

**CITY OF CHELSEA
DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
7:30 A.M., THURSDAY, JUNE 7, 2012**

Present: Flintoft, Cleary, Finger, Heydlauff, Holman, Lindauer, Merkel, Morrel-Samuels, Pierce, Povlich, Sanville, Schwarz

Absent:

Others Present: City Manager Hanifan, Library Director Harmer ; Albertson, Anderson, Feeney of City Council; Cathy Bean, Jan Bernath, John Frank of Preservation Chelsea; Janet Kreger, Katherine Reisig of MHPN; Joe Jeffreys of First Congregational Church; Nicole Pangas Henry, CCA; Residents: Kathy Carter, Hank Muir, Nancy Whitelaw, Nancy Anderson, Peter Heydlauff, Jane Creswell, Scott McElrath; Lucy Silverio of Sun Times, Lisa Allmenger of AA.com; Ron Gordon of FCC; Tom Girard - Chelsea Connection; Cathy Clark, Cary Church, Rob McFate

President Flintoft opened the meeting at 7:30 a.m.

1. Flintoft opened the floor for Public Participation:
 - John Frank noted that either project would support and preserve landmarks, financially benefit the city, spur economic growth, improve the tax base, improve property values. He is available to assist with historic knowledge
 - Cathy Carter spoke of a 400 yr. old community whose city center changed and evolved. The developers who responded to the RFP see value in the property and the proposals are opportunities even if not perfect.
 - Janet Kreger hopes that the DDA can work with the developers because securing grants and tax credits can be time consuming. If abatements granted, can be rolled back.
 - Kathy Bean encourages transformation and making a choice. Larry Bean is a member of the Depot Association Board of Directors, which controls the parking on both sides of the depot. He assured the Board that the Depot Association allow parking for the new development. The Board would like to meet with the DDA in that regard.
2. Flintoft asked that each Board member comment on the two RFPs, stating their preference.
 - Pollack's plan was the choice of several members. Povlich, Pierce, Lindauer originally rejected both because of concerns regarding financing. Flintoft observed that they did not meet their financial commitment. There must be a financial commitment to cover the unlikely event that the project begins but is abandoned and the DDA must restore the property.
 - The tax abatement issue concerned the board because DDA has no control over that and the point of development was to return the property to the tax rolls. IFTs are for existing industrial properties which enhances what the city already has. The taxes generated by a new development is necessary to support the the project.
3. President Flintoft presented Draft Resolution #6 which the Board reviewed. The Board had a general discussion regarding what would happen if the project was in process and failed. Once they have a final mortgage on the property, the DDA has no claim on it.
4. **Motion by Flintoft, second by Morrel-Samuels to approve Resolution #6.**

DISCUSSION: Holman was concerned that there be a specific financial commitment by a bank, after due diligence, and by a specific date. The original request by the developer was for 6 months. Heydlauff pointed out that there needs to be progression in the project and wants a commitment in 90 days. The DDA needs to protect its investment.

Motion by Sanville, second by Lindauer to amend Resolution #6 to include amount of \$1M bank letter of credit, no tax abatement and allowing for due diligence on part of developers. Motion carried. Followed by vote on original motion . Motion carried.

**Chelsea Downtown Development Authority
Jackson Street Corridor/Longworth Resolution #6 (as amended)**

At a regular meeting of the Chelsea Downtown Development Authority of the City of Chelsea, County of Washtenaw, State of Michigan(hereinafter referred to as “DDA”), held on June 7, 2012

The following resolution was offered by Member Flintoft and supported by Member Morrel-Samuels and after discussion and upon roll call vote was duly adopted:

Whereas, the DDA's Request for Proposals (RFP) has solicited two proposals, one by Kadushin/Beal development team and another by the Prochaska/Zachary development team. Neither proposal has demonstrated the financial commitment as requested. Each proposal requests tax abatements from the City which are beyond the authority of the DDA to accept or obtain. The mixed use of the Kadushin/Beal proposal is the most viable.

Be It Resolved, that the DDA invites the Kadushin/Beal team to submit its draft agreement to the DDA on or before June 21, 2012, for acquisition and development of the Longworth property on the conditions and requirements of the RFP with the following modifications:

1. The agreement must be accompanied by the irrevocable bank letter of credit of \$1M or other security acceptable to the DDA to secure improvements in the property and to cover any cost or damages incurred by the DDA and the City for site restoration or removal of incomplete improvements if the project fails, after satisfaction of due diligence, contingencies.

2. No tax abatements in the agreement.

3. Due diligence and other contingencies, including financial commitments, shall end September 7, 2012.

4. Any conveyance prior to final mortgage financing shall be subject to a right of reverter on the condition that the project is completed and on breach of the condition title shall revert to DDA.

5. Developer can have immediate access upon the execution of agreement for due diligence activities.

5. Public Participation: Pastor Joe Jeffreys of First Congregation Church noted that his office overlooks the proposed project space and will be happy to get involved.

Jan Bernath expressed concern that 90 days was too short of a time.

6. President Flintoft declared the meeting adjourned at 8:15

Notes: In the Board discussions, there was several times when members echoed agreements without additional comments. To avoid redundancy, those were not included.

Chelsea citizen Harry Zoccoli emailed a letter to the DDA Board, read by the members, in support of the Longworth project. He cited the official DDA Mission Statement as reference for moving forward.