

Memo

To: CRA Board of Directors

From: Tom Evans

Date: December 19, 2018

The attached Memorandum of Understanding (MOU) between the CRA and Lemelson-MIT (LMIT) serves as a bridge agreement between the current initial phase of the Foundry project, and the point in time when a new nonprofit organization is formed by LMIT and the Foundry Consortium to serve as the Foundry's operator.

The contract outlines milestones that LMIT will reach during this period, and the financial support and technical assistance that the CRA will provide to support this progress. The MOU clarifies LMIT's role in the following tasks:

- Formation of a Non-Profit Operator
- Participation in Design Process
- Community Outreach
- Program Coordination and Scheduling Protocols
- Staff and Business Plan
- Leasing Strategy and Brokerage
- Facility Management Procurement
- Fundraising Strategy

These tasks are aligned with the budget in the MOU, under which LMIT may invoice the CRA. Payments will be made as a result of deliverables in each of the budget categories. The overall commitment of funds from the Foundry Operational Reserve is up to \$200,000.

This agreement is a significant step forward, and it enables the CRA to ensure that current efforts to establish the Foundry continue to meet the intent and mission of the Foundry. The CRA is also committing to additional support tasks within the MOU including real estate consulting services and contracting with property management service organization to advise the CRA on the operates costs and design issues in the pre-construction / pre-occupancy phase. Once the nonprofit entity is formed, this MOU will expire, and the CRA will enter into negotiations and eventually, a sublease with that entity to operate the Foundry property.

Memorandum of Understanding

Between

Massachusetts Institute of Technology (“MIT”),
on behalf of
Lemelson-MIT (“Lemelson-MIT”), a department of MIT

And

The Cambridge Redevelopment Authority (the “CRA”)

December __, 2018

This Memorandum of Understanding (this “**Memorandum**”) sets for the terms and understanding between Lemelson-MIT and the CRA with respect to the Foundry Project (as defined below).

A. PURPOSE. The purpose of this Memorandum of Understanding (this “**Memorandum**”) is to reflect the shared objectives and understandings of Lemelson-MIT and the CRA (together with Lemelson-MIT, the “**Parties**”), concerning the redevelopment and operation of that certain property known as the “**Foundry Building**” located at 101 Rogers Street, Cambridge, MA (the “**Foundry Project**”), in accordance with the CRA’s Request for Proposals (the “**RFP**”) dated January 25, 2018 and Lemelson-MIT’s response to the RFP dated March 8, 2018 and further details and clarifications offered as part of the RFP interviewing process (collectively, the “**RFP Response**”). The CRA voted to designate Lemelson-MIT as the operator on April 25, 2018 (the “**Designation Date**”).

B. BACKGROUND. The City of Cambridge (“**City**”) and CRA are parties to that certain Lease Agreement dated July 13, 2015, as amended by amendment to Lease dated January 17, 2018 (as so amended, the “**Lease Agreement**”), pursuant to which the City is leasing the Foundry Building to the CRA, and has granted the CRA the authority to sublease portions of the Foundry Building to an operator.

The Lease Agreement calls for the “redevelopment and management of the Foundry Building into a productive, innovative mixed-use center consistent with,” *inter alia*, the demonstration project plan originally approved by the CRA Board on December 17, 2014, and most recently amended on September 25, 2017 (the “**Demonstration Project Plan**”). The Demonstration Project Plan sets forth the following Vision for the Foundry Project:

The Foundry will 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 will be 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.

It also sets forth three key objectives – innovative programs, building site and development, and sustainable operational and financial structure – with associated sub-objectives. Though community input has and will continue to shape the Foundry Project, these objectives will remain integral to the Foundry Project as the Parties work to move forward with redevelopment and refine the building’s program.

This Memorandum establishes the mutual responsibilities of the Parties with respect to the Foundry Project for the period of time prior to formation of the Non-Profit Operator (as defined in Section D(1) below) pursuant to the Lease Agreement (the “**Pre-Formation Period**”). The Parties will use their respective reasonable efforts to meet the responsibilities set forth in this Memorandum and shall meet on a monthly or bi-monthly basis in order to achieve that end.

C. TIMELINE. The following is a timeline of the milestones of the Pre-Formation Period. The Parties acknowledge that this timeline shall be subject to modification and adjustment.

Event	Estimated Completion Date
Operator Selection	April 2018
CM at Risk Selection	November 2018
Design Feasibility Study Completion	January 2019
Construction Start	June 2019
Core and Shell Completion	June 2020
Fit-Out Completion	February 2021
Foundry Building Opens	February 2021

D. LEMELSON-MIT OBLIGATIONS. Lemelson-MIT shall use reasonable efforts to perform the following obligations in accordance with the Target Completion Dates set forth on Exhibit 1 attached hereto:

1. Formation of a Non-Profit Operator

On or around the Target Completion Date for the Non-Profit Operator Formation set forth in Exhibit 1, and consistent with the RFP Response, Lemelson-MIT shall establish an independent self-sustaining non-profit entity pursuant to § 501(c)(3) of the Internal Revenue Code to serve as the non-profit operator of the Foundry Project (the “**Non-Profit Operator**”). The Non-Profit Operator shall have a board of directors and a set of by-laws. The Parties acknowledge and agree that the Non-Profit Operator shall constitute the “Foundry Consortium” identified in the RFP Proposal.

The board of directors and executive leadership of the Non-Profit Operator, and any advisory committee formed to advise the Non-profit Operator, should include representatives of the diverse community that the Project is envisioned to serve and attract, be dedicated to the goals expressed in the RFP and RFP Response, and possess experience sufficient to make the Project successful over the long term.

The Parties understand and anticipate that, once the Non-Profit Operator is established, the CRA will enter into an appropriate agreement (including, but not limited to, the Sublease, as defined below) to finalize the Non-Profit Operator’s responsibilities in the pre-operational and operational phases of the building. This Memorandum may serve as the basis of the Non-Profit Operator’s pre-operational phase responsibilities.

2. Participation in Design Process

Lemelson-MIT will continue to collaborate with the City’s design team for the Foundry Project, including Cambridge Seven Associates, Inc., which the City designated as the provider of design services for the Foundry Project on January 19, 2018. Lemelson-MIT shall provide input on design decisions that are driven by the Foundry Building’s programming, as Lemelson-MIT continues to refine the building operations plan, including program coordination and scheduling, leasing, facility management, staff and business plan, and funding strategy.

3. Community Outreach

Lemelson-MIT will:

- Engage actively with community groups and other stakeholders in discussions to define and refine the Foundry Project’s program and operations plan.
- Establish and operate an informational website for the Foundry Project that makes visitors aware of community engagement efforts to date as well as upcoming events.
- Reach out to artistic and educational program providers who may be interested in participating in the Foundry Project.
- Participate in CRA and city public processes related to the Foundry Project, and provide regular updates to the CRA board and the Foundry Advisory Committee, once established.

4. Program Coordination and Scheduling Protocols

Lemelson-MIT will develop protocols and structures for coordinating and scheduling shared space and providing required support for programs using community space within the Foundry Building. This structure will become the basis for ongoing reporting on community use and activities.

5. Staff and Business Plan

Lemelson-MIT will work cooperatively with the CRA and respective consultant teams to develop an operational staff and business plan (the “**Staff and Business Plan**”) that sets out a sustainable annual budget by the second year after the Foundry Project becomes operational. The Staff and Business Plan will also define the role of Lemelson-MIT before and after the Non-Profit Operator is created.

6. Leasing Strategy and Brokerage

Lemelson-MIT will conduct a competitive selection process, consistent with procedures for procurement of services under G.L. c. 30B, and shall, or shall use reasonable efforts to cause the Non-Profit Operator to, enter into a contract with a real estate consultant/broker to provide assistance in refining revenue expectations, recruitment strategies, and lease terms for the Foundry Building. Such real estate consultant/broker may ultimately conduct tenant selection once the Non-profit Operator is created.

7. Facility Management Procurement

Lemelson-MIT will participate in the CRA’s efforts to issue a request for proposals and enter into a contract with a qualified facilities management organization for purposes of managing the Foundry Building, as set forth in Section E(3) below. The Parties agree that the Sublease shall address the Parties’ intention that the CRA assign the Project Management Contract to the Non-Profit Operator.

8. Fundraising Strategy

Lemelson-MIT will, to the extent necessary, present the CRA with fundraising goals and prospects for the Foundry Project that address gaps, if any, in the Foundry Project’s annual operational budget.

E. CRA OBLIGATIONS. The CRA shall use reasonable efforts to perform the following obligations in accordance with the Target Completion Dates set forth on Exhibit 1 attached hereto:

1. Draft Sublease

The CRA will draft a sublease to be negotiated in good faith between the CRA and Lemelson-MIT, consistent with the RFP Response and this Memorandum, with the goal of presenting a sublease reasonably acceptable to the Non-Profit Operator (the “**Sublease**”). The Sublease shall have an initial term of five (5) years, with options granted to the Non-Profit Operator to extend the term (to be negotiated during the Sublease negotiations). The Sublease will also contain mechanisms to provide the Non-Profit Operator with capital and operational support for the Foundry Project, and shall contain programmatic and operational measures of performance for the Non-Profit Operator. Lemelson-MIT shall negotiate the Sublease on behalf of the Non-Profit Operator, unless and until the Non-Profit Operator has been formed and has a board of directors, which board shall then continue and conclude the negotiations of the Sublease with the CRA.

2. Technical Support

The CRA will provide Lemelson-MIT with technical information and consultant support to assist in operational planning, business plan preparation, and community outreach strategy and communications at no cost to Lemelson-MIT, such support to include public notices, website postings, and dissemination of event information. The CRA will provide Lemelson- MIT with model documents to facilitate the drafting of operational materials, including but not limited to:

- Foundry real estate pro-forma, including advisory services
- Tenant/User “Good neighbor” principles
- Community use reporting system
- Sub-lease and license agreements
- Building systems operations handbook
- Requests for proposals for public procurement, including real estate brokerage and building management services.

3. Facility Management Procurement

The CRA will conduct a competitive selection process, consistent with procedures for procurement of services under G.L. c. 30B and with substantive participation from Lemelson-MIT on both the request for proposal process and vendor selection process, and shall enter into a contract with a qualified facilities management organization for purposes of managing the Foundry Building during the Pre-Formation Period and subsequent to the commencement of the operation of the Foundry Project (the “**Project Management Contract**”). The Parties agree that the Sublease shall address the Parties’ intention that the CRA assign the Project Management Contract to the Non-Profit Operator.

4. Pre-Formational Financial Support

The CRA has allocated One Million Dollars (\$1,000,000) to an Operation and Maintenance Account for the Foundry Project (the “**Foundry Start-Up Reserve**”), portions of which Foundry Start-Up Reserve are intended both to support program ramp-up for the first year of operations, as well as to provide financial support during the Pre-Formational Period for building the capacity of the Foundry Program. The CRA has also allocated One Million Dollars (\$1,000,000) to an Operating Reserve Fund for the Foundry Project to cover unforeseen costs in the Foundry’s operation (the “**Foundry Ongoing Reserve**”).

The CRA shall allocate \$200,000 of the Foundry-Start-Up Reserve (the “**Pre-Formational Reserve**”) to Lemelson-MIT for costs incurred by Lemelson-MIT in connection with Lemelson-MIT’s obligations set forth in this Memorandum (the “**Pre-Formational Support**”). The CRA and Lemelson-MIT acknowledge and agree that the Pre-Formational Reserve shall be allocated pursuant to the task budget set forth on Exhibit 2 attached hereto (the “**Task Budget**”), which Task Budget sets forth tasks to be completed on a quarterly basis (each, a “**Task**”) with a portion of the Pre-Formational Reserve allocated for each Task.

Lemelson-MIT shall remit an invoice to the CRA on at least a quarterly basis that sets forth the percentage of completion of any Task that has been performed and delivered to the CRA and the corresponding payment that should be made to Lemelson-MIT. The CRA shall remit payment to Lemelson-MIT for each such invoice within thirty (30) days of receipt.

The CRA and Lemelson-MIT shall meet on a quarterly basis at mutually-convenient times to review the Task Budget. If the estimates set forth on the Task Budget have increased by _10% in any instance, then the Parties shall work cooperatively and in good faith to revise the Task Budget to ensure alignment with the Pre-Formational Reserve. If the Parties are unable to revise the Task Budget in such a manner to resolve individual Task or aggregate costs, and additional financial resources are not identified by the Parties, then Lemelson-MIT shall have the right to terminate this Memorandum by providing at least five (5) days’ written notice to the CRA and delivering to the CRA relevant materials related to Tasks completed or partially completed, upon which termination all of the rights and obligations of the Parties hereunder shall cease and shall be of no further force or effect.

5. Fundraising Support

CRA shall support the Lemelson-MIT efforts as described in the Fundraising Strategy set forth in Section D(8) above, especially as the CRA expands capacity building for Lemelson-MIT and the Non-Profit Operator, initial operational support, and enhanced capital financing to supplement the tenant fit-out budget as needed to meet programmatic goals.

F. NOTICES. Any and all notices or other communications to be given pursuant to this Memorandum shall be hand-delivered or sent via overnight delivery to the Parties at the following addresses:

If to Lemelson-MIT: Stephanie Couch
Executive Director
Lemelson-MIT
77 Massachusetts Ave.
Building NE103-300
Cambridge, MA 01239

With a copy under separate cover to:

Massachusetts Institute of Technology
Office of the General Counsel
77 Massachusetts Ave.
Building 7-206
Cambridge, MA 02139

If to the CRA: Thomas Evans
255 Main Street, 8th Floor
Cambridge, MA 02142

G. DURATION. This Memorandum is at-will and may be modified by mutual consent of authorized officials from Lemelson-MIT and the CRA. This Memorandum shall become effective upon signature by Lemelson-MIT and the CRA and shall remain in effect until modified or terminated pursuant to Section E(3) above or by the mutual consent of the Parties. In the absence of mutual agreement by from Lemelson-MIT and the CRA, this Memorandum shall end on the date that the Non-Profit Operator is formed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the undersigned have executed this Memorandum of Understanding as of the date first set forth above.

CRA:

The Cambridge Redevelopment Authority

By: _____
Kathleen L. Born, Chair

By: _____
Thomas Evans, Executive Director

LEMELSON-MIT:

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

By: _____
Michael J. Cima
Faculty Director, Lemelson-MIT Program

EXHIBIT 1

PRE-FORMATION TIMELINE

The following is a timeline of the milestones of the Pre-Formation Period. The Parties acknowledge that this timeline shall be subject to modification and adjustment with the mutual agreement of the Parties.

Memorandum Section Reference	Item	Target Completion Date	Responsibility
Section D(1)	Non-Profit Operator Formation	October 31, 2019	Lemelson-MIT
Section D(2)	Participation in Design Process	Through July 2019	Lemelson-MIT
Section D(3)	Community Outreach	Ongoing	Lemelson-MIT
Section D(4)	Program Coordination & Scheduling Protocols	June 30, 2019	Lemelson-MIT
Section D(5)	Staff and Business Plan	June 30, 2019	Lemelson-MIT
Section D(6)	Leasing Strategy and Brokerage	May 15, 2019	Lemelson-MIT
Section D(7)	Facility Management Procurement	March 30, 2019	Lemelson-MIT
Section D(8)	Fundraising Strategy	June 30, 2019	Lemelson-MIT
Section E(1)	Sublease	November 2019	CRA
Section E(2)	Technical Support: Delivery of Model Documents: <ul style="list-style-type: none">• Foundry RE Pro Forma• Tenant/User “Good Neighbor” Principles• Community Use Reporting• Sub-Lease and License Agreements• Building Systems Operation Handbook• RFPs for Public Procurement	August 2018 May 2018 May 2018 May 2018 June 2020 December 2018	CRA CRA CRA CRA CRA CRA
Section E(3)	Facility Management Procurement	March 30, 2019	CRA
Section E(4)	Pre-Formational Financial Support	Commencing October 2018 and ongoing	CRA
Section E(5)	Fundraising Support	Ongoing	CRA

EXHIBIT 2

TASK BUDGET AND WORKING TIMELINE

See attached.

EXHIBIT 2

TASK BUDGET AND WORKING TIMELINE

invoice

To:
 Tom Evans, tevens@cambridgeredevelopment.org
 Cambridge Redevelopment Authority
 255 Main Street, Cambridge, MA

Date:	
Invoice #	
Project:	Foundry Operations: Pre-Formation

Period From:		to	
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Description	% Work	Budget	% Complete	Amount	Total Due	Inv 1	Inv 2	Inv 3	Inv 4	Inv 5	Inv 6	Total
1: Formation of Non-Profit	9%	\$18,899	0%	\$0	\$0							\$0
2: Participation in Design Process	5%	\$10,937	0%	\$0	\$0							\$0
3: Community Outreach	40%	\$79,699	0%	\$0	\$0							\$0
4: Program Coord./Scheduling	8%	\$15,337	0%	\$0	\$0							\$0
5: Staffing and Business Plan	3%	\$6,700	0%	\$0	\$0							\$0
6: Leasing Strategy and Brokerage	7%	\$14,800	0%	\$0	\$0							\$0
7. Facility Management Procurements	5%	\$10,013	0%	\$0	\$0							\$0
8: Fundraising Goals and Strategy	22%	\$43,613	0%	\$0	\$0							\$0
Total Fee		\$200,000		\$0	\$0							\$0

Signature: _____

FOUNDRY - Working Project Schedule (subject to change)

	2018								2019									
	May	jun	jul	aug	sept	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug	sep	oct
1. Nonprofit formation																		
Secure pro-bono legal services to assist with non-profit formation																		
Draft papers for the nonprofit																		
Recruit board members																		
File papers																		
Nonprofit formed																		■
Hire first staff person (if funding permits)																		
Complete staff hires (if funding permits)																		
2. Participate in design process																		
Gather community feedback to inform design	○	○	○	○	○	○	○											
Determine opportunity for community engagement in fit-out																		
Provide feedback to designers on program needs																		■
3. Community Outreach (ongoing)																		
Conduct community engagement activities																		
4. Program coordination and scheduling protocols																		
First draft of scheduling protocols																		
CRA input on scheduling protocols																		
Second draft of scheduling protocols																		
FAC input on scheduling protocols																		
CRA input on scheduling protocols and first draft of program outreach plans																		
Third draft of scheduling protocols and second draft of program outreach plans																		
Final version scheduling protocols and program outreach plans																		
FAC input on programming outreach																		■
5. Staffing and business plan																		
Mtg 1 - CRA, Columbia, Operator review drafts																		
Mtg 2 - CRA, Columbia, Operator revised draft																		
FAC input																		
Draft 3																		
Mtg 3 - CRA, Columbia, Operator revised draft																		
Final																		
6. Leasing strategy and brokerage																		
Draft RFP																		
FAC input & recruit members to committee																		
Develop mailing list																		
Review and approve final documents for RFP																		
Issue request for leasing services																		
Post in public procurement site-CommBuys																		
Host bidders session																		
Form review committee																		
Proposals due																		
Review proposals and select entity																		
Enter into agreement with firm by May 15																		
Outreach to renters/users																		

FOUNDRY - Working Project Schedule (subject to change)

	2018								2019									
	May	jun	jul	aug	sept	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug	sep	oct
FAC input on outreach to renters/users																		11-Oct
Formalize leases and rents with parties																		
7. Facility management procurement																		
Draft RFP																		
FAC input & recruit members to committee									11-Jan									
Develop mailing list																		
Review and approve final documents for RFP									wk 2									
Issue request for property management services									wk 3									
Post in public procurement site - CommBuys									wk 4									
Host bidders session										1-Feb								
Questions from bidders due										7-Feb								
Respond to questions										15-Feb								
Form review committee																		
Proposals due											1-Mar							
Review proposals and select entity											7-Mar							
Enter into agreement with firm											31-Mar							
Tenant rental agreements drafted												21-Apr						
Tenant fit-out proposals drafted												21-Apr						
8. Fundraising goals and strategy																		
Apply NSF Smart and Connected																		
First draft fundraising goals and strategy												15-Apr						
Second draft fundraising goals and strategy													15-May					
Develop application for Mass Dev seed \$														30-Jun				
FAC input on goals and strategy																12-Jul		
Final draft fundraising goals and strategy																		
Apply for Mass Development Seed Dollars																		
Apply for Mass Development Fit-out																		