

FORTIETH ANNUAL REPORT
OF THE EXECUTIVE DIRECTOR

CAMBRIDGE REDEVELOPMENT AUTHORITY
FOUR CAMBRIDGE CENTER
CAMBRIDGE, MA 02142

DECEMBER 31, 1997

SUBMISSION DATE: SEPTEMBER 24, 1998

CAMBRIDGE REDEVELOPMENT AUTHORITY
City of Cambridge
1996-1997

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CAMBRIDGE REDEVELOPMENT AUTHORITY

Jacqueline S. Sullivan, Chair
Alan D. Bell, Vice Chair
Karen Swaim Babin, Treasurer
Manuel Rogers, Jr., Member
Joseph F. Tulimieri, Executive Director
and Secretary

The major events of 1996-1997 in the Authority development programs are outlined, as follows:

Wellington-Harrington Urban Renewal Area

- Authority staff continued to participate in dispute resolution sessions with homeowners at Linden Park Homes (Tract 4C) on exterior building modifications. Several inquiries respecting the provisions of the Land Disposition Contract and Deeds which surfaced recently were handled by Authority staff.
- Authority staff participated in an attempt to identify Department of Housing and Urban Development (HUD) funds for the reconstruction of the Harwell Homes tot lot. Also, the ownership of a parking lot and the tot lot was clarified after a title search demonstrated that Harwell Homes, Inc. owns the land on which the tot lot was constructed.
- Amendment No. 18 to the Contract for Closeout Services by and between the Authority and the City of Cambridge extending the termination date for an additional one year term was executed.

Kendall Square Urban Renewal Area

- Authority traffic engineer, Fay Spofford & Thorndike, undertook a traffic count program and trip generation analysis which allowed the Authority to fulfill its commitments to the Executive Office of Environmental Affairs (EOEA) to update the original Section 61 Finding, dated September 24, 1994.

- On September 10th, Boston Properties conducted its Eighth Annual Transportation Awareness Day held in front of the Marriott Hotel entrance on Main Street on the Authority-owned Plaza. Eleven (11) exhibitors participated this year including the MBTA, CARAVAN, Massport, Smart Route Systems and the Cambridge Bicycle Committee. This event was sponsored by Boston Properties, the Authority and CARAVAN for Commuters, Inc.

- A submission to the Massachusetts Highway Department (MHD) of 100% contract documents for highway improvements in Kendall Square was made which allowed MHD to advertise and award the contract. The low bidder was Mario Susi and Sons in the amount of \$420,000. The improvements included street and sidewalks on the north side of Main Street and the Western Connector. Trees, tree guards, grates and sod were

installed consistent with previously contracted Authority public improvements. All handicap ramps in the work area were brought up to ADA Standards. Bicycle lane markings on Main Street, the Western Connector and a portion of Binney Street were applied.

- In early March, the Authority was formally notified by Boston Properties of its intention to restructure as a publicly-held Real Estate Investment Trust (REIT) which will hold a majority and controlling interest in a limited partnership to be formed (the "Operating Partnership") and said REIT will be the sole general partner, as well as a limited partner, of the Operating Partnership; to transfer, with few exceptions, all of its developed properties, land sites and development rights to the REIT and the Operating Partnership; to make an initial "S-11" filing with the Securities and Exchange Commission by March 31, 1997; and to request Authority approval prior to March 31, 1997 of a letter dated March 7, 1997 for transfer of Cambridge Center redevelopment agreements to a REIT and to the Operating Partnership and of a Consent Request acknowledging Authority agreement to make the revisions to the Development Agreements and the Supplemental Land Disposition Contract ("SLDC") with Biogen on Parcel 2.

Subsequent to that notification and review with staff, the Authority met with Legal Counsel, approved the Concept Request and authorized the Executive Director to execute it and all related documents after review of all SEC filings. In July, the Authority received notification from Boston Properties that it completed the process and was a publicly traded REIT with more than 31-million shares sold in the initial public offering.

Kendall Square Urban Renewal Area / Parcel 2

- Authority staff reported on discussions late in the year with Biogen representatives respecting its development rights on Parcel 2. Discussion focused on available land area (150,245 square feet), land prices, building benchmarks, available gross floor area (450,000 square feet) and the applicable design review process. It appeared that Biogen was considering the construction of two (2) buildings on Parcel B (Fifteen and Seventeen Cambridge Center) and a third building on Tract VI connected to Twelve Cambridge Center.

Kendall Square Urban Renewal Area / Parcel 3

- Early in the year, Boston Properties indicated that it was exploring the possible development of an additional hotel for Cambridge Center to be located on Parcel 3. At that time, the Authority authorized staff to explore this development with Boston Properties and its hotel operator and to initiate neighborhood and informal City Manager, City Department and City Council reviews. The purpose of the reviews is to enlist support for the zoning and urban renewal plan amendments which would be required in order to develop a hotel on the site. The Authority authorized staff to jointly file, with Boston Properties, the requisite number of curb cut petitions with the City Council. In April, the Authority adopted a Resolution approving Urban Renewal Plan Amendment No. 4 for transmittal to the City Council and Planning Board for hearing(s) and approval(s). Submissions of the urban renewal plan amendment were made to the Department of Housing and Community Development (DHCD) and to the Executive Office of Environmental Affairs (EOEA). Also, an amendment to the MXD zoning district was transmitted to the City Council and referred to the Planning Board.

- By the end of the year, approval of the curb cut petitions by the East Cambridge Planning Team and the City Council were secured; the Urban Renewal Plan and Zoning Ordinance amendment(s) were in place, including both DHCD and EOEA approvals; the design review process, supplemented with participation by Community Development Department design staff participation in all Design Advisory Group (DAG) sessions, was completed; the Authority advertised its intent to dispose of the 34,402 square feet of land for the development of a 221-room, 185,456 square foot hotel to Boston Properties to be operated by Marriott; a closing on the sale was conducted on November 3rd and construction activities commenced in November by J.A. Moriarty, the general contractor on the 15-story hotel designed by Bruner Cott Architects, project architect.
- In March, the Authority authorized the Executive Director to explore the possible use of the Public Works Economic Development (PWED) program to fund roadway, sidewalk and other public improvements in support of the private development on Parcel 3. After reviews with the City Manager and Assistant City Manager for Community Development, it was determined that PWED should not be considered and that

an application be filed with the Department of Housing and Community Development (DHCD) for a Community Development Action Grant (CDAG) to fund the improvements. On November 25, 1997, the Authority adopted the requisite resolution authorizing the Executive Director to conduct a public hearing and to prepare an application for preliminary approval.

Kendall Square Urban Renewal Area / Parcel 4

- Boston Properties' President, Edward H. Linde, notified the Authority of changes and ownership and management at Four and Five Cambridge Center and the Parcel 4 garage. It's majority economic interest was held by a third-party investor. Boston Properties had hoped to re-acquire these interests and add the properties to its REIT portfolio. Instead, the final resolution was the sale of its remaining interest to the investor, represented by GE Capital Investment Advisors. GE Capital, in turn, retained a new third-party management company, Spaulding & Slye, to provide property management services.

Kendall Square Urban Renewal Area / Parcel 6

- The Authority permitted the construction of an outdoor play area by Boston Properties and the use of that area by the Stride Rite Company under the terms of a temporary lease. The playground was abandoned when Stride Rite moved to Lexington, and Authority staff attempted to secure operating responsibility by the City of Cambridge and/or nearby day care providers. By the end of the year, the City had declined the request and no service provider had been identified.

Kendall Square Urban Renewal Area / Parcel 7

- The judicial process initiated by Ackerley Communications respecting the Outdoor Advertising Board (OAB) action denying the issuance of temporary permits for the billboards abutting this parcel continued. The litigation is being handled by the City Solicitor's Office and includes several other billboards. The matter was not resolved and the billboards remain in place.

Technical Services Program

- Under the terms of a service Contract with the Division of Capital Planning and Operations (DCPO), the Authority provides acquisition, property management and relocation services to the Court Facilities Unit. Early in the year, the Authority accepted a Contract Amendment increasing the maximum compensation paid to the Authority to \$365,000. from \$150,000. The total compensation received for 1997 was \$220,813.15 for services provided in connection with the Chelsea and Brockton trial court projects.

- The Authority responded to a Request for Proposals issued by the Mystic Valley Development Commission (MVDC). A technical services team consisting of Camp Dresser & McKee (Environmental Engineering), John Tingley Architect (Landscape Architect), Bluestone Planning Group (Urban Design), Howard/Stein-Hudson Associates (Traffic Engineering), Daniel Dennis & Company (Audit and Financing Services), J. Murray Regan (Real Estate Appraisal and Marketing) and Peter W. Sleeper and Edward Owens (Acquisition, Property Management and Moving Services) was assembled. Unfortunately, MVDC retained the services of a competing team.

- In October 1996, Authority staff provided testimony on proposed revisions to Urban Renewal regulations promulgated under Chapter 121B. Many of the comments transmitted to the Department of Housing and Community Development (DHCD) were adopted by mid-year.
- In December 1997, Authority staff provided detailed comments to DHCD on proposed revision to Relocation regulations (760 CMR 27.00). In addition, DHCD Assistant General Counsel was notified that the Authority supported and concurred in comments transmitted by its General Counsel, Foley Hoag & Eliot. Authority support of the wholesale adoption of the so-called Uniform Act (42 USC 4601) for the implementation of Chapter 79A was noted.

Administrative Actions

- A contract with Daniel Dennis & Company for Audit Services for a three year period in the amount of \$5,500. per year was approved.

- The Thirty-Ninth Annual Report of the Executive Director and the Financial Statements and Auditor's Report were received.
- The Authority received development deposits in the amount of \$250,000. and an additional deposit also in the amount of \$250,000.
- Boston Properties reimbursed the Authority for services provided by Foley Hoag & Eliot in connection with the REIT conversion in the total amount of \$27,429.63.
- Amendment No. 7 to the Lease Agreement for Temporary Parking by and between the Authority and MIT was approved. The Authority received \$89,600.04 in rental income from MIT and \$28,900. from other users of Authority-owned property.
- Contract extensions and increases in maximum compensation for service contracts with Foley Hoag & Eliot (Legal), Bluestone Planning Group (Urban Design), John Tingley (Landscape Architect), Fay Spofford & Thorndike (Engineering-general and traffic), Daniel Dennis & Company (Audit) and Haley & Aldrich (Environmental) were approved.

Authority Organization

- At its Annual Meeting held on October 27th, Jacqueline S. Sullivan was re-elected to serve as Authority Chair; Alan D. Bell was re-elected to serve as Authority Vice Chair; Karen Swaim Babin was re-elected to serve as Authority Treasurer. Manuel Rogers, Jr. continued to serve as an Authority member.

