

Executive Session of CRA Regular Meeting
Cambridge Redevelopment Authority

September 16, 2015
Robert Healy Public Safety Center / Cambridge Police Station
125 Sixth Street
Community Room

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members In Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, and Mr. Barry Zevin

Executive Session began at 9:07PM, after the close of the Regular Board Meeting.

Executive Director Tom Evans introduced the discussion by revisiting the status of the KSURP amendment and the zoning petition process. He then provided an outline of the existing Cambridge Center Development Agreement for Parcel Two and for Parcels Three and Four. He reminded the Board that development revenue from projects in the MXD district are the CRA's primary source of revenue, and has been for many years. With the exception of the anticipated income from the Ames Street project, this revenue would likely come in large quantities every few years, as it has in the past.

It was discussed that the formula for calculating the purchase price for development rights had been modified such that the purchase price for development on Parcel Two was higher than for Parcels Three and Four. Mr. Evans explained that under the current development agreement, the Parcel 2 GFA development payment would equal \$69.20 per square foot in 2015. It was further explained that more recent transactions for the 75 Ames Street Development (Broad Institute) and the Residential Ames Street Project had set the purchase price differently, presumably to incentivize the construction of housing. Moving forward, this might be a policy the CRA would want to consider, especially providing for greater affordable housing in the project. Mr. Evans referenced previous analysis done by HR&A Advisors regarding the feasibility of higher percentages of affordable housing in Kendall Square residential developments.

Mr. Evans wanted the Board to be aware of the financial terms of the Development Agreement so that staff could begin discussing public benefits that could arise from the CRA's financial interest. The Board cautioned staff from getting too specific at this time, but that an estimated figure of future development revenue might be a piece of information worth discussing. It was agreed that further discussions regarding the Development Agreement economics in Executive Session was warranted

Meeting adjourned at 10:10 PM.

Executive Session of CRA Regular Meeting
Cambridge Redevelopment Authority

October 21, 2015
Robert Healy Public Safety Center / Cambridge Police Station
125 Sixth Street
Community Room

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members In Attendance: Ms. Kathleen Born, Ms. Margaret Drury, Mr. Barry Zevin

Executive Session began at 7:49 PM, after the close of the Regular Board Meeting.

Executive Director Tom Evans provided the CRA Board with an update on the value of development rights across the different parcels, and the potential timing of this development under the plans as shown in the EIR. While development on Parcel Two would result in payments of \$69.20 per square foot in 2015, development on Parcel Four, above Three Cambridge Center would have a lower purchase price of \$51.90. Mr. Evans explained that this development is anticipated to take place much later. The schedule for development payments from the Whitehead and the Broad Expansion into mechanical space would be subject to a different set of agreements. The impacts of various elements of the zoning proposal were discussed, including how to treat exempt GFA such as middle-income housing, small-scale retail, retail and innovation space in the purchase price calculations. Staff explained that it was unclear if there could be payment for square footage exempt from the GFA cap, especially for uses required per zoning.

Staff also updated the Board on the discussions regarding the proposed transit fund contemplated in the EIR. The formula utilized in determining a mitigation cost came to \$10 per square foot if assessed just on commercial development, as proposed. Boston Properties has supported the program throughout the MEPA process, but requested a conversation of cost sharing for the program with the CRA through a reduction in the development payments. The Board discussed its role in determining how such funds would be used given any potential discounting of its revenue for the program.

The Executive Director outlined some of the redevelopment programs that could be expanded assuming the financial terms of the development agreement remained similar to the current documents. These included expansions of the Forward Fund, increased contribution to the Foundry projects operational reserve, support for the EcoDistrict, and improvements/programming at existing CRA open spaces. Other areas for potential strategic planning might involve workforce development programs, public art programs, or involvement with Vail Court. The Board emphasized the need to project long-term operating expenses and explore investment opportunities if the zoning was approved and the future development became more real.

Meeting adjourned at 8:45 PM.

Executive Session of CRA Regular Meeting
Cambridge Redevelopment Authority

February 24, 2016
Robert Healy Public Safety Center / Cambridge Police Station
125 Sixth Street
Community Room

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members In Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, Mr. Barry Zevin

Executive Session began at 7:47 PM, after the close of the Annual Meeting of the CRA Board.

Executive Director Tom Evans initiated the discussion with an update on the Kendall Square Urban Renewal Plan amendment, which was still before the state for review. He noted for context the transition of the project manager for the MXD project at Boston Properties and revised plans that had been discussed by Boston Properties placing all the new development allowed by the MXD petition on the north parcel. While the shift of the development to the north would potentially have some financial benefits under the existing development agreement formula, these modifications would need further environmental review and urban design consideration.

Given the zoning approval and the sense that Boston Properties was moving ahead with new development plans, Mr. Evans felt that it was time to begin to discuss with the Board the purchase price in the Development Agreement, utilizing some real estate finance work conducted by HR&A advisors for the City and the CRA to analyze the Volpe zoning proposal. While the infrastructure costs and mitigation expenses are not known, utilizing figures from the Volpe analysis, HR&A had estimated the current value of GFA for commercial development was somewhat greater than the purchase price for GFA in the Parcel Two Development Agreement. The Board members discussed the merits of reopening negotiations for the purchase price verses sticking with the existing financial deal.

Meeting adjourned at 8:55 PM.

Executive Session of CRA Regular Meeting
Cambridge Redevelopment Authority

October 19, 2016
Robert Healy Public Safety Center / Cambridge Police Station
125 Sixth Street
Community Room

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members In Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, Mr. Barry Zevin

Executive Session began at 7:31 PM, after the close of the Regular Board Meeting.

The CRA Board was joined by Jeff Mullan of Foley Hoag and Shuprotim Bhaumik of HR&A Advisors. Executive Director, Tom Evans, opened the session with a brief update on the status of the Infill Development Concept Plan and the background related to the Cambridge Center Development Agreement.

Mr. Mullan presented a summary of the draft Development Agreement amendment and walked through elements of the document. He explained that the terms of the purchase price in the draft under discussion were consistent with the existing agreement. The Infill GFA price for office and R&D was subject to a 200% escalator, while other land uses, notably residential development was not subject to the escalator, as outlined in the Parcel Two Development Agreement, as amended in 1991. Consistent with the original agreement, exempt GFA does not contribute to development payments. Mr. Evans highlighted issues of ongoing discussion with Boston Properties, which include cost sharing for development mitigations. To date, staff had offered that the CRA might fund half of the Kendall Square Transit Enhancement Program, as this was new a program and cost factor that had not been part of the original deal or subsequent amendments.

Mr. Bhaumik provided an overview of their methodology for valuing residual land value in Kendall Square. He explained the assumptions for construction costs and prospective rents for commercial and residential uses. He reviewed the sensitivity land value has to changes in those assumptions. He emphasized that their construction costs did not account for off site infrastructure such as open space improvements or mitigations related to sustainability, water, sewer, or transportation. While the extent of those costs are unknown, he expressed confidence that with the strength of the Kendall Square market, the purchase price for GFA under discussion provided a feasible development project.

The Board emphasized their expectation to finalize the Development Agreement terms prior to making a final approval of the Infill Development Concept Plan. The Board, staff, and consultants discussed various technical issues related to both the financial analysis and the draft Development Agreement. Staff explained that the design review process was still under discussion between Boston Properties and CDD staff.

Meeting adjourned at 9:25 PM.

Executive Session of CRA Regular Meeting
Cambridge Redevelopment Authority

December 21, 2016
Robert Healy Public Safety Center / Cambridge Police Station
125 Sixth Street
Community Room

DRAFT EXECUTIVE SESSION MEETING MINUTES

Board Members In Attendance: Mr. Christopher Bator, Ms. Kathleen Born, Mr. Conrad Crawford, Ms. Margaret Drury, Mr. Barry Zevin

Executive Session began at 8:14 PM, after the close of the Regular Board Meeting.

The CRA Board was joined by Jeff Mullan of Foley Hoag and staff of the CRA. Executive Director, Tom Evans and Mr. Mullan briefed the CRA Board on the status of the Development Agreement negotiations, which were in their opinion, close to resolution. The Board and staff discussed the timing of development payments and various mitigation obligations of the project. The Board suggested that staff present a long-term financial plan outlining redevelopment projects and programs along with diversified investment plans. In particular the Board discussed the relationship between Kendall Square funding to projects in other parts of the City such as the Foundry. It was recommended that staff set up a meeting with the City Manager, to brief the City on the progress being made on the Development Agreement.

Meeting adjourned at 9:10 PM.