

**CITY OF CHELSEA
DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
7:30 A.M., THURSDAY, JUNE 21, 2012**

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

Absent: Povlich

Others Present: Hanifan, Library Director Harmer, Council members Albertson and Feeney; Cathy Bean, John Frank and Jan Bernath, of Preservation Chelsea; Eric Harrington, Jim Valenta of MCI; Scott McElrath of Dangerous Architects; Mary Randolph of CAGC; Janet Kreger of MHPN; Peter Heydlauff, Greg Raye

President Flintoft called to order and roll call of Board at 7:30 a.m.

1. Public hearings on matters under consideration
-None scheduled
2. **Public Comment**
-Janet Kreger read a statement regarding the difficulty of a developer meeting the 90 day period to present a \$1M LOC and other due diligence requirements because processing requests for various incentives takes time. These seasoned developers may be available to talk.
-Jan Bernath believes the developers withdrew because of a misunderstanding of how to present their financial commitment. They presented their equivalent sources and because they could not ask the DDA leadership questions, it was not possible to meet the requirements.
-John Frank believes the DDA is perceived to have imposed greater requirements than in the original RFP. He suggests the DDA initiate a meeting with the Kadushin group.
-Greg Raye, owner of the Welfare Building, who is requesting some assistance in paying the cost of replacing the deteriorating windows in the building, through a DDA Facade Improvement program. He believes it meets the criteria of the DDA Mission Statement to enhance the historic character of downtown district.. The original request of for half the cost of replacing the windows, which would be approximately \$6900.
3. Approval of the consent agenda
-No items yet suggested for a consent agenda.
4. Approval of the regular agenda – no changes
5. **Motion by Lindauer, second by Pierce to approve the minutes of the May 17, 2012 DDA Board of Directors meeting. Motion carried.**
Motion by Heydlauff, second by Lindauer to approve the minutes of the May 31, 2012 Special Board meeting. Motion carried.
Motion by Pierce, second by Merkel to approve the minutes of the June 7, 2012 Special Board meeting. Motion carried.
6. Submission of bills – None submitted
7. Communications to the Board – Letter from SHPO
8. **Report from Board Committees**
-Chelsea First Chair Pat Cleary The website and billboards are advertising Sounds & Sights; Pat and the web developers are meeting today and the Chelsea First committee will meet July 11.

9. Reports from Officers and City Manager

Main Street streetscape – Jim Valente of MCI explained the delay in moving forward, but project will be out for bids July 17 and 10 days after acceptance of a bid the project will begin. It should start around August 15th. The work will tie up Main St. from 9 to 3 each day. The East Parking lot project is out for bids and should have a recommendation for DDA by July meeting.

Some of the delay by MDOT concerned the location of the crosswalk on N. Main St., moving it to the south side of the intersection at North St. to better line up with clocktower and making the distance slightly less to cross. The bumpouts at Van Buren were originally rejected by MDOT because there was no parking in that section of Main Street, but MCI will include parking in the revised plans.

10. Unfinished Business

-Pollack withdrew from Longworth project because they were not able to meet the \$1M requirement in 90 days. Tax abatements were necessary and the reverter clause not acceptable.

Discussion regarding the need to respond by DDA:

Sanville – notes that the tax abatement is an issue.

Lindauer – the stated purpose in developing the space is to return the property to the tax rolls and therefore tax abatement is not possible.

Heydlauff – There was a simple requirement in the RFP, and \$1M is not a lot in a \$3.7M project. It does not seem excessive. It is disappointing that they are not at this meeting. A project like this is a process. There was some misinterpretation.

Holman – DDA is now the only real “investor” in this property.

Hanifan – There was a request by Pollack to meet with a small group from DDA. The DDA cannot meet in small groups.

Cleary – He is disappointed in the small group which is so passionate about saving Longworth. Preservation Chelsea has no “skin in the game”. If 50 people had pledged \$10,000 each as an investment instead of making the DDA look bad for not doing more, it may have gone a long way toward moving the project forward.

Morrel-Samuels presented a resolution and motion regarding an invitation to the developers to meet with the DDA at a special meeting. His motion did not receive a second. He spoke of the timeline regarding the profitability of the project, the current assessed value of the property and the possible 12 year tax abatement period.

Finger – happy to have them come back to the DDA.

Pierce – agrees with previous comments but observes that perhaps in the end the developers do not see this as a commercially viable project.

Schwarz- echoes others comments

Flintoft – If DDA were to support tax abatements, it would be contrary to the DDA goal of returning the property to the tax rolls.

Heydlauff – The DDA is already giving the building (\$399,000), plus up to \$200,000 in REU support. Where does this end? He agrees with Cleary regarding Preservation Chelsea's lack of financial commitment.

Hanifan – The developers have asked for a return of all copies of the RFP submission. Note that in the financial summary of the proforma, there is a \$530,000 Developer Fee. Perhaps a reduction in the fee????

Lindauer – The tenants of the RFP are still the same. This is a business deal. Cannot not reverse goals of the RFP.

Flintoft – What is next?? He read Resolution #2 from January 2012 meeting regarding the Palmer Showroom demolition and greenspace development. This will be on the July agenda.

Heydlauff – Perhaps can expect them to come to the July meeting

Morrel-Samuels – DDA should contact them to invite them back.

Heydlauff – Saving the entire property is driving the the problem. The Livery building is old and used up and should not be saved. There is probably a better way.

Albertson – Noted that the DDA mandates two things: economic development and historic restoration.

Merkel & Pierce – Put Resolution #2 on July agenda.

11. **New Business** – Facade Program Greg Raye explained that there was once a program through the DDA. Feeney will look into it and contact Raye.

12. **Announcements:**

Chamber of Commerce – Pierce a) Golf Outing with Dexter a success; b) Sounds & Sights are having good crowds; c)CACC will attend the AA Ingalls Mall Townie Party July 16 to promote Chelsea

Purple Rose – Sanville “On Golden Pond” previews start tonight.

13. Library Report – None

14. Adjournment – 8:40 a.m.