser and Seconded by Ms. Ruiz. On the motion, the Board voted 4-0 in the affirmative, authorizing the Chairman to enter into the LDA.

OTHER

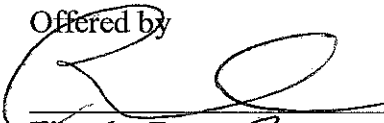
Mgr Ash noted that the motorcycle building could come down in 6 weeks. There is still a tenant who expects to be out shortly. Ed Bates is looking to store trailers somewhere and that could happen on the JPI site in the interim. Mystic Mall was going okay. Forbes is having some tough times. Chrm Pantano asked if the bank was putting pressure on it. Mgr Ash said it looks like they were hanging in. Webster Block is stalled.

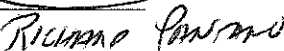
**MOTION: To adjourn.**

Offered by Mr. Faust and seconded by Mr. Ruiz. On the motion, the Board voted 4-0 to adjourn.

The Board adjourned at 7:05.

Offered by

  
Timothy Fraser  
Secretary

  
Richard Pantano  
Chairman