

50th ANNUAL REPORT 2006

of the Executive Director

Cambridge Redevelopment Authority

Rogers Block Urban Renewal Area

In August, Alexandria Real Estate Equities, Inc. a publicly-owned real estate investment trust, reported closing on the purchase of Technology Square for \$225 million with MIT retaining a 10% interest in the property. Technology Square is a seven building campus including a 1,593 space structured parking facility and a 49 space parking lot. Alexandria Real Estate holdings consist primarily of research and development properties throughout the New England area.



Technology Square, Cambridge, MA



Longfellow Bridge, Cambridge, MA

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Kendall Square Urban Renewal Area

The Executive Office of Transportation held a public meeting in May to present its findings and recommendations (25% plans) for the Longfellow Bridge Restoration Project. The project includes compliance with Federal Highway standards to improve safety and accessibility for pedestrians, cyclists and vehicular traffic. The deteriorated parts of the bridge structure will be repaired. The bridge carries 90,000 Red Line passengers daily, as well as 28,000 motor vehicles, and large numbers of cyclists and pedestrians.



Genzyme Corporation, Cambridge, MA

Following nominations by the Authority, Lyme Properties, Inc. received the Environmental Protection Agency's 2006 Phoenix Award for its redevelopment project in Kendall Square. Lyme was recognized for its excellence in Brownfield redevelopment after purchasing and cleaning up a polluted 10 acre site at 303 Third Street (the former NSTAR site). Lyme's innovative technique to permanently "freeze" pollutants eliminates any resulting pollutants to the site. The mixed-use site is occupied by Genzyme, a world biotech leader, and will be occupied by Vertex, an additional biotech and lab building, residential uses and a performing arts center. After full build out, the site will have created more than 1,000 permanent jobs and an estimated \$9-million in tax revenue for the City of Cambridge.



Vertex, Cambridge, MA

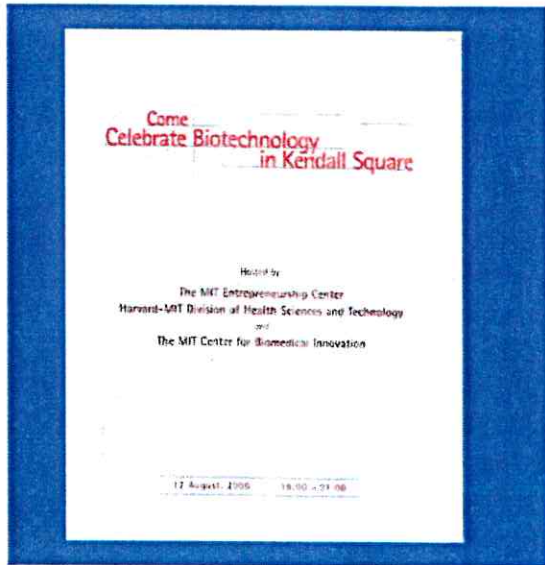
Twining Properties announced the opening of its Watermark residential complex in 2006 which includes 321 residences occupying 332,000 square feet in a 23 story tower, with a 15,000 square foot health club and 10,000 square feet of retail space. The Watermark residences have been built above Lyme properties 2,000 car underground parking garage and share a parcel with a planned hotel with 200 guest rooms.



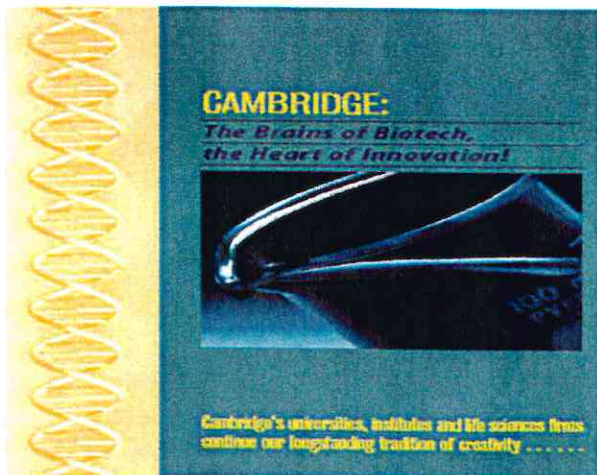
Twining Properties, Watermark

MIT announced plans for expansion of a new cancer research lab, an additional building for The Sloan School of Management, and a new building for The Media Lab. The \$230-million, 360,000 square foot cancer research building will be the largest of the three buildings and will be built on Main Street next to the existing biology building with building start-up expected to begin in 2009. The Sloan School of Management addition of a \$185-million building next to its current headquarters will consist of six stories and 209,000 square feet. The MIT Media Lab is expected to break ground in April, 2007, and the \$120-million, 163,000 square foot building will be connected to the existing Media Lab facilities on Ames Street. Additionally, construction incorporating 265,000 square feet and an estimated cost of \$104-million for apartment-style graduate residences will begin in the Spring of 2007.

In August, the 5th Annual Celebration of Biotechnology in Kendall Square was held at the Broad Institute. Representatives from the life sciences industry, academia, and government were present. As in past years, this event served as an opportunity for collaboration among those attending to discuss life sciences issues relating to public policy, investment, and research.



The City of Cambridge led an extensive marketing campaign to promote the life sciences cluster and to welcome others to join the long list of life sciences cluster, at more than 130 firms that now exist in Cambridge. Over 1,200 copies of the six-page brochures were mailed targeting real estate brokers, venture capitalists, academic institutions, Chambers of Commerce, and trade consulates around the country and the world.



The Authority received a notice from the MBTA outlining the schedule of public hearings on its five-year Capital Investment Program (CIP). This 122-page document contains projections for reinvesting \$2.39-million of capital funds into the existing system (86% of the total). A highly visible capital improvement is the new automated fare collection equipment being installed.

In 2006, the Executive Director participated as a member of the NAHRO Revitalization and Development (CR&D) Committee. The CR&D Committee was responsible for making recommendations regarding the Planning Committee Sessions for the Fall NAHRO Conference in October. Upon recommendation by the CR&D Committee, the Planning Committee proposed to the Board of Governors the following four sessions to be offered at the Fall meeting: Growth, Eminent Domain, Performance Measurement System, and Financing. The Board of Governors accepted the proposal without objection. Also, in March 2006 the NAHRO Annual Legislative Conference was held in Washington, DC.

In September, world renowned Biogen Idec announced that it would sell its original headquarters located at Binney, 5th and 6th Streets for between \$90 million and \$100 million. A new owner of the 80,000 square foot property could consider redevelopment including lab, office, residential, and retail space. At the close of the year, negotiations were ongoing between Alexandria Real Estate Equities and Biogen Idec.



Biogen/Idex, 14 Cambridge Center

Kendall Square Urban Renewal Area / Parcel 1

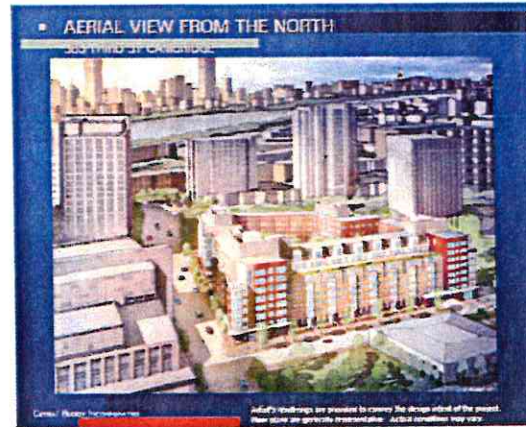
The Authority continues to coordinate efforts with the DOT Volpe Center to determine the feasibility of additional development on Volpe land. The 14.3-acre site consists of 365,671 Gross Floor Area of buildings which covers approximately 17% of the site's total land area. Of the remaining 83% of land comprising the Volpe site, about 28% — or 169,770 square feet — is dedicated to surface parking, and the remaining 55% is landscaped open space. Until further study is completed with the assistance from Harvard's Kennedy School of Government, the DOT perspective coincides with a 2003 study done for the U.S. General Services Administration, which recommended in its "Final Observations" of the land that the site continue to be used as it is presently. The Authority along with the DOT, however, understands that a myriad of other factors need to be reviewed, such as the present operational needs of DOT in protecting the nation's critical infrastructure, the Center's expanding role in homeland security, and the effect on the Volpe Center.



DOT Volpe Center, Cambridge, MA

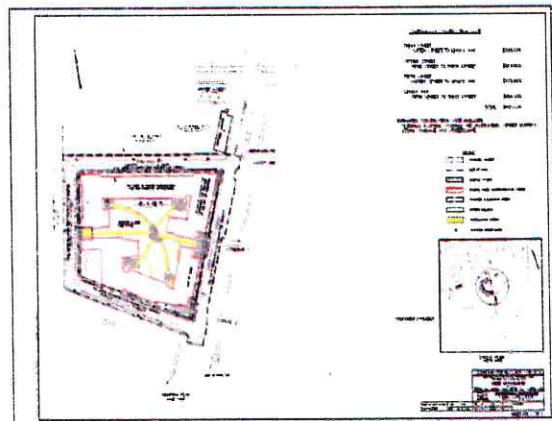
Extell Development is in negotiations with the University Residential Community (URC) group of MIT-related individuals to acquire a portion of 303 Third Street for a university-affiliated retirement community. The resulting "cooperative" will consist

primarily of retired faculty from Harvard and MIT with one, two, and three bedroom units ranging from \$400k to \$1.5-m.



303 Third Street, Cambridge, MA

In support of Extell Development, the Authority has identified approved Transportation funds and authorized the Executive Director to prepare all requisite filings with MassHighway; to arrange for engineering services; and to initiate the release of designated Federal funds for urban streetscape and pedestrian improvements in the amount of \$738,000.



Extell - Scoping Plan

Kendall Square Urban Renewal Area / Parcel 2

In November 2005, Biogen Idec with support by the Authority received approval from the Cambridge License Commission to obtain a common victualer license for its cafeteria at Twelve Cambridge Center.

Earlier, at the March Board meeting, the Executive Director was authorized to arrange for a confirmatory Certificate of Completion to Biogen Idec for the addition to the property located at Twelve Cambridge Center. The Authority executed a confirmatory Certificate of Completion and transmitted it to the property owner for recording.



Kendall Square Urban Renewal Area / Parcel 3

A hearing was held in December 2005 to review an amended application for the Garage and Gasoline license at 415 Main Street to include 1,329 gallons of Class I, 35 gallons of Class II, and 110 gallons of Class III and 2 lbs./600 cubic feet of flammable solids/gases for the Main Street location. The Authority supported this application and approval followed by the Cambridge Licensing Commission.



West Garage, Ames Street

At a March meeting, the Authority voted to ratify, affirm and approved execution of the Escrow Agreement, dated December 15, 2005, which provides for Authority receipt of an unconditional and irrevocable letter of credit in the amount of \$250,000, the estimated value of the incomplete construction items at Seven Cambridge Center and the Garage.



The Authority continued discussions with Broad Institute representatives addressing concerns regarding the required nature of publicly accessible ground floor space at its proposed Broad Museum. After inquiry by the Authority and discussions with both Broad representatives and Boston Properties, it was evident by all parties that the use of the ground floor level space at the Broad Museum needed to be modified in order to accommodate the public in allowing them greater access during daytime and working hours. All parties agreed to continue negotiations to come to a mutually agreeable solution for the Authority, Broad, Boston Properties and visitors to the Museum.



At the September meeting, the Board voted to ratify, affirm and approve the changes to the building interior window treatment and lobby modifications visible from public areas at Six Cambridge Center.



Residence Inn, Cambridge, MA



Residence Inn - Lobby

Kendall Square Urban Renewal / Parcel 4

In March, the Board voted to ratify, affirm and approve temporary signage banners, a free-standing moveable sign, and temporary signage at the south entrance to the East Garage at the request of Spaulding & Slye, the property manager.

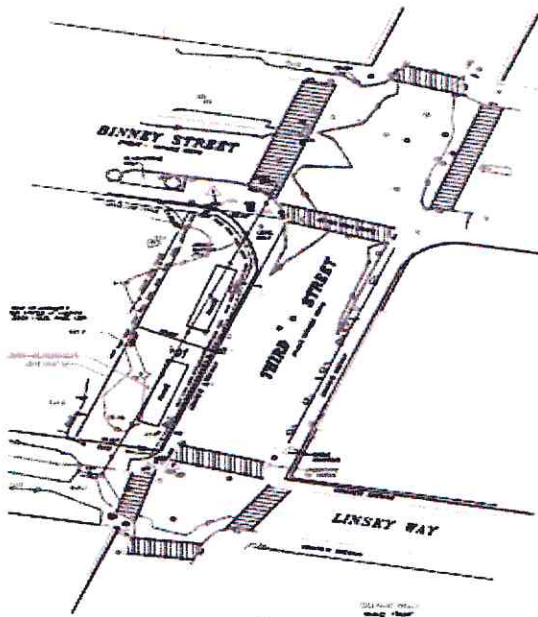
In March, the Board voted to approve the lobby renovations at Five Cambridge Center.



Five Cambridge Center Lobby

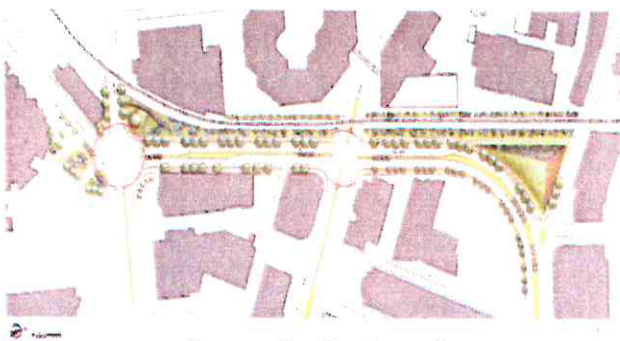
Kendall Square Urban Renewal Area / Parcel 6

At the March Board meeting, an action was presented and approved regarding the preliminary stages of the execution of a Land Disposition Agreement (LDA) for Parcel 6. Prior to the execution of the LDA, soils testing by Authority environmental counsel, Haley and Aldrich, and a disposition appraisal by Authority consultant, Hunneman, and Company, and some general engineering survey work by Authority engineering consultant, Fay, Spofford & Thorndike will be completed. The Authority advertised its intent to dispose of Parcel 6 followed by the LDA being prepared by Authority legal counsel, Foley, Hoag & Eliot, based on the Term Sheet form reviewed and provided by the Authority. At the September Board meeting, a motion was presented and approved to authorize the final execution of the LDA by the Authority with 3rd Street Lofts, LLC.



Kendall Square Urban Renewal Area / Parcel 7

In August, the Authority hosted a breakfast meeting to discuss preliminary plans for open space development in the Kendall Square area. The area primarily consists of land adjacent to the railway beginning at Main Street and ending at Fulkerson Street. Representatives from key abutters of the area attended the breakfast meeting including Alexandria Real Estate Equities, Amgen, Beal Companies, Broad Institute, Biogen Idec, Boston Properties, Draper Laboratory, Genzyme, Lyme Properties, MIT, Novartis, and the Whitehead Institute.



Innovation Boulevard

This Open Space Working Group agreed with the vision of the project to create an “Innovative Landscape Environment” that announces Kendall Square as a premier global scientific community. Topics of discussion included landscape, seating, lighting, traffic and pedestrian concerns, and prospective funding sources. In addition, exhibits/ displays and artwork were also discussed. It was agreed that subcommittees from the working group would be formed to further discuss full funding, capital, and maintenance costs; integration of abutters’ surface improvements program; and land ownership, governance and the creation of legal entity which will own the land, as improved.

In September, the Authority met with representatives of the Boston History & Innovation and Collaborative to further discuss the open space project. The BHIC is proposing to work with the Authority to erect an innovative public art installation within the linear land abutting the railroad right-of-way. The BHIC is expected to apply for an MCC Adams Art Program Grant to secure one year \$65k implementation funding and has asked the Authority to match funding at \$45k. Negotiations are ongoing.

Administrative Actions

At its Annual Meeting, Mr. Bell, Chair of the Nominating Committee, presented a slate of officers, as follows:

Chair - Jacqueline Sullivan
 Vice Chair - Alan Bell
 Treasurer - Mark Rogers

The nominations were approved and the Secretary was directed to cast one vote for the slate, as presented.

Also, at the Annual Meeting, the Annual Report of the Executive Director for 2005 was received.