# LEASE AGREEMENT by and between THE CITY OF CAMBRIDGE

as Landlord

and

#### **CAMBRIDGE REDEVELOPMENT AUTHORITY**

as Tenant
with respect to the property known as
the Foundry Building
at 101 Rogers Street, Cambridge, MA
Dated as of

**JULY 13, 2015** 

**Amended on:** 

\_, <del>2015</del>2017

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#### LEASE AGREEMENT

Intending to be legally bound, Landlord and Tenant agree as set forth below:

Landlord and Tenant hereby agree to this Lease of the City-owned Foundry Building at 101 Rogers Street. The goal of this Lease will be to implement the vision, objectives and conditions developed through extensive community and Cambridge City Council input, as formally set forth in the Demonstration Project Plan for the Property adopted by the CRA on December 17, 2014 and approved by the City Council on May 4, 2015, and amended on September 13, 2017 and September 25, 2017 respectively (the "Demonstration Plan"). A copy of the approved Demonstration Project Plan is attached as an exhibit to Exhibit 1, the Cooperation Agreement. Subject to the oversight of the City as set forth in this Lease, the CRA will serve as the steward of the Property and, in particular, the community uses and programming within the Foundry.

#### 1. PROPERTY

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term and subject to and with the benefit of the terms, covenants, conditions, agreements and provisions hereof, two certain parcels of land, together with all improvements thereon, more particularly described in a deed from ARE-MA Region No. 32, LLC and ARE-MA Region No. 35, LLC to the City of Cambridge dated January 9, 2012 and recorded with the Middlesex South District Registry of Deeds in Book 58257, Page 379, a copy of which is incorporated as **Exhibit 2** attached hereto and made part hereof, located at 101 Rogers Street and 180 Bent Street in Cambridge, Middlesex County, Massachusetts, together with rights of ingress and egress thereto (the "Property").

#### 2. USE OF TERMS

The following terms shall have the following definitions:

Advisory Committee - A seven (7) person Committee created by the City Manager in consultation with the CRA's Executive Director.

Agreement for Short Term Occupancy – An agreement by a subtenant to occupy a portion of the Property for a term of less than one year.

City Manager - The City Manager of the City of Cambridge.

Governing Documents - The Lease, the Demonstration Project Plan, the Disposition Report, the Cooperation Agreement and such other documents related to the use of the Property, all as agreed upon by Landlord and Tenant.

Selection Process - The multi-stage process by which Tenant, subject to the approval of the City Manager, will select the **Development Entity Operator**.

<u>Sublease – An agreement by a subtenant to occupy a portion of the Property for a term greater than one year.</u>

<u>Development Entity Operator</u> - A private <u>developerentity</u>, non-profit organization, or a joint venture of multiple parties capable of fulfilling the <u>redevelopment building management and programmatic</u> goals for the Property. <u>The Operator, with the consent of the Landlord, may be a subtenant of the Property.</u>

Program - The mix of uses of the Property, which shall be consistent with the Governing Documents.

Sublease - An agreement between Tenant and a Development Entity to implement the redevelopment and management of the Property into a productive, innovative mixed-use center.

Operator Agreement – The Agreement – whether in the form of a service contract, sublease, or other contract – between the Tenant and Operator, with the consent of the Landlord, pursuant to which the Operator will manage and/or occupy all or a portion of the Property.

#### 3. LEASE TERM AND PRE-SUBLEASE PRE-LEASE TERM

- 3.1 <u>Pre-Sublease Pre-lease Term.</u> The period after the execution of this Lease but prior to the execution of the Sublease shall be the "Pre-Sublease Term." The issuance of the certificate of occupancy shall be the "Pre-lease Term." The Landlord shall conduct capital improvements consistent with the terms of the Cooperation Agreement during the Pre-lease Term. The Tenant shall conduct the Selection Process, as defined in <u>Section 4.3 below</u>, leading to the selection of the <u>Development EntityOperator</u>, subject to the review and approval of the City Manager during the <u>Pre-SubleasePre-lease</u> Term. The <u>Pre-SubleasePre-lease</u> Term is estimated to continue for not longer than twelvethirty six (1236) months and may be extended by mutual agreement of Landlord and Tenant.
- 3.2 <u>Lease Term.</u> The term of this Lease (the "Lease Term") shall commence upon execution of this Lease and shall end fifty (50) years after execution of the Sublease issuance of the certificate of occupancy of the Property.
- 3.3 <u>Contingency.</u> The Parties hereby expressly acknowledge and agree that Landlord's obligations and Tenant's rights hereunder are contingent upon Tenant entering into a <u>Sublease</u> with a <u>Development Entity consistent with the terms of this Lease in every respect. In the event the Sublease is not executed an agreement with an <u>Operator</u>, and the <u>Landlord performing the capital improvements</u>. In the event the these activities are not completed within three (3) years of</u>

the execution of this Lease (or such longer period as may be extended by mutual agreement of Landlord and Tenant) this Lease shall be void and of no further force or effect.

3.4 <u>End of Lease Term.</u> If Landlord so elects, at the expiration or sooner termination of the Lease, all improvements shall be surrendered to Landlord in a reasonable condition to be determined by the Landlord.

#### 4. SELECTION OF DEVELOPMENT ENTITY OPERATOR

- 4.1 <u>Proposals.</u> The Tenant shall seek proposals for the <u>redevelopment management</u>, <u>operations</u> and <u>programming</u> of the Property from prospective <u>development entities</u> <u>Operators</u>.
- 4.2 <u>Schedule.</u> Landlord and Tenant agree to pursue the Selection Process consistent with the schedule set forth in <u>the Cooperation Agreement</u>. **Exhibit 31** and acknowledge that it is expected that the Property will be substantially occupied not later than three years after commencement of the Lease Term.
- 4.3 <u>Selection Process.</u> Tenant's selection of the <u>Development EntityOperator</u> shall follow a multi-stage process consisting of a Request for Qualifications ("RFQ") to determine a short list of qualified entities ("Proponents") and a Request for Proposals ("RFP") to fully develop proposals for evaluation and selection of the Development Entity. The determination of Proponents and the selection of a Development Entity are bothprocurement process consistent with the Cooperation Agreement, Exhibit 1. The selection of an Operator is subject to the approval of the City Manager.
  - RFQ. The RFQ will provide a broad array of prospective Proponents with an opportunity to propose an overall reuse concept for the Property. If Tenant receives sufficient responses in alignment with the Governing Documents and elects to proceed with the proposal process, the second stage of the solicitation will proceed through a limited solicitation RFP to be distributed to the Proponents. In coordination with the release of the RFQ, Tenant will organize at least one public pre-bidding event to invite developers, program providers, and potential tenants to form connections and potential partnerships capable of delivering an innovative mix of uses in the Property.
  - RFP. The RFP will be distributed to the Proponents and will center on selecting a feasible concept for the Property that includes the selection of an implementation team with appropriate development and management capacity to rebuild and populate the Property. Tenant will solicit proposals for the Property's reuse as specified in and consistent with the Governing Documents (the "Proposals"). Tenant shall host at least one televised public presentation (on Cambridge Public Access TV) of the final Proposals from the Proponents at least two (2) weeks before the selection of the Development Entity by the Tenant.
- 4.4 <u>Program.</u> Proposals shall be required to comply with minimum and maximum programmatic requirements as determined by the Parties after evaluation of the RFQ responses.
- 4.5 <u>Selection Criteria.</u> Tenant will evaluate <u>the Proposals proposals from prospective</u> <u>Operators</u> according to the objectives for the Property set forth in the Governing Documents. Such objectives shall be specifically referenced in the <u>RFPSelection Process</u>; <u>provided, however</u>, that <u>Proposals that prospective Operators shall</u> demonstrate <u>delivery of their ability to deliver</u> a Program

with community-oriented uses significantly greater than the 10,000 square feet minimum required by the Cambridge Zoning Ordinance and that include the productive use of as much of the Property as possible shall be considered highly advantageous in the Selection Process.\_

Other factors in the Selection Process shall include, without limitation, the strength of financing, the quality and experience of the proposed Proponent Operator, the mix of proposed uses as they relate to the objectives laid out in the Governing Documents, the conceptual building design, the approach to environmental issues, proposed schedule, and the capacity of the proposed Proponent Operator to undertake both the development and operations management and programming of the Property over the long term.

#### 5. **SUBLEASE OCCUPANCY AND OPERATIONS**

- 5.1 <u>Sublease Authorization.</u> Tenant shall be authorized to execute the <u>Sublease with the Development Entity</u>; <u>provided, however</u>, that Tenant reserves the right not to select a Development Entity if no acceptable Proposals are received. The terms of any <u>Sublease entered into with the Development Entity shall be subject to the prior review and written <u>Subleases and Agreements for Short Term Occupancy with subtenants consistent with the Governing Documents. The Tenant may delegate this authorization to the Operator subject to protocols, to be approved by <u>Landlord and Tenant</u>, that are consistent with the Governing Documents. These protocols will, *inter alia*, define a space limit expressed either as absolute square footage or as a percentage of rentable space above which Subleases and Agreements for Short Term Occupancy require Tenant review and approval of the City Manager.</u></u>
- 5.2 <u>Sublease Term.</u> The term of the Sublease shall be up to the duration of the Lease Term (the "Sublease Term") and shall be subject to the terms of the Governing Documents, the requirements of the RFP, and the Proposal. The Tenant may, with the City Manager's written approval, negotiate modifications of the elements of the Proposal; <u>provided, however, that any such revision shall not be inconsistent with the requirements and goals of the Governing Documents.</u>
- 5.35.2 Tenant Office SpaceRight to Occupy. Tenant shall have the right to occupy up to 2,000 net square feet within the Property for its own corporate purposes and for which it shall pay rent in accordance with Section 6.56.4 below as if Tenant were a tenant of the Development EntityProperty at market rate.
- 5.45.3 <u>Performance Measures.</u> The <u>SubleaseOperator</u> shall maximize the benefits to the community from the redevelopment and use of the Property while maintaining the financial sustainability of the Property. The <u>SubleaseOperator Agreement</u> will include performance measures and reporting requirements that comply with the Governing Documents.
- 5.5.4 <u>Continuous Operation.</u> The <u>SubleaseOperator Agreement</u> shall require the <u>Development EntityOperator</u> to use its best efforts to keep the Property continuously occupied during the <u>Sublease</u>Lease Term.
- 5.65.5 Permits. The Sublease shall require the Development Entity to Landlord shall obtain at its expense any and all permits and/or licenses required by federal, state, and local laws, rules and

regulations for the redevelopment and of the Property. The Operator Agreement shall require the Operator to obtain at its expense any and all permits and/or licenses required by federal, state, and local laws, rules and regulations for the operation of the Property.

- 5.75.6 <u>Insurance.</u> Tenant shall require the <u>Development EntityOperator</u> and all designers, contractors, operators and tenants of the Property to carry reasonable levels of insurance naming the Tenant and the Landlord as additional insureds in amounts and coverages to be approved by both the Tenant and the Landlord.
- 5.8 <u>Ten-Year Sublease Rent Evaluation.</u> The Sublease shall provide that, at each ten-year anniversary of the Sublease Term, the amount of Rent (discussed below in <u>Section 6.5</u>) owed under the Sublease shall be subject to renegotiation based on the then-prevailing rents in the Greater Boston area for the uses comprising the Program. In the event that Tenant and the Development Entity are unable to agree on the adjustments to the Rent, such adjustments shall be submitted to an independent appraisal process to be set forth in the Sublease.
- 5.95.8 <u>Remedies.</u> The <u>SubleaseOperator Agreement</u> shall provide remedies for Landlord and/or Tenant if the Property is not <u>redeveloped managed and operated</u> in accordance with the Governing Documents, including termination or modification of the <u>Sublease, injunctionOperator Agreement, injunctive relief</u>, and reimbursement for expenses and attorneys' fees associated with remedies under the <u>SubleaseOperator Agreement</u>.

#### 6. FINANCIAL RESPONSIBILITIES

- 6.1 <u>Landlord's Capital Improvements.</u> Landlord's Capital Improvements shall mean improvements determined by the Landlord, in consultation with the Tenant, to be necessary and appropriate for the use of the Property in compliance with all applicable federal, state, and local laws, rules and regulations. The Cambridge City Council has appropriated six million dollars (\$6,000,000.00) for Landlord's Capital Improvements to a dedicated Landlord's Capital Improvements Fund (separate from the "Capital Reserve Fund" described in <u>Section 6.2</u> below), and Landlord shall expend substantially all of such amount during the Pre-Sublease Term and the first ten (10) years of the Lease Term. The Landlord and Tenant may confer with the Development Entity, as appropriate, regarding the Landlord's Capital Improvements.
- 6.26.1 Reserve Funds. Tenant shall, in the Sublease, create the following Reserve Accounts: (a) a fund dedicated by the Tenant to investment during the Lease Term in the Property's ongoing building operations and programming goals as specified in and create the Reserve Funds consistent with the Governing Documents (the "Operating Reserve Fund"); and (b) a fund by the Tenant dedicated to investment during the Lease Term in the Property's capital maintenance as specified in and consistent with the Governing Documents (the "Capital Reserve Fund")Cooperation Agreement. At each ten-year anniversary of the Lease Term, the amount in the Reserve Accounts shall be reviewed by the Parties, and may be adjusted based on the then-prevailing best professional practice. Excess funds not anticipated to be needed at the conclusion of such review at such time may be returned to the City and to the CRA to recoup the initial investments and predevelopment costs of each Party or deposited in the Reserve Funds as agreed by the Parties. Any such recoupment of the initial funds shall be paid to the Parties in proportions based upon each

Party's initial investment. Any money that remains in the Reserve Accounts Funds at the end of the Lease Term shall be paid in its entirety to the City.

- 6.36.2 <u>Tenant's Funds.</u> Prior to the commencement of the <u>Sublease Lease</u> Term, Tenant shall pay two million dollars (\$2,000,000.00) to establish the Reserve Funds and shall allocate such portion of the two million dollars to the Operating Reserve Fund and Capital Reserve Fund in amounts to be agreed upon by Landlord and Tenant, the entirety of which shall be spent during the Lease Term.
- 6.46.3 Additional Financing. Tenant shall endeavor, with support from Landlord, to secure additional financial resources for the redevelopment of the Property and the Program, such as tax credits, state financing, tax agreements, grants, charitable donations, development fees of other properties, and other sources of capital.
- 6.56.4 Rent. Tenant-shall not pay rent to Landlord, insofar as it shall elect to exercise its Right to Occupy as defined in Section 5.2, shall pay market rate rent, which shall be paid into the Operating Reserve Fund as if Tenant were a comparable market rate tenant of the Property. Tenant shall be authorized to set rental rates ("Rent") with the Development EntityOperator and/or other subtenants according to the Program and the Governing Documents. Rent charged during the initial 10 year term owed to the Tenant under the Tenant and Landlord shall periodically review rental rates for Subleases within a period consistent with the expiration of the applicable Sublease shallterm, not to be lower than that established by an independent appraisal commissioned by Tenant, but portions or, upon approval by the City Manager, based on an appraisal conducted by the City's Director of the Board of Assessors. Portions of the Rent may be offset by certain capital improvements or programmatic measures provided by the Development EntityOperator with approval from the City Manager. Any revenue received by Tenant from the Property shall be: (a) used to provide support for the Program; (b) used for additional improvements to the Property to support the Program; or (c) deposited in the Reserve Funds.
- 6.66.5 <u>Real Estate Taxes.</u> No real estate taxes shall be owed on the Property <u>duringprior to</u> the <u>Pre-Sublease Lease</u> Term. During the <u>Sublease Lease</u> Term, the <u>Development Entity and any entity elaiming through the Development Entity Tenant and the Operator</u> shall be responsible to pay such taxes on the portion of the Property-, as are due and payable pursuant to law.
- 6.76.6 <u>Utilities</u>. Landlord shall be responsible for the payment of all utilities charges during the <u>Pre-SubleasePre-Lease</u> Term. Tenant shall be responsible for payment of all utilities charges during the <u>SubleaseLease</u> Term and shall be authorized to enter an agreement with the <u>Development EntityOperator</u> for the payment of utility charges.
- 6.86.7 <u>Audit.</u> The operations and finances of the Property, including but not limited to the use of Rent and the Reserve Funds, shall be subject to annual audit by Tenant and, upon request, by Landlord and/or its designees.
- Reimbursement of Management Costs. The Tenant shall be entitled to reimbursement from the Operating Reserve Fund for reasonable costs of time and materials spent on managing the Property, including but not limited to the responsibilities outlined in Sections 5.1, 6.1, 6.4, 6.7, 7.1, 7.2, and 7.3, as well as any responsibilities taken on temporarily from the Operator,

consistent with the Governing Documents, to such extent that Operator is unable to discharge such responsibilities. Tenant shall prepare a report for Landlord detailing all reimbursements to Tenant for management costs for Landlord review and approval on a quarterly basis.

6.9 <u>Costs and Expenses.</u> Tenant and Landlord shall each bear its own costs in connection with the negotiation of the Governing Documents and the <u>SubleaseLease</u>.

#### 7. CONSTRUCTION AND ONGOING MANAGEMENT RESPONSIBILITIES

- 7.1 <u>Construction Management.</u> Tenant shall hire or otherwise retain, subject to the approval of the City Manager, an owner's representative to oversee each stage of the Property's redevelopment.
- 7.27.1 Improvements and Modifications, Review. Except for those improvements which the Landlord has completed pursuant to the Cooperation Agreement, the Tenant shall ensure that improvements and modifications to the Property are designed in compliance with all applicable federal, state, and local laws, rules and regulations. The City Manager, with recommendations from the Cambridge Redevelopment Authority Board, shall approve all structural and all permanent capital improvements and modifications to the Property, including the installation of solar panels. Landlord and Tenant shall coordinate major improvement activity with the Cambridge Department of Public Works.
- 7.37.2 Repairs and Maintenance. Landlord shall be responsible for maintenance of the Property during the Pre-lease Term. Tenant shall maintain the Property in good condition and repair, reasonable wear and tear excepted, from the beginning of the Sublease Term through the end of the Lease Term, and shall be authorized to transfer this obligation to the Development Entity in the Sublease. Expenses for maintenance during the Lease Term may be paid out of the Capital Reserve Fund. Landlord shall be responsible for maintenance of the Property during the Pre-Sublease Term. Tenant may request that Landlord undertake specific capital improvements as part of the Landlord's Capital Improvements during the Pre-Sublease Term or Lease Term. Operator.
- 7.47.3 Oversight. Tenant shall play an active management role in overseeing operations at the Property consistent with the Governing Documents, with an emphasis on and this Lease, including but not limited to oversight of the Operator's adherence to the Operator Agreement, emphasizing community uses and public programming of shared spaces.
- 7.57.4 Advisory Committee. The City Manager shall create and sustain the Advisory Committee in consultation with Tenant's Executive Director in accordance with the Governing Documents. The Advisory Committee shall conduct its affairs and carry out its mission in accordance with the Governing Documents.

#### 8. INSURANCE, WAIVER OF SUBROGATION

#### 8.1 Insurance.

(a) <u>Pre-SubleasePre-Lease Term Liability.</u> During the <u>Pre-SubleasePre-Lease Term</u>, as between the Parties, liability for the Property shall be with the Landlord. Tenant shall be under no obligation to insure the Property during the <u>Pre-SubleasePre-Lease</u> Term.

- (b) <u>Personal Property</u>. Tenant agrees that all risks during the Lease Term (including that of fire or other casualty, theft or other harm, damage or loss) to Tenant's Personal Property, including the loss of use of the same, shall be borne solely by Tenant. As used herein, Personal Property includes, but is not limited to, all of Tenant's tangible and intangible goods and accounts, inventory, merchandise, furniture, fixtures, equipment (including computer equipment and any data stored thereon) and systems.
- (c) <u>Insurance.</u> Tenant shall require the <u>Development EntityOperator</u> to maintain in full force and effect during the <u>Sublease</u> Term the following types of insurance:
  - 1. General Liability Insurance. General liability insurance (including contractual and personal injury liability insurance) in an amount not less than \$1,000,000 combined single limit bodily injury and property damage per occurrence and \$2,000,000 annual aggregate limit per location (or such higher limits as may be reasonably agreed upon by Landlord and Tenant from time to time).
  - 2. <u>Automobile Liability.</u> For any vehicles used by the <u>Development EntityOperator</u> in Foundry-related business, automobile liability insurance in an amount not less than \$1,000,000 combined single limit bodily injury and property damage per accident.
  - 3. <u>Workers' Compensation and Employers' Liability.</u> The statutory limits of workers' compensation and employers' liability insurance in amounts adequate to satisfy the umbrella underlying requirements.
  - 4. Excess/Umbrella Liability. Umbrella liability coverage in an amount not less than \$10,000,000 per occurrence. Umbrella liability coverage is to be in excess of the general liability, automobile liability and employers' liability requirements outlined above and such requirement shall be subject to reasonable modification based on market changes and insurance coverage standards generally applicable to commercial real estate similar in type, use and location as the Property.
  - 5. Environmental Liability Insurance. A pollution legal liability insurance policy in an amount, of a type and subject to conditions approved by the Landlord for additional remediation and hazardous material disposal costs related to environmental conditions at the Property not previously identified by Landlord but discovered during the redevelopment process or operation of the Property (and subject to approval by the Landlord) for liability for bodily injury and property damage and clean up and disposal costs arising from pollution conditions at or from the Property with a minimum limit of \$1,000,000 per claim and \$3,000,000 in the aggregate and a maximum deductible or self-insured retention of \$25,000.
  - 6. <u>Property Insurance</u>. Insurance against loss or damage resulting to the Property including fire, theft or other damage in an amount not less than the replacement value of the Property. The Tenant and the <u>Development EntityOperator</u> shall consult with and obtain approval from the Landlord regarding the coverage amount of this policy.

- 7. Additional Provisions. The liability coverage in the insurance policies required in Section 8.1(c) above shall name Tenant and Landlord Parties as additional insureds except in the workers compensation policy. All insurance policies required in Section 8.1(c) above shall be issued by companies authorized to do business in Massachusetts with an A.M. Best's financial rating of A- or better and a size class rating of X (10) or larger or otherwise acceptable to Landlord and all such policies shall include a provision waiving the insurer's rights to subrogation against the Landlord. Tenant shall deposit with Landlord a certified copy of the insurance binder (countersigned by the insurer) or evidence of insurance (in ACORD Form 28) or other proof satisfactory to Landlord for each of the insurance policies that the Development Entity is Operator and all tenants are required to carry in compliance with its obligations under the Sublease Such insurance policies shall contain a provision that the insurer will not cancel or refuse to renew the policy, without first giving at least thirty (30) days prior written notice to Landlord. The Sublease All subleases shall provide that failure to obtain and maintain the required insurance and failure to remedy such within ten (10) Business Days after written notice by Landlord or Tenant shall constitute an Event of Default under the Sublease
- 8.2 Insurance During Construction. During the performance of any construction by Tenant or the Development Entity Operator on the Property, in addition to the above coverage required to be maintained by Tenant, Tenant shall require that the Development Entity Operator cause the general contractor performing the work to carry: (a) commercial general liability insurance in an amount not less than \$1,000,000 combined single limit bodily injury and property damage per occurrence and \$2,000,000 annual aggregate limit per location (or such higher limits as may be determined by Landlord from time to time); and (b) automobile liability insurance in an amount not less than \$1,000,000 combined single limit bodily injury and property damage per accident; (c) a pollution legal liability insurance policy in an amount, of a type and subject to conditions approved by the Landlord for additional remediation and hazardous material disposal costs related to environmental conditions at the Property not previously identified by Landlord but discovered during the redevelopment process or operation of the Property and subject to approval by the Landlord for liability for bodily injury and property damage and clean-up and disposal costs arising from pollution conditions at or from the Property with a minimum limit of \$1,000,000 per claim and \$3,000,000 in the aggregate with a maximum deductible or self-insured retention of \$25,000; (d) the statutory limits of workers' compensation and employers' liability insurance in amounts adequate to satisfy the umbrella underlying requirements to protect Landlord's interest and that of Tenant, contractors and subcontractors during the course of the construction; and (ed) builder risk coverage against loss or damage on all work caused to be performed by the Development Entity Operator in an amount equal to the value of the total replacement costs of the completed improvements to be made to the Property, plus the value of subsequent contract modifications and the cost of materials supplied or installed by others, comprising the total value for the entire project on site on a replacement cost basis without optional deductibles. Such coverage shall be written on an all risks basis or equivalent form and shall include, without limitation, insurance against perils of fire (with extended coverage) and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, terrorism, collapse, earthquake, flood,

windstorm, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements, and expenses and Tenant's loss of use in a mutually agreed upon amount, required as a result of an insured loss. This policy and/or installation floater shall include transportation and stored materials coverage in an amount equal to the value of the stored materials at the project site only as required below. Such contractor insurance policies shall name the Landlord as an additional insured on a primary noncontributing basis.

8.3 <u>Waiver of Subrogation.</u> Landlord and Tenant hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible, provided, however, that this release shall be applicable and in full force and effect only to the extent permitted by law and only to the extent that the cost of repairing such damage is covered by insurance or would have been covered by insurance proceeds payable under any policy (including the deductible and/or uninsured portion thereof) required to be maintained under this Lease, but not so maintained. Each policy of such insurance shall contain a waiver of subrogation by insurer against Landlord or Tenant, as the case may be.

#### 9. USE OF PROPERTY

Tenant covenants and agrees to use and occupy the Property, as permitted by law, for the redevelopment and management of the Property into a productive, innovative mixed-use center consistent with the Governing Documents. Tenant shall not use or permit any use of the Property which creates any safety or environmental hazard, or which would be dangerous to the Property, the users of the Property or any third-party.

#### 10. INDEMNIFICATION

Except to the extent caused by the gross negligence or willful misconduct of Landlord and/or its agents, representatives, contractors or employees, Tenant covenants and agrees to exonerate, indemnify, defend, protect and save Landlord harmless from and against any and all claims, demands, expenses, losses, suits and damages as may be occasioned by reason of: (i) any accident, injury or damage occurring in or about the Property causing injury to persons or damage to property; and (ii) the failure of Tenant to fully and faithfully perform the obligations and observe the conditions of this Lease. The obligations of the Parties pursuant to this Section 10 shall survive the expiration or earlier termination of the Lease.

#### 11. FIRE OR OTHER CASUALTY

11.1 <u>Event of Casualty.</u> For the purposes of this section, "Event of Casualty" shall be defined as damage to or destruction of the Property caused by fire or other casualty, or any such damage to or destruction of the Property necessary to provide normal services and access to the Property. If an Event of Casualty occurs, Landlord, after receipt of written notice thereof from Tenant, shall undertake to make repairs and restorations with reasonable diligence, unless this Lease has been terminated by Landlord or Tenant as hereinafter. If: (i) in Landlord's sole judgment, the damage

is of such nature or extent that more than one hundred eighty (180) days following the occurrence of the casualty would be required to repair and restore the Property as the case may be; or (ii) in Landlord's sole judgment, the damage is of such nature or extent that it is uneconomical to repair and restore the Property, as the case may be; or (iii) less than one (1) year remains on the then current Lease Term, Landlord shall so advise Tenant within thirty (30) days after the Event of Casualty (the "Landlord's Notice of Casualty"), and either Party shall have thirty (30) days after receipt of Landlord's Notice of Casualty to terminate this Lease by written notice to the other. If either Party elects to terminate this Lease in the case described in clauses (i), (ii) or (iii) above, then the Lease Term shall expire as of the date of the Event of Casualty, and Tenant shall vacate the Property and surrender the same to Landlord in accordance with the terms of this Lease.

- 11.2 <u>Repair and Restoration.</u> If an Event of Casualty occurs, provided this Lease is not terminated pursuant to the terms of Section 13.1, and sufficient casualty insurance proceeds are available for application to such repair and restoration, Landlord shall proceed diligently to repair and restore the Property to substantially the same condition prior to the Event of Casualty, and Rent shall equitably abate until the Property and the portions of the Building providing necessary service and access to the Property are restored.
- 11.3 <u>Validity and Effect.</u> The validity and effect of this Lease shall not be impaired in any way by the failure of Landlord to complete the repair and restoration of the Property or the Building within one hundred eighty (180) days after the occurrence of the casualty, even if Landlord had in good faith notified Tenant that the repair and restoration would be completed within such period, provided that Landlord proceeds diligently with such repair and restoration; provided, however, if the Property or the Building are not restored within two hundred and ten (210) days after the occurrence of the casualty, Tenant shall have the right to terminate this Lease by written notice to Landlord.

#### 12. INSPECTION; ACCESS; CHANGES IN BUILDING FACILITIES

- 12.1 <u>Inspection.</u> Landlord, its agents, employees and contractors may enter the Property at any time in response to an emergency and at other reasonable times (i) to examine, inspect and protect the Property.
- 12.2 <u>Access.</u> Landlord shall have access to all areas in the Property (including exterior walls, core corridor walls and doors and any core corridor entrances), including areas used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other facilities.

#### 13. **DEFAULT**

13.1 <u>Tenant's Default.</u> It shall be a Tenant event of default <u>and breach of this Lease by the Tenant</u> (an "Event of Default") under this Lease if: (i) Tenant fails to perform or observe any material term, or obligation of this Lease and such failure continues after written notice given by or on behalf of Landlord to Tenant for more than ninety (90) days; provided, however, if such failure is of such a nature that Tenant cannot reasonably remedy the same within the said ninety (90) day period, then such period shall be extended so long as Tenant commences promptly same and diligently prosecutes such remedy to completion; <u>or</u> (ii) Tenant abandons the Property for a

period of more than thirty (30) days; or (iii) Tenant commits any other act or omission which is stated in this Lease to be an Event of Default.

Landlord's Default. It shall be a default and breach of this Lease by Landlord if Landlord shall fail to perform or observe any material term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of ninety (90) days after notice thereof from Tenant specifying in detail Landlord's non-compliance ("Landlord Event of Default"); provided, however, that if the material term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be performed within such thirtydayninety-day period, such default shall be deemed to have been cured if Landlord commences such performance within said ninety (90) day period and thereafter diligently undertakes to complete the same. If: (a) any Landlord Event of Default is not cured within the applicable cure period, Tenant's exclusive remedy shall be an action for specific performance; and (b) if the default is a failure of Landlord to perform a repair obligation which is in Landlord's control and the failure to perform such repair obligation has rendered occupation of the Property untenable, Tenant shall have the right, but not the obligation, to perform such repair so as to make the Property tenable and Landlord shall reimburse Tenant for the reasonable costs incurred in making such repair within ninety (90) days after Landlord's receipt of Tenant's invoice thereof, which shall include reasonable documentation of all costs incurred. Notwithstanding the foregoing, Tenant hereby waives the benefit of laws granting it: (i) the right to perform Landlord's obligations except as expressly provided in the immediately preceding sentence; or and (ii) the right to terminate this Lease or withhold Rent on account of any Landlord Event of Default.

#### 14. NOTICES

All notices or other communications hereunder shall be in writing and shall be deemed to have been given (i) if delivered by hand, by messenger or by an express delivery service (FedEx, UPS, DHL, etc.), then if and when delivered (or if delivery is refused, when refused) to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby), or (ii) if mailed, then on the third Business Day following the date on which such communication is deposited in the United States mail, by first-class registered or certified mail, return receipt requested, postage prepaid, and addressed to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby).

If to Landlord: Cambridge City Manager

Cambridge City Hall

795 Massachusetts Avenue Cambridge, MA 02139

With a copy to:

City Solicitor

Cambridge City Hall 795 Massachusetts Avenue Cambridge, MA 02139

If to Tenant: Executive Director

Cambridge Redevelopment Authority

255 Main Street, Fourth Floor

Cambridge, MA 02142

With a copy to:

Foley Hoag LLP 155 Seaport Boulevard Boston, MA 02210

Attn: Jeffrey B. Mullan, Esq.

#### 15. MISCELLANEOUS

- 15.1 <u>Authority</u>. Tenant and Landlord each represent and warrantrepresents and warrants that it has full corporate or partnership power and authority, as the case may be, to enter into this Lease and has taken all action necessary to carry out the transaction contemplated herein, so that when executed, this Lease constitutes a valid and binding obligation enforceable in accordance with its terms.
- 15.2 <u>Waivers</u>. No delay or forbearance by Landlord or by Tenant in exercising any right or remedy hereunder or in undertaking or performing any act or matter which is not expressly required to be undertaken by such party shall be construed, respectively, to be a waiver of Landlord's or Tenant's rights or to represent any agreement by Landlord or by Tenant to undertake or perform such act or matter thereafter.
- 15.3 <u>Waiver of Trial by Jury.</u> Tenant hereby consents to the exclusive jurisdiction of the courts of Massachusetts in any and all actions or proceedings arising under this Lease. Landlord and Tenant agree to waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use of or occupancy of the Property and/or any claim of injury or damage and any emergency or any other statutory remedy.

- 15.4 <u>Time of the Essence.</u> All times, wherever specified herein for the performance by Landlord or Tenant of their respective obligations hereunder, are of the essence of this Lease.
- 15.5 <u>Severability.</u> Each covenant and agreement in this Lease shall for all purposes be construed to be a separate and independent covenant or agreement. If any provision in this Lease or the application thereof shall to any extent be invalid, illegal or otherwise unenforceable, the remainder of this Lease, and the application of such provision other than as invalid, illegal or unenforceable, shall not be affected thereby; and such provisions of this Lease shall be valid and enforceable to the fullest extent permitted by law.
- 15.6 <u>Headings.</u> The title and headings of this Lease are for convenience of reference only and shall not in any way be utilized to construe or interpret the agreement of the parties as otherwise set forth herein.
- 15.7 <u>Representatives.</u> The term "Landlord" and term "Tenant" as used herein shall mean, where appropriate, all persons acting by or on behalf of the respective parties, except as to any required approval, consents or amendments, modifications or supplements hereunder when such terms shall only mean the parties originally named on the first page of this Lease as Landlord and Tenant, respectively, and their agents so authorized in writing.
- 15.8 <u>Lease Not Binding Until Executed and Delivered.</u> This Lease shall not bind Landlord unless and until it has been signed and delivered by Tenant, received and accepted by Landlord, and then countersigned and redelivered by Landlord to Tenant.
- 15.9 <u>Counterparts.</u> This Lease may be executed in four (4) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same lease agreement.
- 15.10 <u>Amendment and Modification</u>. This Lease, including all Exhibits and Addenda attached hereto, each of which is incorporated in this Lease, as well as the referenced Governing Documents, contains the entire agreement between the parties hereto, and shall not be amended, modified or supplemented unless by agreement in writing signed by both Landlord and Tenant.
- 15.11 <u>Governing Law.</u> This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.
- 15.12 <u>Tenant's Right of Access.</u> Subject to the terms and conditions of this Lease and any other rules and regulations imposed by Landlord, Tenant shall have access to the Property twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days per year during the Lease Term (as same may be extended).

#### 16. EXHIBITS AND ADDENDA

**EXHIBITS** Additional terms to this Lease, if any, are set forth in the Exhibits and Addenda attached hereto, which are incorporated herein by reference, and made a part hereof, as follows:

A. Demonstration Project Plan

- 1. Cooperation Agreement
- B2. Deed

# C. Schedule

# [END OF TEXT; SIGNATURES FOLLOW ON NEXT PAGE.]

**IN WITNESS WHEREOF**, the Parties hereto have caused this Lease to be executed as of the date first written above.

<u>LANDLORD:</u>		
The City of Cambridge		
By:- Name: Richard C. Rossi Louis A. DePasquale Title:- City Manager		
As to form only:		
By:— Name: Nancy E. Glowa Title: City Solicitor		
TENANT:		
Cambridge Redevelopment Authority		
By:-		
Name: Kathleen Born		
Title: Board Chair		

# **EXHIBIT 1**

#### **COOPERATION AGREEMENT ("AGREEMENT")**

# BETWEEN THE CITY OF CAMBRIDGE AND THE CAMBRIDGE REDEVELOPMENT AUTHORITY FOR THE REDEVELOPMENT OF THE FOUNDRY BUILDING

The Cambridge Redevelopment Authority ("CRA") and the City of Cambridge ("City") (collectively, the "Parties") hereby agree to the following conditions related to the amendment of the Governing Documents (defined below) and the design, construction and operation for the redevelopment of the City-owned foundry building at 101 Rogers Street, Cambridge, Massachusetts (the "Foundry").

#### **RECITALS**

- The Foundry consists of the building and grounds of parcel 27-82 at 101 Rogers Street in Cambridge, Massachusetts (the "Site") and was acquired by the City in 2012.
- 2. The Foundry requires significant capital investment, as well as a thorough programming and building operational management structure in order to be put into productive use as a community asset for the City.
- 3. The CRA is authorized by G.L. c. 121B, § 46(f) to carry out demonstration plans that are aimed at, in part, developing methods and techniques to accomplish results consistent with the CRA's statutory authority.
- 4. The CRA and the Cambridge City Council approved a Demonstration Project Plan to implement the redevelopment of the Foundry (the "Project") on December 17, 2014 and May 4, 2015 respectively. The Demonstration Plan Amendment was approved by the CRA and the Cambridge City Council on September 13, 2017 and September 25, 2017 respectively (the "Demonstration Plan").
- 5. The Demonstration Plan states that the vision for the Foundry is to be "a creative, innovative center that offers a collaborative environment with a mix of cultural, educational, manufacturing, and commercial uses. The renovated multipurpose building will be designed for flexibility and is accessible, inclusive, and welcoming to the public. The activities within will be multigenerational and multicultural providing a citywide and neighborhood resource that is financially sustainable for years to come."

- 6. The Parties entered into a 50-year lease on July 13, 2015 (the "Lease") designed to be consistent with the Demonstration Plan.
- 7. At the time of the execution of the Lease, the City had appropriated six million dollars (\$6 million) toward the capital improvements to the Foundry, and the CRA had committed two million dollars (\$2 million) toward reserve funds for the Foundry's on-going operation.
- 8. The City has expended approximately upwards of \$785,630 of its \$6 million appropriation (the "City Expended Funds") on initial demolition of the interior of the Foundry. The CRA has expended approximately \$500,000 of its funds on matters related to the Foundry.
- 9. The Governing Documents contemplate that the City Manager will appoint members of an advisory committee for the Foundry, and he has so appointed members of the Foundry Advisory Committee (the "FAC") which has been functioning as described in the Demonstration Plan.
- 10. Through additional community processes, including public meetings with the CRA and the Cambridge City Council, the Demonstration Plan was revised to be consistent with the current vision for the Foundry, which will require that significantly greater public investment of funds will be necessary for the implementation of that vision.

Consistent with that background and those understandings, the Parties agree as follows:

#### **AGREEMENT**

## A. OBLIGATIONS OF THE PARTIES WITH RESPECT TO THE FOUNDRY

- 1. The CRA and the Cambridge City Council have worked together to develop a mutually-acceptable Demonstration Plan that reflects the current vision for the Foundry and the significantly greater investment of funds necessary for implementation of that vision.
- 2. The Parties agree that this Agreement sets forth the process for the procurement and other actions that are addressed in the Demonstration Plan.
- 3. Pursuant to the Demonstration Plan following its amendment in September 2017, the principal remaining activities related to the Project, involve a "Design and Construction Phase" during which the Project will be designed and constructed, and an "Operations Phase" which shall be

initiated following the issuance of the certificate of occupancy for the Foundry.

- 4. As set forth in more detail in this Agreement, the Parties anticipate that:
  - a. the City's total financial contribution toward the Foundry will be approximately \$24,000,000 (the "City's Project Contribution") which shall be used in the Design and Construction Phase. The Parties acknowledge that the City Expended Funds shall be credited towards the City's Project Contribution to the Project; and
  - b. the CRA's financial contribution toward the Foundry shall be \$9,000,000 (the "CRA's Project Contribution") which shall not be more than \$7,000,000 during the Design and Construction Phase and \$2,000,000 during the Operations Phase (as set forth in the Demonstration Plan).
- 5. The City's Project Contribution and the CRA's Project Contribution shall be used for the purposes and in the manner set forth in this Agreement, and the financial contributions of each Party will be re-evaluated following the completion and review by the Parties of the Feasibility Study ("First Decision Point"), after the City receives responses to the trade bids for the Core and Shell Project ("Second Decision Point"), at the time the certificate of occupancy is issued ("Third Decision Point"), and at the Closeout of Construction ("Fourth Decision Point") (collectively the "Decisions Points"). More specifically, in the event that the Parties determine that the total costs of the Design and Construction Phase are less than anticipated at the time this Agreement is executed, then the financial contributions of each Party will be reduced by the same proportion as their financial contributions (the City's Project Contribution and the CRA's Project Contribution, respectively) and put toward the Design and Construction Phase as set forth in this Agreement. Any proportional savings from the Design and Construction Phase will be transferred into the Capital Reserve Fund as described below.
- 6. The Parties will establish a "Foundry Project Team" that will include representatives of the City and the CRA to guide the implementation of this Agreement to support the redevelopment of the Foundry.
- 7. The Parties shall also report on progress to and receive feedback from the FAC at key points in the process through a regular reporting protocol.
- 8. The CRA shall provide support to the FAC and shall otherwise manage the public outreach process for the Project in cooperation with the City.
- 9. Defined terms used in this Agreement are further identified in Exhibit A.

# B. OBLIGATIONS OF THE PARTIES WITH RESPECT TO PHYSICAL REDEVELOPMENT

The Parties have agreed to the following in order to carry out the physical redevelopment of the Foundry building:

- Design and Construction Process in General
- All procurement processes, design decisions and permitting activities will include close coordination between the Parties. During the Design and Construction Phase, the Operator will make recommendations on the scope of the Fit-Out Project with the Contractor, subject to the approval of the OPM. The City will lead the permitting processes for all design and construction activities.
- 2. The City shall utilize an "owner's project manager" (the "OPM") to develop, in coordination with the CRA, a Request for Qualifications ("RFQ") for designer services. The City shall coordinate with the CRA prior to posting the RFQ.
  - Design and Designer Selection Matters
- 3. The City shall select and manage a designer (the "Designer") according to a designer selection process conducted in consultation with CRA staff, pursuant to G.L. c. 7C, §§ 44-57, including use of a Designer Selection Committee. The CRA shall have at least two representatives on the Designer Selection Committee. The Operator is expected to be consulted during the Design process as described in Section C below.
- 4. The Designer will work closely with the Foundry Project Team to create a design for the Core and Shell Project and the Fit-Out Project (collectively, the "Design") and shall generally follow the process set forth in <a href="Exhibit B">Exhibit B</a>. The Designer will first conduct a Feasibility Study to assist the Parties in defining the scope of the Design. At the Decision Points, the Parties shall re-evaluate the Project's budget as discussed above in <a href="Section A.5">Section A.5</a> and shall refine the allocation and payment schedule for the City's Project Contribution and the CRA's Project Contribution.
  - Construction and Contractor Selection Matters
- Following selection of the Designer, the City shall apply to the Commonwealth of Massachusetts' Office of the Inspector General ("OIG") to utilize the Construction Manager at Risk process outlined in G.L. c. 149A ("CM at Risk") for major capital improvements (the "CM at Risk Application").

- 6. If the CM at Risk Application is approved, the City shall select and manage a contractor ("Contractor") through the CM at Risk process for major capital improvements to the Foundry (the "Construction") to complete the Core and Shell Project, consistent with the Design.
- 7. If the CM at Risk Application is denied, the City shall select, contract with and manage a Contractor through G.L. c. 149, on a lowest responsible bidder basis. All bidding processes for the Contractor, regardless of method, will be managed by the City.
- 8. After the Feasibility Study and prior to the City's execution of the contract with the Contractor, the City and the CRA shall determine whether the Fit-Out Project will use the same design team and the same contractor or whether there will be a separate procurement.
- 9. If the Fit-Out Project is procured separately through the applicable public procurement process, the CRA will manage it; otherwise, the CRA will coordinate the completion of the furnishings and finishes that are part of the Core and Shell Project with the City, the Designer, the Contractor, and in consultation with the Operator.

#### Environmental Matters

- 10. The Parties acknowledge that environmental remediation of the Site may be required, that remediation work is ongoing on a property adjacent to the Site, and that the City has entered into a License Agreement with the owner of that property. The City shall conduct soil testing and design a remediation plan for the Site, if necessary, and shall implement the remediation plan as a part of the Core and Shell Project. The process to be followed for remediation of the Site shall be determined by the Parties.
  - Costs and Cost Sharing During the Design and Construction Phase
- 11. The estimated costs of the Design and other soft costs related to the Design are seven million dollars (\$7,000,000). Upon the City's appropriation of funds toward the Design and Construction Phase, the CRA shall pay to the City two million dollars (\$2,000,000) of the CRA's Project Contribution to be used toward Design costs. The City will pay for the remaining costs of the Design.
- 12. The estimated cost of the Core and Shell Project is twenty million dollars (\$20,000,000) ("Core and Shell Cost Estimate"). At intervals to be agreed upon by the Parties, but in no event later than June 1st of the fiscal year in which the City's expenditure is made, the CRA shall reimburse the City one million dollars (\$1,000,000) of the CRA's Project Contribution for the Core and Shell Project. The City will pay for the remaining costs of the Core and Shell Project.

13. The estimated cost of the Fit-Out Project is four million dollars (\$4,000,000). At intervals to be agreed upon by the Parties, but in no event later than June 1st of the fiscal year in which the City's expenditure is made, the CRA shall reimburse the City an estimated four million dollars (\$4,000,000) of the CRA's Project Contribution for the Fit-Out Project ("CRA's Fit-Out Contribution"). In the event that the City's Project Contribution is less than \$24,000,000 and the Fit-Out Project does not require the entirety of the CRA's Fit-Out Contribution, then the remainder of the CRA's Project Contribution shall be applied to the Capital Reserve Account. In the event that the City's Project Contribution is more than \$24,000,000 and the Fit-Out Project does not require the entirety of the CRA's Fit-Out Contribution, then the remainder of the CRA's Project Contribution shall be used to reimburse the City up to the amount by which the City's Project Contribution exceeds \$24,000,000, whereafter any remainder shall be applied to the Capital Reserve Account.

## C. OBLIGATIONS WITH RESPECT TO BUILDING OPERATION

The Parties have agreed to pursue the following in order to activate, program, and maintain the Foundry through the duration of the Lease:

- Core Details Pertaining to Operations Phase
- 1. All operations functions will be managed by the CRA as the tenant of the Foundry. The CRA shall provide regular updates to the City throughout the procurement process and Term of the Lease.
- 2. The CRA will procure a building operator team ("Operator") as described in this <u>Section C</u> below. The Operator will work at the direction of the CRA in a contractual relationship that will enable the CRA to oversee the operation of the Foundry.
- 3. The Parties contemplate that subleases will be entered into with subtenants for market-rate spaces ("Market-Rate Tenants") and that subleases will be entered into with tenants for community space for which rent or usage fees may be reduced under certain conditions to be determined by the Parties ("Community Users") with the goal of balancing the revenues and costs of Foundry operations.
- 4. The Operator will participate as an advisor in the Design and Construction Phase of the Project and will have three major roles during the Operations Phase: Property Manager, Program Manager, and Leasing Agent, as described in more detail in this Section C below.
- 5. If the Operator is not capable of performing all three major operational roles at any time during the Lease, the CRA shall manage the roles separately until an Operator is able to integrate all three roles.

- 6. The CRA will cause the FAC to meet not less than quarterly to monitor progress in achieving the vision as set forth in the Demonstration Plan and success measures to be determined by the Parties. The FAC will report to the City Manager and shall submit an annual report on such measures to the City Manager.
- Procurement of Operator

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- 7. The CRA will select the Operator through the Building Operator Procurement in coordination with the City. As part of the Building Operator Procurement, the CRA, in consultation with the City, will develop a scope of work that details the Operator's responsibilities during the Design and Construction Phase and the Operations Phase.
- 8. The CRA will use a "request for information" process (the "RFI") developed in coordination with the City (that may include one-on-one meetings with respondents at the CRA's discretion) to solicit feedback and information regarding prospective building operator teams on the design of the scope of services, the procurement process, and the plan for governance of the Foundry, all of which shall constitute one or more public process(es) for the procurement of the Operator (the "Building Operator Procurement"). The CRA may adjust the assumptions of the Building Operator Procurement based on feedback from the RFI with concurrence from the City. Such adjustments will not alter the CRA's financial commitment.
- 9. The CRA will conduct the Building Operator Procurement in parallel with the City's Designer selection process so as to have the prospective Operator collaborate with the Parties on the scope of the Design. The CRA will consult with the City on a regular basis during the Building Operator Procurement.
- 10. The CRA shall seek input on the Building Operator Procurement from the FAC from time to time in accordance with the protocol established pursuant to <a href="Section A.7">Section A.7</a> above.
  - Building Operator Roles
- 11. The Operator is expected to assume the following three roles, subject to the management and oversight of the CRA:
  - a. Property Manager: An Operator will manage the routine and normal upkeep of the Foundry through the Lease Term, as defined in Section D below, including capital maintenance costing less than fifty thousand dollars (\$50,000) in the aggregate per year and all routine maintenance. The Operator shall be responsible for the administrative and custodial functions of the Foundry, including

such functions as utilities, cleaning of common and private spaces, snow removal, landscape maintenance, and insurance and regularly anticipated building management activities. The Operator will be responsible for defining responsibilities and overseeing custodial functions between shared users.

- b. Program Manager: The Operator will manage the marketing, scheduling, and coordination of the use of all public spaces and spaces available for municipal or community uses. The Operator will seek anchor community tenants to utilize and program the community spaces and will partner with community tenants and other organizations to program and activate shared spaces and public spaces. The Operator will also conduct outreach into the Cambridge community to raise awareness of the Foundry's events and programs. The Operator will negotiate subleases and other agreements with Community Users to specify rents, membership fees, and other revenues; to define Community Users' rights and responsibilities to utilize shared resources and participation as building occupants; and to define responsibilities for all fit-out and furnishings.
- c. <u>Leasing Agent</u>: The Operator will manage the marketing of the Foundry and identify prospective Market-Rate Tenants. The CRA may authorize the Operator to negotiate agreements with Market-Rate Tenants to specify rents, membership fees, and other revenues and define the Market-Rate Tenants' rights and responsibilities to utilize shared resources and participate as building occupants, and to define responsibilities for fit-out and furnishings.

#### Financial Matters Pertaining to Operations

- 12. The Operator will be provided with an annual operational budget that will be required to align with revenues from Community Users, Market-Rate Tenants, charitable contributions, third-party funders, and any other sources (collectively, "Project Revenues"). If the Operator is not capable of performing all three major operational roles at any time during the Lease, the CRA I, in consultation with the City Manager, will determine the budget allocation to each party conducting an operational role according to that party's operational role responsibilities.
- 13. Project Revenues will be paid into an account designated by the CRA for use at the Foundry consistent with the Governing Documents. In addition, the CRA will allocate a total of two million dollars (\$2,000,000) (the "CRA's Operations Funding") of the CRA's Project Contribution to the day-to-day operations of the Foundry as detailed below.

- 14. Based on the projected rental stream and operational costs, the CRA will hold the Project Revenues and the CRA's Operations Funding in the following three accounts, allocated based on sound budgeting practices and need:
  - a. <u>Operation and Maintenance Account</u>: an account dedicated to funding day-to-day programming, operations and maintenance and reimbursing such expenses, including the Operator's annual budget.
  - Operating Reserve Fund: an account dedicated to funding building operations and programming goals in response to unforeseen changes in revenues or operational needs.
  - c. <u>Capital Reserve Fund</u>: an account dedicated to funding future updates or new furnishings and finishes made in conjunction with the Core and Shell Project. The Parties anticipate that these improvements shall be made every ten (10) to twelve (12) years until the end of the Lease Term as part of the Foundry's selfsustaining financial model. The Building Operator Team may request disbursements from the Capital Reserve Fund to facilitate repairs and improvements to Community User spaces as approved by the City.
- 15. The CRA will allocate a portion of its Operations Funding to the Operation and Maintenance Account to support the initial year of operations, which is anticipated to require one million dollars (\$1,000,000) during tenant recruitment and program ramp up. The Operations Funding will help compensate the Building Operator Team for the costs of capacity-building, initial staffing, community outreach and other costs ahead of occupancy. The CRA and Operator will seek third-party funding sources for this capacity-building expense.
- 16. The CRA will allocate a portion of its Operations Funding to the Operating Reserve Fund, an amount that will be one million dollars (\$1,000,000) to cover unforeseen costs in the Foundry's operations (the "Operating Reserve Fund"). The Capital Reserve Fund will be funded by ongoing rental and other revenue streams.
- 17. The Parties will review the financial status of the Operation and Maintenance Account, the Operating Reserve Fund, and the Capital Reserve Fund at the end of the first year of the Lease Term, and general operating conditions every ten (10) years, pursuant to the terms of the Lease and more frequently as necessary.

#### D. TERM

The Term of this Agreement (the "Term") shall begin as of the date of last execution below and shall continue through the end of the Term of the Lease (the "Lease Term").

#### E. NOTICES, REPORTS AND COMMUNICATIONS

The Parties agree to cooperate with each other in satisfying their respective obligations under this Agreement. In connection therewith, the City hereby appoints the City Manager (the "City's Authorized Representative") to be its authorized representative with respect to any matter set forth in this Agreement which does not require additional action by the City in accordance with Massachusetts or local law, and the CRA appoints its Executive Director (the "CRA's Authorized Representative") to act on the CRA's behalf with respect to any matter set forth in this Agreement which does not require additional action by the CRA in accordance with Massachusetts or local law.

Any notice required or permitted to be given under this Agreement and all requests for information related to any matter covered by this Agreement, shall be directed to the City's Authorized Representative with a copy to the City Solicitor and the CRA's Authorized Representative, as appropriate. This Agreement may be executed in counterparts, with each counterpart representing one and the same document.

In consideration of the agreements set forth above, the City and CRA have respectively caused this Agreement to be duly executed as a sealed instrument as of the date last written below.

City of Cambridge

By:

Louis A. DePasquale

City Manager

Approved as to Form

By:

Nancy E. Głowa City Solicitor

Dated: December 14, 2017

Cambridge Redevelopment Authority

By:

Tom Evans

**Executive Director** 

#### **EXHIBIT A – Definition of Terms**

Agreement – The Cooperation Agreement between the City of Cambridge and the Cambridge Redevelopment Authority for the Redevelopment of the Foundry Building.

Building Operator Procurement – The process by which the CRA will select the Operator.

City - The City of Cambridge.

City-Expended Funds – The approximately \$782,450 expended by the City on the initial demolition of the interior of the Foundry building and site preparation work on the Site.

City's Authorized Representative – The City Manager, who will represent the City with respect to the Agreement.

Closeout of Construction – The date upon which the Core and Shell Project shall be completed by the Contractor and the one (1) year warranty period shall commence.

CM at Risk Application – The City's application to utilize the construction manager at risk process for selecting the Contractor.

Community Users – Users of public and community spaces in the Foundry including organizations facilitating community programs.

Contractor – The contractor that will construct the Core and Shell Project and Fit-Out Project.

Core and Shell Project – The major capital improvements required for the Foundry.

CRA – The Cambridge Redevelopment Authority.

CRA's Authorized Representative – The Executive Director of the CRA, who will represent the CRA with respect to the Agreement.

Designer – The designer of the Core and Shell Project and Fit-Out Project.

Design - The design of the Core and Shell Project and Fit-Out Project.

FAC – The Foundry Advisory Committee.

Fit-Out Project – The interior finishing, furnishing, and equipping of sub-tenant space at the Foundry. The scope and cost of the Fit-Out Project shall be established by the Feasibility Study and incorporated by reference herein.

Foundry – The City-owned Foundry building at 101 Rogers Street, Cambridge, MA.

Foundry Project Team – The team composed of representatives of the City and CRA that will guide the implementation of the Agreement and the Project.

Governing Documents - The Lease, the Demonstration Project Plan, the Disposition Report and such other documents related to the use of the Property, all as agreed upon by Landlord and Tenant.

Lease – The 50-year lease between the Parties, entered into on July 13, 2015 and as subsequently amended.

Lease Term – The term of the Lease.

Market-Rate Tenants –Users that will pay prevailing rents for office or similar uses.

OIG – Office of the Inspector General.

OPM – The City's Owner's Project Manager.

Operator – The entity selected by the CRA as part of the Building Operator Procurement.

Parties - The City and the CRA.

Project – The redevelopment of the Foundry.

RFI – The Request for Information to be used by the CRA as part of the Building Operator Procurement.

RFQ – The Request for Qualifications to be used by the OPM to procure design services.

Site – The building and grounds of parcel 27-82 at 101 Rogers Street, Cambridge, MA.

Soft Costs – Design, fees, and other administrative costs that are separate from and in addition to construction costs.

Term – The period between the date of last execution of the Agreement and the end of the Lease Term.

#### **EXHIBIT B**

# Anticipated Project implementation steps Including Designer Selection, Core and Shell Project and Fit-Out Project

(Assuming Office of the Inspection General (OIG) approval of Construct Manager at Risk process):

- 1. City Manager Appoints Design Selection Committee
- 2. Preparation of RFQ for Designer
- 3. Selection Committee reviews RFQ prior to issuance
- 4. RFQ sent to Central Register
- 5. RFQ issued for Designer Services
- 6. Designers prepare RFQ
- 7. Distribute RFQ to Selection Committee
- 8. Selection Committee meets and shortlists design firms to interview
- 9. Selection Committee interviews shortlisted firms
- 10. Selection Committee makes recommendation to City Manager
- 11. Selection Committee request Proposal for Feasibility Study from the selected firm
- 12. Proposal Prepared by Selected Firm
- 13. Review and Negotiate Feasibility Study Proposal
- 14. Design Team prepares Feasibility Study
- 15. Review and Acceptance of Feasibility Study
- 16. Submit Application to OIG/approval within 60 days
- 17. Assuming OIG approval submit RFQ to Central Register
- 18. RFQ issued for Construction Manager at Risk (CMaR) Services
- 19. CMaR prepare RFQ
- 20. Distribute RFQ to Selection Committee
- 21. Selection Committee meets and shortlists CMaR firms to interview
- 22. Short-listed Firms prepare presentation
- 23. Selection Committee interviews top 3 minimum shortlisted CMaR firms
- 24. Selection Committee makes CMaR recommendation to City Manager
- 25. Notice to Award CMaR services for Pre-Con Services
- 26. Design Phase
- 27. TRADE Bidding Phase Early Packages TBD
- 28. Trade Bids received
- 29. Construction Phase
- 30. Fit out of spaces
- 31. Close out

## **EXHIBIT 2**

After recording return to: City of Cambridge 795 Massachusetts Avenue Cambridge, MA 02139 Attention: City Solicitor



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#### **QUITCLAIM DEED**

ARE-MA REGION NO. 32, LLC, a Delaware limited liability company, and ARE-MA REGION NO. 35, LLC, a Delaware limited liability company, (each, a "Grantor", and together, the "Grantors"),

for consideration paid of Ten Dollars (\$10.00), and in satisfaction of that certain condition set forth in Section 1(a) on Page 17 of 29 of that certain Notice of Decision of the Planning Board of the City of Cambridge, dated June 7, 2010, recorded with Middlesex South District Registry of Deeds in Book 54930, Page 202, with respect to the conveyance of the property referenced herein,

grant with quitclaim covenants to

CITY OF CAMBRIDGE, a municipal corporation organized under the laws of the Commonwealth of Massachusetts, having an address of 795 Massachusetts Avenue, Cambridge, Massachusetts 02139 ("Grantee"),

those two (2) certain parcels of land in Cambridge, Middlesex County, Massachusetts, more particularly described in <u>Exhibit A</u> attached hereto and made a part hereof (together, the "Premises").

The Premises are conveyed subject to, and with the benefit thereof, as the case may be, the easements, restrictions, reservations, rights, agreements, encumbrances and other matters of record insofar as they are now in force and applicable.

Neither Grantor is classified as a corporation for federal tax purposes for the current taxable year.

Massachusetts deed excise tax stamps are not required, Grantee being a political subdivision of the Commonwealth of Massachusetts.

(Remainder of Page Intentionally Left Blank; Signature Page to Follow)

45-7003

Executed as an instrument under seal as of \_\_\_\_\_, 2012\_.

ARE-MA REGION NO. 32, LLC, a Delaware limited liability company

By: Alexandria Real Estate Equities, Limited Partnership, a Delaware limited partnership, managing member

By: ARE-QRS Corp., a Maryland corporation,

its general partner

By:

Dean A. Shigenaga, Senior Vice President and Treasurer

ARE-MA REGION NO. 35, LLC, a Delaware limited liability company

By: Alexandria Real Estate Equities, Limited Partnership, a Delaware limited partnership, managing member

By: ARE-QRS Corp., a Maryland corporation, its general partner

By:

Dean A. Shigenaga,

Senior Vice President and Treasurer

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STATE OF CALIFORNIA	)
	) ss
COUNTY OF LOS ANGELES	)

On <u>December 22</u>, 2011, before me, <u>Tenll E. Sacks</u>, Notany Public personally appeared DEAN A. SHIGENAGA, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TERYLL E. SACKS
Commission # 1951707
Notary Public - California
Los Angeles County
My Comm. Expires Sep 10, 2015

Signature

(Seal)

# ACCEPTANCE OF QUITCLAIM DEED BY CITY OF CAMBRIDGE

The City of Cambridge accepts this Quitclaim Deed from ARE-MA Region No. 32, LLC and ARE-MA Region No. 35, LLC, for the premises described herein located in Cambridge, Middlesex County, Massachusetts.

CITY OF CAMBRIDGE

By:

Robert W. Healy, City Manager

Date:

Jenuary 9

, 20 12

APPROVED AS TO FORM:

Donald A. Drisdell, City Solicitor

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#### Exhibit A to Quitclaim Deed

#### Parcel 1

That certain parcel of land in Cambridge, Massachusetts, shown as Lot 2 on a plan entitled "Amended & Restated Subdivision & Consolidation Plan of Land #239, #245-#247 Third Street, Cambridge, Massachusetts," dated September 15, 2009, prepared by Feldman Profession Land Surveyors, recorded with said Deeds as Plan No. 624 of 2009, said Lot 2 containing 5,254 square feet according to said plan.

Being a portion of "Parcel 5 239-257 Third Street" as set forth in, and for Grantor ARE-MA Region No. 32, LLC's title see, deed from Bruce A. Beal and Robert L. Beal, as Trustees of The Cambridge East Trust, dated November 1, 2006, recorded with said Deeds in Book 48428, Page 408.

#### Parcel 2

A certain parcel of land with all buildings, structures and improvements now or hereafter thereon and all fixtures now or hereafter therein, situated in Cambridge, Massachusetts, now known and numbered as 101 Rogers Street and 180 Bent Street, being shown as Lot A on a plan entitled "Plan of Land Cambridge, Mass.", dated March 15, 1968, by Robert H. Dunning, surveyor, duly filed with Middlesex South Registry of Deeds with deed of Nathaniel E. Slavin, Trustee of Slavin Real Estate Trust, dated June 28, 1968 and recorded with said Deeds in Book 11532, Page 482, being bounded and described as follows:

NORTHERLY	by Bent Street, ninety-three and 4/10 (93.4) feet;
EASTERLY	by land of owners unknown, two hundred seventeen and 65/100(217.65);
NORTHERLY	again by land of owners unknown, one hundred twenty-two and 63/100 (122.63) feet;
EASTERLY	again by Third Street, fourteen and 77/100 (14.77) feet;
SOUTHERLY	by Rogers Street, two hundred sixty-six and 13/100 (266.13) feet;
WESTERLY	by Lot B on said plan, by a line running in part through the middle of a partition wall, one hundred fifty-one and 65/100 (151.65) feet;
NORTHERLY	again by said Lot B, eleven and 3/10 (11.3) feet;

WESTERLY again by Lot B, by a line running through the middle of a

partition wall, nineteen and 5/10 (19.5) feet;

NORTHERLY again by said Lot B, by a line running through the middle of a

partition wall, forty-two (42) feet;

WESTERLY again by said Lot B, by a line running through the middle of a

partition wall, sixty and 5/10 (60.5) feet.

The above parcel is also shown on a plan entitled "Plan of Land, Cambridge, Massachusetts" by Harry R. Feldman, Inc. Land Surveyor, dated December 19, 1983 recorded with said Deeds in Book 15381, Page 78, said parcel containing 32,237 square feet according to said plan.

For Grantor ARE-MA Region No. 35, LLC's title see deed from LNR Rogers Street, Inc. dated February 16, 2007, recorded with said Deeds in Book 49008, Page 320.



