

EXECUTIVE SESSION

OCT. 14, 2014

7:03 P.M.

PRESENT: All Councillors except D'Arcangelo, Kate Fallon, Sheila Fermano, Karen Anderson, Ron Hogan, Tom Brennan, Debbie Burke, Maria Luise

RE: Real Estate negotiations relative to relocation of City Hall.

Councillor Anderson asked the internal team what was new.

Ms. Burke said that they wanted to give the Council an update and ask for Council support for some thoughts they were having on funding the project.

First, she said DCH had notified the Mayor that the City had been approved for an additional \$5 million in funding, for a total of \$8 million from that source.

She said that a meeting was scheduled for Thursday to discuss with DCH where the city was at and when we would need access to funding. She said that currently, the city was scheduled to begin receiving funding in 2016. She said that, on Thursday, she expected, we would also be finding out about the necessary grant agreements.

Mr. Hogan said that on Thursday, they would also be asking for more money. He said that DCH had left the door open, so they would ask for more money, possibly to fund the temporary move of city offices. He said they would see how that went.

Councillor Anderson said that, to confirm what the team was saying, he had a conversation with Sec. Bialecki the day after the last executive session. He said that the Secretary was looking for a sense of the Council's commitment to the project and he had assured the Secretary that the Council was supportive.

Ms. Burke said that a letter had also been sent to Gred Antonelli at GTA. She said that they had met with him on Thursday and told him that they would like to negotiate a friendly sale if possible. She said that she proposed that an appraiser be given access to the property and Mr. Antonelli asked if the appraiser would be playing with numbers to make the situation more favorably to the city. Ms. Burke said that she had explained that the appraiser had a state license and wouldn't do that. She said that the way it was left was that there would be an e-mail introduction between Mr. Antonelli and Greg Storey, the city's appraiser. She said that, as a result of that intro, Mr. Storey had toured the building and had asked for information on the tenants. She said that they have been told that there are four tenants but that Mr. Antonelli did not want them to know, at this point, what was happening, so the tour had been arranged for a Saturday. She said that Mr. Antonelli now had an attorney - Peter Flynn, who had some experience with eminent domain and had scheduled a meeting to come in and talk about the property.

Councillor Spadafora asked how he had tenants.

Mr. Hogan said that he was not sure. He said that the building department showed one occupancy for an auto related business. He said that one of the other tenants was Bell Rock Movers, who were essentially just parking trucks at the property. He said that he thought that this was just part of the posturing preparatory to a sale.

Councillor Spadafora said that he had it on good authority that they wanted to sell to the city and to leave the contaminated dirt. He said that he would caution them that these people were shysters to say the least.

Mr. Hogan said that, so far, they have been all over the board, saying that they want to sell and that they don't. He said that the city has maintained the position that it is nothing personal and that it will be driven by the numbers.

Ms. Burke said that she was going to ask Mr. Hogan to address the Jefferson piece, as he was the one who had

been in negotiations with Sandy Silk for JAG.

Mr. Hogan said that they had begun discussing the price for the condo piece of the building. He said that they were in the initial stages and were taking two different approaches. He said that Ms. Silk was looking at the gap between the costs and what investors needed for earnings, while the city was looking at what the property was worth as a percentage of the overall value. He said that they would continue hammering away until they got something both could live with. He said that JAG is saying that they entered this thinking that the city had a plan and that the market had changed somewhat and they needed to accommodate for that. He said that there will be a series of discussions but that he thought that they would get there.

Ms. Burke said that she thought that there was some opportunity for horse trading with JAG. She said that the 1<sup>st</sup> church had dwindling membership - down from about 500 to about 30. She said that in initial discussions with the church, they had been all over the place. She said that more recently, they had gotten a call from Peabody Properties, looking for HOME and CDBG support for low income housing. She said that they indicated that they were on the verge of signing a P&S on the property. She said that she had then taken the liberty of talking with some people on the church council, who indicated that Peabody Properties were getting a bit ahead of themselves. She said that she had told them that JAG might be interested and asked if they would meet with Sandy Silk on the issue. She said that in the meantime, Sandy had found them on her own. She said that all options are on the table and that JAG might be interested if they can make the numbers work. She said that, contrary to rumors, the church was not on any registers that would prevent it from being modified. She said that the front was rebuilt in 1934 and that church members, themselves, were not opposed to demolition.

Councillor Matheson said that, at the last meeting, they were expecting to get written confirmation from the AG's office. He asked if that had happened.

Mr. Hogan said that they had gotten a letter from the AG saying that it would be permissible to move forward with the plan. He said that the IG was not willing to put anything in writing and left it to the city to decide whether or not to request a 16E exemption.

Councillor Matheson asked if, based on that, there was any opportunity to update the public.

Mr. Hogan said that it might affect negotiations both with JAG and GTA.

Councillor Matheson said that he was more concerned with the location of city hall - he said that there was a lot of speculation in the community on where the building would be located.

Councillor Murphy said that she would like to talk about price. She asked if they had any sense of the high and low ranges and whether or not we could afford what was being discussed.

Mr. Hogan said that dovetailed nicely with the next topic, which was discussing with the state and the developer the establishment of a housing development incentive zone. He said that this is a state program for gateway cities to develop market priced residential housing. He said that the developer becomes eligible for state tax credits, providing an incentive to develop. He said that he thought that this was something the city should consider. He said that it would also require a local tax increment agreement, at a minimum of 10% for 5 years. He said that he thought it might be another tool to assist the city in paying for their portion of the building. He said that the city could give up to as much as 100% for 20 years as a way to pay for the condo portion of the building. He said that is one of the items the team needed guidance on.

Councillor Anderson said that we would be talking about forgiving taxes as a way of making our payment for the building.

Councillor Murphy said that there would need to be more discussion on that. But, she asked, where were we

now in terms of the cost of city hall.

Mr. Hogan said that they were looking at 13 million.

Councillor Murphy asked if that was the cost without retrofitting the space.

Mr. Hogan said that it was. He said that finish would be around \$3 million.

Councillor Spadafora said that he thought it would be around \$6 million.

Councillor Kinnon asked Mr. Hogan to explain what market rate is.

Councillor Anderson said that it was not low income.

Mr. Hogan said that he thought that the state did not want to use that terminology, but yes - not low income. He said that the developers were going down that route anyhow, this might just give them an incentive to do it more quickly.

Councillor Kinnon asked why you would not want market rate.

Mr. Hogan said that this was geared primarily toward cities that do not have rapid transit but that Malden could tag on anyhow.

Councillor Kinnon asked the cost of the police station.

Mr. Hogan said \$18 million.

Councillor Kinnon said that he would say that it was more like \$15 million and another \$13 million for city hall building and \$6 million for the buildout. He said that was about \$34 million. He said that we were getting \$8 million from the state and \$9.4 million from the sale of the land. He said that the city could take \$5 million from the reserve.

Mr. Hogan said that they could realize \$7 million with a tax deal.

Councillor Kinnon said that the rest could be paid by the casino deal.

Mr. Hogan said that those were worst case numbers.

Councillor Nestor said that the city needed the casino liason. He said that tax breaks were a valuable commodity and that the city needed to take a hard line.

Councillor Spadafora said that there appeared to be two tax breaks involved.

Mr. Hogan said that there was a state tax break. Councillor Spadafora said that he understood that one - he asked Mr. Hogan to explain the city one.

Mr. Hogan said that the city would be required to offer a minimum of 10% in the increased value for five years.

Councillor Spadafora asked if that was only on the value of the housing.

Mr. Hogan said that he believed that it was.

Councillor Spadafora asked if they were also eligible for smart growth credits.

Councillor Nestor said that they were.

Mr. Hogan said that the team was hoping to get some indication of open mindedness from the committee before they mentioned this to Jefferson.

Ms. Burke said that there would be a process to get this done - a zone would have to be created through Council, etc.

Councillor Ultrino asked if the emphasis on residential development would cause developers to want to forego the commercial component.

Mr. Hogan said that there was no indication that developers would want to go down that path.

Councillor Murphy asked what the impact of additional housing would be on school aid requirements.

Mr. Hogan said that was part of the beauty of a tax deal. He said that we would not get dinged for the increased revenue and because the revenue never comes in, it does not become a part of the equation. He said that was a tremendous benefit to the city, worth about \$4 million. But, he said, Jefferson did not need to know about that aspect of it.

Councillor Ultrino said that he would like to see more detail on the Tax Zone.

Mr. Hogan distributed a handout on the law. (See attached).

Councillor Spadafora said that there was a time limit on Bialecki's term of office. He asked what needed to be done in the next 2 and a half months.

Mr. Hogan said that he wanted to know before he walked out the door that this was real.

Councillor Spadafora said that it would appear, then, that we needed an LDA and a P&S.

Councillor Ultrino asked how the money payments would work.

Mr. Burke said that information would be contained in a grant agreement.

Mr. Hogan said that the state realized that there would be variables along the way.

Councillor Kinnon said that he assumed that there would also be a series of contingencies.

Mr. Hogan said that they wanted to be sure that there were no games around what the city was doing.

ON COUNCILLOR KINNON'S MOTION TO AUTHORIZE NEGOTIATION WITH JEFFERSON  
AROUND THE CONCEPT OF A TAX CREDIT  
(10)Y-(0)N (SEE ROLL CALL)

ON COUNCILLOR ULTRINO'S MOTION TO ADJOURN  
(10)Y-(0)N (SEE ROLL CALL)

MEETING ADJOURNED

7:47 P.M.

238-24

Communication: During the meeting of April 30, 2024, the Council unanimously voted to enter into Executive Session with legal counsel for the City, in accordance with Exemption Seven Massachusetts General Laws Chapter 30A Section 21(a)(7), to comply with, or act under the authority of, any general or special law or federal grant-in-aid requirements, in order to act on the periodic review of those executive session minutes listed herein; council vote is required prior to release of the executive session minutes of the following dates:

May 20, 2014

June 17, 2014

August 19, 2014

September 30, 2014

October 14, 2014

November 18, 2014

A motion was made by Councillor Sica, seconded by Councillor Crowe, to release the aforementioned Executive Session minutes, pending appropriate redaction at the discretion of the City Solicitor. The Order was adopted by the following roll call vote:

Yea: Colon Hayes, Condon, Crowe, Linehan, McDonald, Sica, Simonelli, Taylor, Winslow

Absent: O'Malley, Spadafora

**Sponsors:** Stephen Winslow

**Attachments:** Final Paper: 238-24

*Clerk Desiderio noted that after the redaction of released records by Solicitor McNeil, the Executive Session minutes would then be posted accordingly for public review.*

**A motion was made by Councillor McDonald, seconded by Councillor Taylor, that the Communication be placed on file. The motion carried by a unanimous vote.**

## **8. COMMITTEE REPORTS**

239-24

Committee Report: The Standing Committee on License to whom was referred Papers 192, 198, 199, 201 through 207 Series of 2024, having considered the same make the following report: Committee recommends these petitions out favorably to the Full Council.

**A motion was made by Councillor Sica, seconded by Councillor Crowe, that the Committee Report be received and filed. The motion carried by a unanimous vote.**

192-24

Petition: Fortune Teller: Chris Burgan Full Heart Tarot, 73 Linden Avenue #1, Malden (New)

**A motion was made by Councillor Sica, seconded by Councillor O'Malley, that the Petition be granted. The motion carried by a unanimous vote.**

198-24

Petition: Pool Tables: AOH Division 12, 259 Charles Street, Malden, 1 table (Renewal)

**A motion was made by Councillor Sica, seconded by Councillor O'Malley, that the Petition be granted. The motion carried by a unanimous vote.**