

48th ANNUAL REPORT 2004

of the Executive Director

Cambridge Redevelopment Authority

Walden Square Urban Renewal Area/ Tract 3B

The City of Cambridge expressed interest in acquiring a parcel of land in North Cambridge. Located in the Walden Square Urban Renewal Area and identified as "Tract 3B", the parcel contains 670 square feet and is located on the northerly sideline of Bolton Street, providing a public pedestrian access to the Walden Square Housing complex. The Authority subsequently responded to the City Manager, advising him that the above-noted Tract 3B had already been transferred to the City of Cambridge in May 2001.

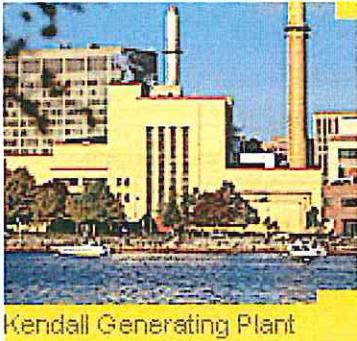
Wellington-Harrington Urban Renewal Area

P&K Realty Trust II transmitted a form of Confirmatory Deed and Confirmatory Certificate of Completion for Tract 33 in April, a parcel of land located in the Wellington-Harrington Urban Renewal Area, to the Authority for approval and execution. The Authority then approved the execution of the above-mentioned Confirmatory Deed and the issuance of a Confirmatory Certificate of Completion by the Executive Director.

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Kendall Square Urban Renewal Area



Kendall Generating Plant

The Authority assisted in the negotiations of an easement by and between NSTAR and Mirant New England allowing for the placement and construction of a new electric distribution substation on the existing Mirant Kendall Square Station site.

In December 2003, the Executive Director of the Authority reviewed “Cambridge Center: A Site with a Colorful History,” an article regarding the history of the Kendall Square project that was prepared by Jim Miara and Thad Tercyak (one-time Authority Deputy Director) for publication by the Urban Land Institute. The article appeared in the March 2004 issue of *Urban Land Institute*.

In March, the MBTA announced its plans to replace the Lechmere Green Line T service with buses for one year. This service disruption would facilitate the completion of the Green Line super station at North Station. The MBTA held a public meeting on March 10 to discuss this proposed one-year closure.

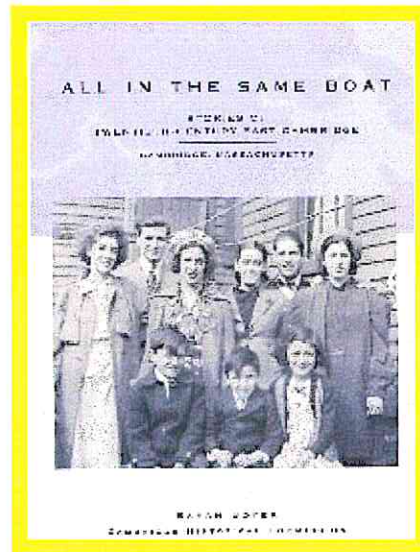
In a letter dated March 10, the Massachusetts Biotechnology Council reported on the appointment of interim leadership, consisting of Mark Trusheim and David McLahlan, following the resignation of Janice Bourque.

See photo of Kendall Square at top of next column



On June 18, the Authority submitted an Amended Certificate to the Commissioner of Inspectional Services. This Certificate permitted the construction of 137,408 square feet of biotechnology and manufacturing space in the Cambridge Center Mixed Use Development District.

In a letter dated July 13, Boston Properties asked the Authority to execute Amendment No. 8 to the Parcel 2 Development Agreement and Amendment No. 13 to the Parcel 3 and 4 Development Agreement. As requested, the Authority immediately approved the execution of these Amendments.



In August, the Executive Director participated in the East Cambridge Oral History Project. He discussed the history of the Kendall Square Urban Renewal Plan.

Governor Mitt Romney pledged \$100 million to build 5,000 units of mixed-income housing in Massachusetts. Known as the Priority

Development Fund, this initiative would increase the supply of mixed-income housing by providing funds to developers through MassHousing.

In August, the Authority approved a license agreement with NSTAR in the total amount of \$18,000 for a one-year period, commencing on September 1, to allow the use of the land for construction-related activities.

Election of Officers

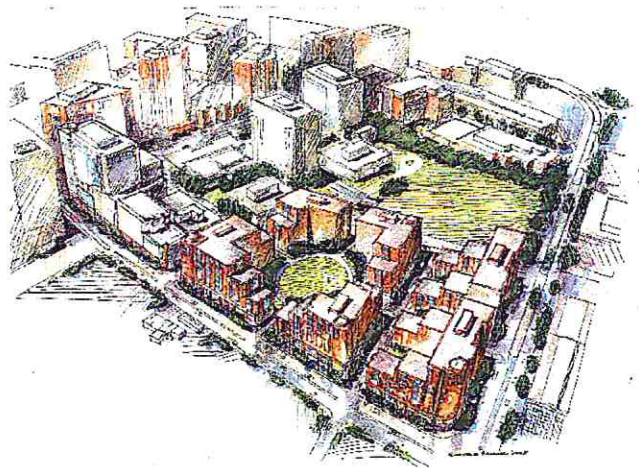
At the Annual Authority Meeting in June, the Executive Director was directed to re-elect Jacqueline Sullivan, Chairman, Alan Bell, Vice Chair, and Mark Rogers, Treasurer.

Kendall Square Urban Renewal Area/ Parcel 1

On January 6, the Planning Board conducted a public hearing regarding the proposed construction of a new 578-unit residential building at 303 Third Street by Intell Cambridge, LLC. On April 23, the Board approved the aforementioned development proposal.

In October, Authority staff met with the Department of Transportation (DOT) to discuss potential future development in Cambridge. In a follow-up letter to Acting Assistant Secretary Mari Barr Santangelo, the Authority: (1) offered to coordinate a Volpe Center site visit by Assistant Secretary Taylor and RSPA Administrator Samuel Bonasso; (2) requested DOT preparation of the architectural requirements for a "Transportation University"; and (3) offered to explore the possible joint use of the Volpe site to include underground parking and a Cambridge police facility.

See illustration of Intell Site at top of next column.



In a letter dated April 1, Mayor Michael Sullivan transmitted press coverage regarding the siting of a new police facility.

In early June, Authority staff met with Volpe Center Director, Richard John, to review a proposed state appropriation in the amount of \$500,000 as reviewed with Senate President Travaglini in April.



In a memo to the Volpe Center, the Authority indicated its preferences on (1) security measures and (2) landscaping alternatives proposed by the Volpe Center.

Kendall Square Urban Renewal Area/ Parcel 2

James Mullen, BiogenIdec CEO, requested assistance from City Manager, Robert Healy, Mayor Michael Sullivan, and NSTAR CEO Thomas May in determining the feasibility of a Cambridge expansion project. The new building includes the incorporation of a co-generation plant.

In February, Boston Properties transmitted Preliminary Design Phase submission materials for the proposed development of Tract VI of Parcel 2. The proposed construction represents the expansion of Twelve Cambridge Center for occupancy by BiogenIdec.

Following a meeting of the Design Advisory Group, the Authority approved Boston Properties' Concept Design Plan modifications and Preliminary Design Phase for Twelve Cambridge Center expansion in February.

*See Site Axonimetric
on Page 5*

In March, the Authority approved a License Agreement with Biogen Realty Limited Partnership for access and environmental remediation for a building site on Parcel VI of Parcel 2 in preparation for the construction of the Twelve Cambridge Center expansion. On March 5, the Authority approved a License Agreement with Biogen Realty Limited Partnership for construction staging activities required in connection with the construction of the Twelve Cambridge Center expansion at a monthly usage fee of \$8,000. On May 13, the Authority approved a Settlement Statement for Tract VI with BiogenIdec. The Amount due at Closing from BiogenIdec was \$1,056,081.

The Authority approved a minor modification to the rooftop of Fourteen Cambridge Center.

The Cambridge Pole and Conduit Commission, with Authority support, approved

an Application to install fiber optic cable and conduit to connect Twelve and Fourteen Cambridge Center.

In April, the Authority submitted Amended Certificates to the Commission of Cambridge Inspectional Services. The revision corrected the amounts of cumulative gross floor area for Office and Biotechnology Uses for Twelve and Fifteen Cambridge Center.

A public hearing was held on August 19 regarding the petition of BiogenIdec for the right to lay and maintain ducts and conduit with the necessary manholes, sewer connections, pole and service connections, and the right to install poles for the transmission of electric current from the south side of Binney Street and Sixth Street to the north side of 241 Binney Street. The petition was approved by the Cambridge Pole and Conduit Commission with Authority support.

In a letter dated September 30, Boston Properties informed the Authority of its decision to remove five trees at Fourteen Cambridge Center in order to accommodate the expansion of Twelve Cambridge Center.

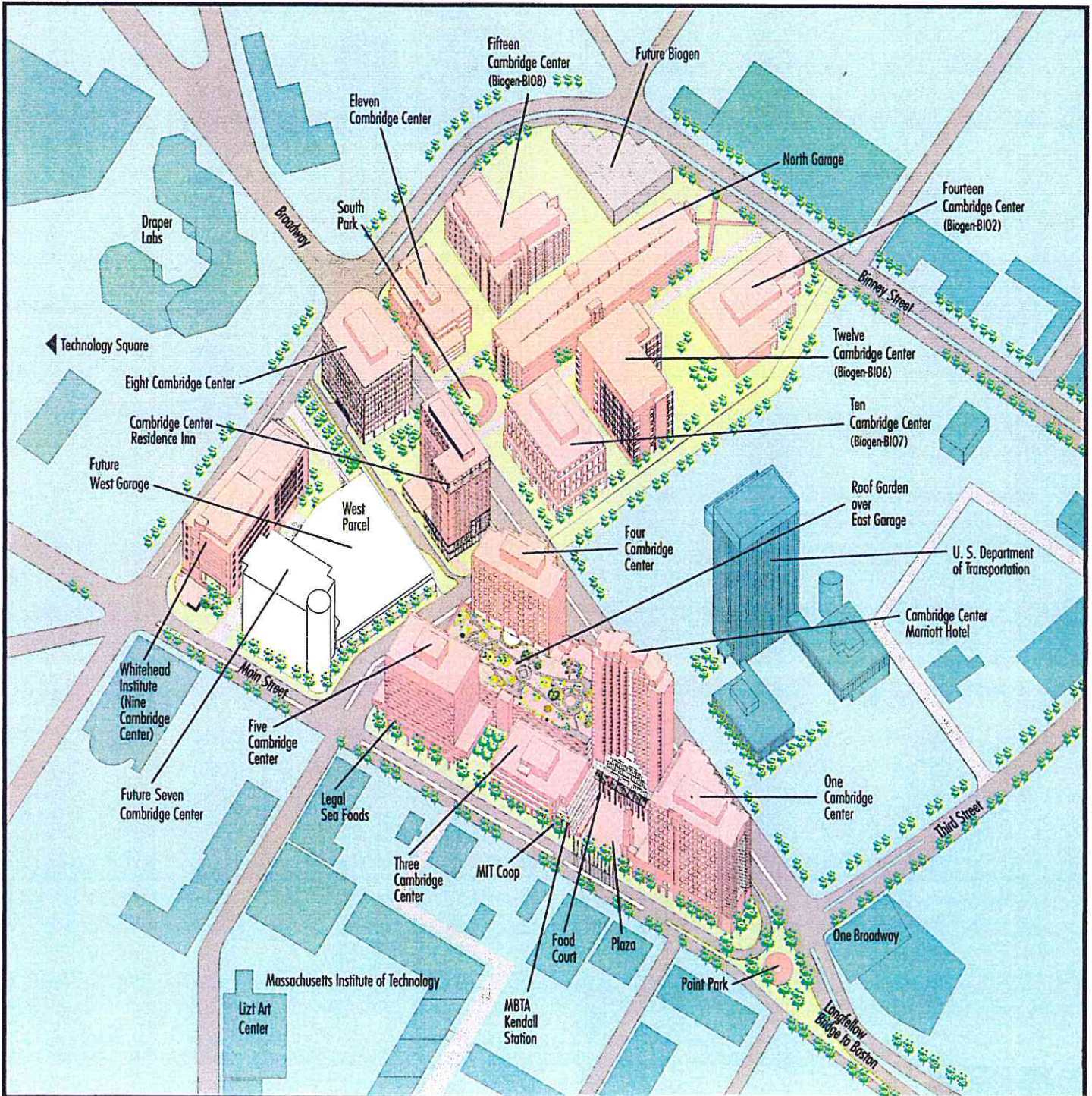
Kendall Square Urban Renewal Area/ Parcel 3

In a memo dated January 20, the Executive Director responded to Boston Properties' proposal for the development of Parcel 3. The Authority stipulated that the Development Agreement amendments be limited to Parcels 3 and 4. In addition, the Authority conditionally accepted the proposed purchase price of \$4,750,000 for the residential development rights. Finally, the Authority proposed a payment schedule and provided for the payment of reimbursable expenses. In a memo dated February 26, the Authority proposed a schedule for the development of residential uses on Parcel 3. In March, the Authority approved the proposed interim Letter of Understanding with Boston Properties

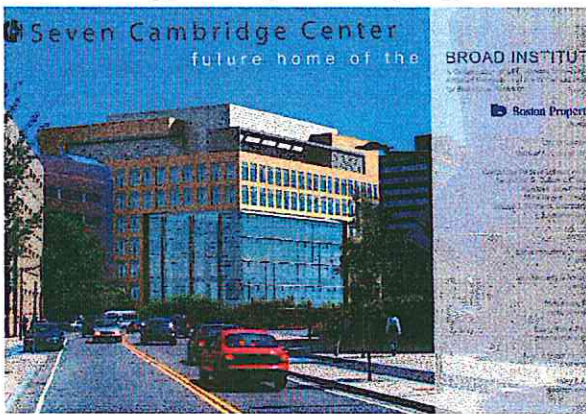


Cambridge Center

Completed and Future Development



respecting the terms and conditions of the residential land price and matters related to further development of Parcel 3, subject to review and approval by Authority Legal Counsel.



At the March Authority meeting, the filing of an Application with the Board of Zoning Appeals requesting an additional 29,100 square feet of Gross Floor Area to accommodate the Broad Institute Building requirement at Seven Cambridge Center, was authorized.

In May, Haley and Aldrich submitted a plan to the Authority indicating the proposed locations of test borings on Parcel 3.

In a draft letter to Boston Properties dated May 11, the Authority reported its conditional approval of the Concept Design, Master Plan Modifications, and Schematic Design for Seven Cambridge Center. In a letter dated May 28, the Authority conditionally approved the Concept Design and Master Plan Framework Modifications and the Schematic Design Phase submission, dated April 27, submitted by Boston Properties.

In preparation for a City Council hearing on June 21, Authority staff met with the East Cambridge Planning Team to review the Broad Institute proposal and to seek approval of the requisite curbcut(s) application.

At its regular meeting on May 4, the Cambridge Planning Board discussed the proposed Broad Institute at Seven Cambridge Center. The co-applicants, the Authority and Boston Properties, were seeking a Variance in order to exceed the aggregate MXD gross floor area by 29,100 square feet and to increase the

amount of gross floor area allocated for office/biotechnology manufacturing use by 29,100 square feet. After some discussion, the Planning Board voted unanimously to support the Application to the Zoning Board of Appeals.

On May 13, Authority staff and Boston Properties appeared before the Zoning Board of Appeals with this same request for relief from zoning restrictions.

In a May 12 letter to the Executive Office of Environmental Affairs, Authority Counsel requested a determination that additional environmental review of Urban Renewal Plan Amendment No. 6 was not required under the Massachusetts Environmental Policy Act. In a letter dated May 13, the Executive Director requested concurrence from the Department of Housing and Community Development (DHCD) on the Authority's decision that Amendment No. 6 be considered as a minor plan change. Further, it was requested that environmental review not be required, subject to the approval of Executive Office of Environmental Affairs. In a reply dated June 7, DHCD concurred in the Authority's determination.

In a letter dated June 10, the Authority translated rights to develop residential uses on Parcel 3 into specific Amendments to the Development Agreement. These Amendments supplemented the Amendments previously proposed by Boston Properties.

At the June Authority meeting, the Authority approved development proposed for Parcel 3 as submitted by Boston Properties. The Authority determined that: the Supplemental Land Disposition Contract, by and between the Authority and Boston Properties for the purchase and development of approximately 108,626 square feet in Parcel 3 of the Kendall Square Urban Renewal Area, was satisfactory; the disposal of said land by negotiation was the appropriate method of making the land available for redevelopment; Boston Properties possessed the qualifications and financial resources necessary to acquire and develop said land in accordance with the approved Kendall Square

Urban Renewal Plan; and the proposed price of \$2,913,349 for said tract, with a building containing approximately 200,000 gross square feet as defined in Appendix I of the Kendall Square Urban Renewal Plan, was satisfactory for uses in accordance with the approved Urban Renewal Plan, as amended and in accordance with the land disposition price schedule.

At the June Authority meeting, the Authority approved a determination that the proposed form of Guarantee to the Authority, issued by Boston Properties, to cause structured parking appurtenant to the improvements to be made available on Parcel 3, was satisfactory.

Also at the June Authority meeting, the Authority approved site maintenance criteria, laid out by the Authority's landscape architect, for lawns, plantings and the underground irrigation systems in the Kendall Square Urban Renewal Area.

The Authority authorized the Chair, Vice Chair, and Executive Director, and each of them acting singly, to execute and deliver, for and on behalf of the Authority, a Maintenance and Easement Agreement by and between the Authority and Boston Properties at the June meeting.

At the same meeting, the Authority authorized the Chair, Vice Chair, and Executive Director to execute and deliver license agreements permitting Boston Properties to enter upon the tract for certain pre-construction and construction-related activities.

The Authority authorized the Executive Director to execute and deliver a Document Escrow Agreement by and between the Authority, Boston Properties, and Foley, Hoag LLP, as Escrow Agent, with respect to various documents relating to the disposition by the Authority of land on Parcel 3.

At the June Authority meeting, the Authority approved (1) an Escrow Agreement relating to the completion of improvements on Parcel 2; (2) an Assumption Agreement relating to redevelopment obligations; (3) authorization of the Executive Director to issue a Certificate

of Completion to Boston Properties.

The Authority authorized the Chair, Vice Chair, and the Executive Director to execute, acknowledge, and deliver the instruments, documents and consents, as were necessary to effectuate the sale of land on Parcel 3 to Boston Properties.



In a decision filed on September 27, the Cambridge Board of Zoning Appeals approved the changing of Six Cambridge Center's Seattle's Best Coffee into a Starbucks Coffee.



In late May, Boston Properties submitted to the Authority proposed sign and banner improvements for the Residence Inn. After review, the sign modifications were approved.

Kendall Square Urban Renewal Area/ Parcel 4

In a letter dated February 26, Boston Properties described its proposed repairs to the Three Cambridge Center plaza, including the installation of new brick pavers, cladding planter walls with brick pavers, new cap stone for seating purposes, and the replacement of the waterproofing system. These repairs had been reviewed on-site on February 12. At the March Authority meeting, the Authority approved the aforementioned plaza repairs.

In October, following a complaint about access to the East garage rooftop, the Authority resolved that the Open Space Area shall be open and available to use by residents, lessees, and visitors of the MXD District, seven days a week, during the period commencing one hour after sunrise and ending one hour before sunset. The building manager, Spaulding & Slye, was so notified.

The Authority approved revisions to the serpentine wall at Four Cambridge Center.



In October, the Authority authorized Boston Properties to proceed with the renovations of the Sbarro Restaurant, located in the food court at Three Cambridge Center.

Kendall Square Urban Renewal Area/ Parcel 7

On June 10, the Authority received a report on the status of efforts to develop housing and open space on Parcel 7. In order for development of housing and open space on Parcel 7 to proceed, either a Zoning Amendment or a variance from the Board of Zoning Appeals was required.

At the October 20 Authority meeting, a list of respondents to the Request for Proposals for the design of Parcel 7 was reviewed. The Authority accepted the proposal submitted by a joint venture among HomePrime, Oaktree Development and Just-A-Start Corporation, and designated, tentatively, that joint venture as developer of the housing and an urban park on Parcel 7. The Executive Director was authorized to proceed with processing the requisite zoning change.

In a letter dated October 30, seeking Department of Housing and Community Development (DHCD) concurrence, the Authority informed DHCD that it had recently approved a minor Urban Renewal Plan Change to add 75,000 square feet of additional Gross Floor Area (an increase of .025%) in the Kendall Square Urban Renewal Area (MXD Zoning District).

Technical Services Projects

In mid-January, the Authority reported to the Division of Capital Asset Management on the status of ongoing projects in Fall River and Worcester. The Authority provided a summary of recent rent deposits from Anne's Coffee Shop and PYCO/7 Hills.

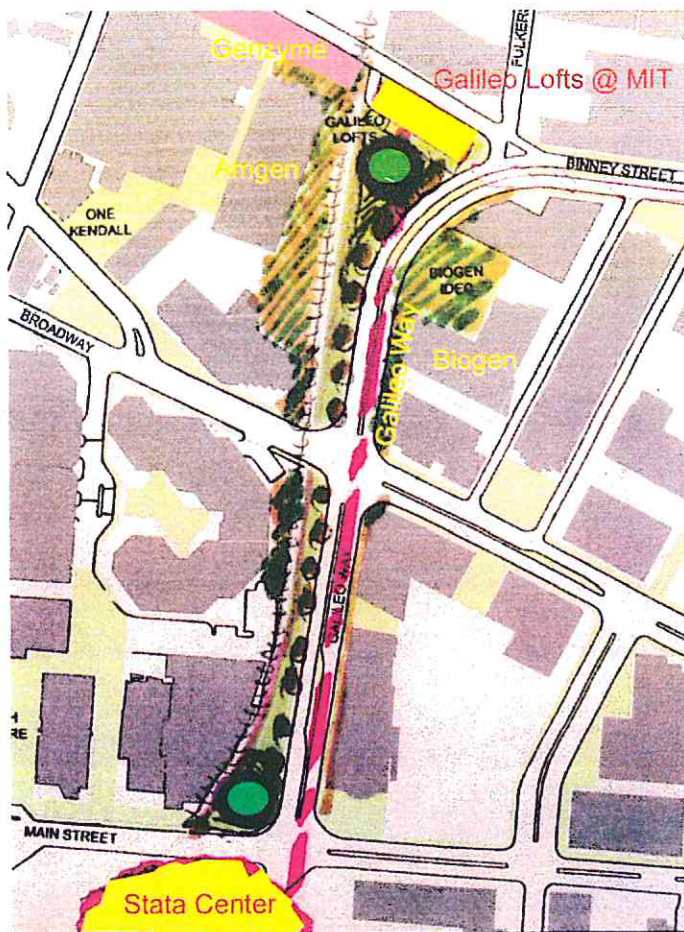
In January, the Authority reported to the Department of Housing and Urban Development on the financial status of its Special Project Grant.

2 Preliminary Design Proposal

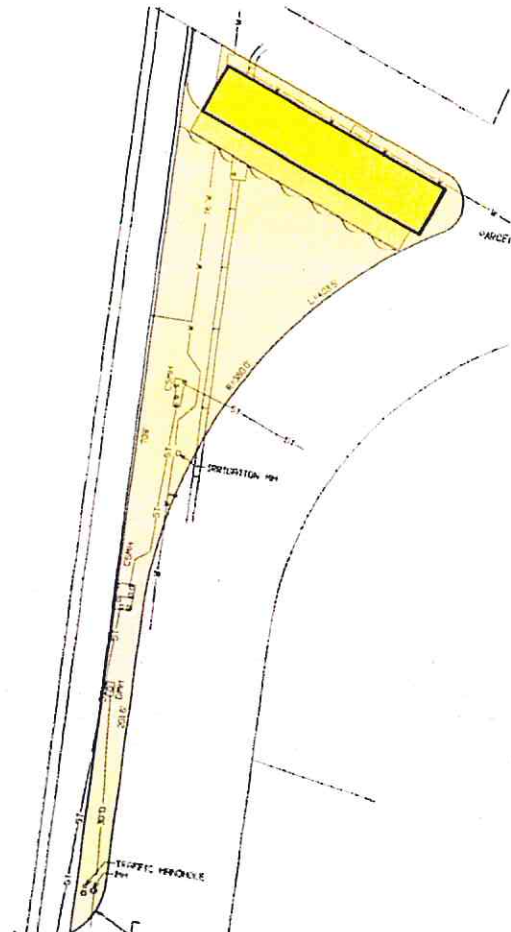
A pre-schematic urban plan and building design have been developed to test the potential of the project and to generate a realistic budget. The proposed 9 story building includes approximately 60,000 square feet of housing and common space. Although carefully developed, the precise area, number of stories, and design elements may change during the development process due to input from the community, site utility constraints (particularly the existing telephone duct), negotiations with the city, and the marketing/budgeting process. This section describes the design attributes:

2.1 Urban Plan and Context

The new building has been located at the extreme northern end of the site. It relates to the massing and orientation of the Genzyme building along Binney Street, and completes the building line of Binney Avenue as viewed from the movie theaters and entry to One Kendall Square. The proposed building is as narrow as practical to maximize the area for public park to the south. This new building terminates the Galileo Galilei Way axis that runs north from the Stata Center, and creates a well-defined open space (see Public Park below).



Schematic site plan, urban context.



Schematic site plan, Parcel 7.

In a January 15 letter to the Arlington Redevelopment Board (ARB), the Authority reported on the status of its technical services contract with the ARB and modification of the schedule and scope of services.

In a letter dated February 24, the Authority sent the ARB an Invoice #1 for Contract for Technical Services with the Town of Arlington as well as a report on the designation of a redeveloper.

In early March, the Authority reported on the status of the Worcester Trial Court, HUD-EDI, and the Symmes Arlington Conservation and Improvement projects.

In March, the Authority reported the Department of Housing and Urban Development that, to date, there had been a draw-down of \$48,598 for the Special Project Grant.

Site Operations

In a letter dated December 23, 2003, the Authority requested reimbursement for expenses from MIT in connection with the Steam Easement/ License Agreement. In a follow-up memo dated December 29, 2003, the Authority offered to deliver the easement in exchange for a \$30,000 non-refundable deposit.

In late July, the Authority ordered a change of work in connection with Kendall Square Property Management Contract Number 15, approving a change in Order No. 2 in the amount of \$3,938.

In a letter dated July 20, the City of Cambridge and the Authority informed City Manager Robert Healy that the Authority had granted the City permission to utilize Parcel 5 for a community carnival.

In September, the Authority approved Welco Contracting's proposal for snow removal services for the coming winter season.

Administrative Actions

In February, the Authority amended its Agreement for Professional Services with Foley Hoag, LLP. This amendment extended the term of the Agreement to December 31, 2005 and increased the hourly rate for legal services to \$275. In May, the Authority approved a contract extension to June 30, 2007, with Fay, Spofford & Thorndike.

In a letter dated May 28, the Authority notified MIT that the Termination of the Lease Agreement for the Kendall Square Urban Renewal Area would go into effect on June 30. The Authority offered to arrange limited use beyond June 30, subject to prorated monthly use charges.

On July 21, the Authority approved the First Amendment to the Lease of space for the Authority office on the fourth floor of One Cambridge Center. This Amendment (1) extended the Term of the Lease for a three-year period commencing on July 1, 2006, and expiring on June 30, 2009; (2) reduced the annual rent from \$87,670 to \$51,008; (3) provided five parking passes free of charge; and (4) provided 250 square feet of storage space at no cost to the Authority.

In a letter dated September 21, the Authority reported on the full pay-down of its existing line of credit with Cambridge Savings Bank in the amount of \$974,386.

In an October 18 memo, the Executive Director reported that the Authority's bank balances totaled \$3,999,438. The Executive Director was authorized to explore the investment of these funds and to report back to the Authority on potential Board choices.

In November, operating accounts were placed into a sweep account at Citizen's Bank.