February 1, 2016

Foundry

101 Rogers Street, Cambridge, MA

REQUEST FOR PROPOSALS

Issued: Monday, February 1, 2016

Due: **Wednesday, April 27, 2016, 4:00 pm**

CAMBRIDGE
REDEVELOPMENT
AUTHORITY

255 Main Street | 4th floor | Cambridge, MA 02142 | 617-492-6800
cambridgeredevelopment.org

Table of Contents

1.0 RFP PROJECT NOTICE **1**

2.0 OVERVIEW OF THE RFP **1**

3.0 PROJECT UPDATES AND PROJECT INFORMATION **3**

- **3.1 Foundry Advisory Committee** **3**
- **3.2 Interior Demolition Project** **3**
- **3.3 Environmental Status** **3**
- **3.4 Historic Status** **3**
- **3.5 Street Rights-of-Way, Storm Drainage, and Utility Systems** **4**
- **3.6 Proposed Development at 249 Third Street** **4**

4.0 PROJECT REQUIREMENTS AND GUIDELINES **4**

- **4.1 Project Vision and Objectives** **4**
  - *Vision* *4*
  - *Objectives* *5*
  - *Viable Uses* *6*
- **4.2 Zoning, Approvals, and Permits** **7**
  - *Design Review* *7*
  - *Sustainability* *7*
  - *Parking* *7*
  - *Historic* *8*
- **4.3 Design Guidelines** **8**
- **4.4 Program Guidelines** **8**
- **4.5 CRA Office Space** **9**
- **4.6 Governance Structure** **9**
- **4.7 Financial Structure** **9**
  - *City and CRA Financial Commitments* *9*
  - *Redevelopment and Fit-Out Costs* *10*
  - *Taxes* *10*
  - *Ground Rent* *10*
  - *Sublease Execution Process* *10*

5.0 SUBMISSION REQUIREMENTS **11**

- **5.1 Letter of Interest** **12**
- **5.2 Responder Team Composition** **12**
- **5.3 Developer/Operator Relationship** **12**
- **5.4 Developer/Operator Workload** **12**
- **5.5 Project Concept** **12**
- **5.6 Project Timeline** **13**
- **5.7 Previous Experience** **13**

5.8 Forms **14**
5.9 Financial Plan **14**
Business Plan *14*
Evidence of Ability to Finance *14*
Pro Forma *15*

6.0 EVALUATION AND DEVELOPER SELECTION PROCESS **16**

6.1 Selection Process **16**
6.2 Minimum Threshold Requirements **17**
6.3 Evaluation Criteria **17**

7.0 GENERAL TERMS AND CONDITIONS FOR RFP **21**

8.0 APPENDICES **22**

8.1 Form A: Policy on Release of Documents **23**
8.1 Form B: Submission Requirements **24**
8.1 Form C: Minimum Threshold Requirements **25**
8.2 Property Background and Information **26**
8.3 Use of Funds and Public Bidding **29**
8.4: Financial Plan Template **33**

1.0 RFP PROJECT NOTICE

The Cambridge Redevelopment Authority (CRA), in consultation with the City of Cambridge (City), is issuing this developer Request for Proposals (RFP) for the city-owned building known as the Foundry at 101 Rogers Street in Cambridge, Massachusetts (the "Foundry" or the "Property"). Based on the responses to the Request for Qualifications (RFQ), the CRA qualified five teams (collectively, "Responders") to proceed to the RFP phase of the development process, during which they will compete for designation as the developer and operator of the Property (the "Development Entity"); one of the qualified Responders has declined to move forward into the RFP phase.

The CRA seeks to designate a Development Entity with exceptional experience, creativity, and capability to transform Kendall Square's vacant Foundry into a thriving, innovative center that offers a collaborative environment with a mix of uses that could include cultural, arts, educational, manufacturing, and commercial uses. The project will require expertise in both the development phase and the operational phase, in particular the ability to curate a variety of creative programs that can coexist and interact within the 53,000 sf building. The City has leased the Property to the CRA, and the Development Entity will enter into a long-term Sublease with the CRA.

RFP responses are due on **Wednesday, April 27, no later than 4:00 pm.**

2.0 OVERVIEW OF THE RFP

RFP Deadlines	*Date*
Issue RFP	Monday, February 1, 2016
Information Session	Wednesday, March 2, 2016, 10 am to noon
Questions Due	Friday, March 11, 2016, 4:00 pm
RFP Response Due	**Wednesday, April 27, 2016, 4:00 pm**

For the RFP, each Responder must submit a proposal as a complete team including both real estate development and operational management for the building and its programs. Based on the review of the RFQ submittals, this RFP is tailored wherever possible to clarify specific requirements and expectations of the CRA consistent with the Foundry Demonstration Project Plan, which are also evident in the evaluation criteria (Section 6). As long as one Responder remains a lead member of the project team, it is possible to combine differently and/or reform a team for the RFP, adding capacity as needed. Additional qualifications may be submitted as an appendix to the response to the RFP.

The purpose of the RFP selection process is to review each project proposal in detail to evaluate the feasibility of the proposal from a design, program, financial and operational perspective, and to ensure that it will achieve the public policy goals laid out in the Foundry Building Demonstration Project Plan and City-CRA Lease Agreement and Term Sheet (the "Governing Documents"), available on the CRA website). The RFP evaluation will also involve scrutiny as to the Development Entity's ability to implement the project in a timely way, including a finance plan that demonstrates capacity to make building improvements and to sustain the building's operation (Foundry Demonstration Plan, May 4, 2015).

The Information Session will be an opportunity to ask specific questions of CRA and City staff. Access to the Foundry will be made by appointment so that the Responders can tour the building on their own and review the current condition, since the interior partitions have now been demolished. Please note that the building is still not ADA compliant. Each Responder is responsible for its own due diligence in regard to review and analysis related to all aspects of the project, including physical conditions, environmental conditions, applicable zoning, required permits and approvals, and other development, financial, and legal considerations.

All inquiries concerning this RFP must be addressed to the following person:

Thomas Evans, Executive Director
Cambridge Redevelopment Authority
255 Main Street, 4th floor
Cambridge, MA 02142
Phone: 617-492-6800
Email: foundry@cambridgeredevelopment.org

Any addenda will be emailed to the contact on file and will also be posted on the CRA website. It is the responsibility of Responders to ensure that they obtain all information pertaining to this RFP.

All questions must be submitted by the date indicated above. Responders should note that all questions, requests for clarifications and exceptions, including those relating to the terms and conditions of the contract, must be submitted in writing, and e-mail is preferred. Submissions made in any other format will not be given a direct response. Answers to all questions of a substantive nature will be provided to all Responders in the form of an addendum to this RFP via the CRA website at the following address: www.cambridgeredevelopment.org/foundry. Responders are responsible for ensuring that they receive all addenda.

Submissions are due on the date indicated above and must be submitted to the address above. Any response received after the time specified will be considered a late response and will be disregarded. See Section 5 for detailed information on submission requirements.

All materials submitted to the CRA in response to the RFP will become the property of the CRA and the City and, unless specifically exempted, should be considered to be

public records under Massachusetts law (Appendix 8.1, Form A). See Section 7.0, below, for additional details. The CRA reserves the right to post materials submitted by Responders on its website at the appropriate time. As part of the selection process, the CRA will invite some or all of the Responders to participate in interview(s) and a community presentation.

3.0 PROJECT UPDATES AND PROJECT INFORMATION

The RFQ provides detailed information on the project background, existing conditions, description of the Property, and building information. Relevant sections are included here in Appendix 8.2. Over the past several months, the CRA and the City have been working together to advance the project. Information that supplements the RFQ is provided below for informational purposes, although Responders are responsible for their own due diligence

3.1 Foundry Advisory Committee

A seven-member Foundry Advisory Committee has been established to make recommendations to the City Manager and Executive Director of the CRA. The role of the Foundry Advisory Committee is to review potential uses, programs, and use of shared spaces for creativity and innovation at the Foundry in light of the Project Vision and Objectives over the life of the building and to offer advice on these issues to the CRA and the City Manager (see the CRA website for a list of the Foundry Advisory Committee members).

3.2 Interior Demolition Project

In August 2015, the City engaged a contractor to remove interior partitions and obsolete building systems in order to reveal the structure and the potential of the building. This work has recently been completed. As-built plans and a photo documentation of the building before interior demolition is posted on the CRA website. The cost of this project was approximately $0.7 million and was funded from the $6 million allocated by the City for capital improvements to the Foundry.

3.3 Environmental Status

Environmental documents related to this site can be found on line:
https://www.dropbox.com/sh/qjww4x2i900rmd2/AAD0dZUQMw3IEUcy9-4FZUTEa?dl=0

3.4 Historic Status

The Foundry Building was built in 1890 by the Blake & Knowles Co., a nationally-important manufacturer of pumps and pumping engines. In 1997, the adjacent Blake and Knowles Steam Pump Historic District was listed on the National Register of Historic Places. At that time, the Foundry was not recommended for listing because it had been “considerably altered” (Massachusetts Historical Commission Nominating Form, CRA

website). However, the Cambridge Historical Commission regards the building as 'significant' under the ordinance, and it could still be nominated for listing in the future.

3.5 Street Rights-of-Way, Storm Drainage, and Utility Systems

The Property has frontage on Bent Street, which is a public way, and Rogers Street, which is a private way with a public access easement. Over the years, the City of Cambridge has been snow plowing the vehicular right-of-way and maintaining the main sewer, water, and storm drain systems on Rogers Street. The Development Entity will be responsible for improvements and maintenance of the adjacent streetscape on Rogers Street and all lateral utility connections and upgrades in compliance with all applicable laws, rules and regulations. The Foundry currently has a single water connection to provide both potable water and fire suppression; an additional connection will be required to separate these systems. The Equity Residential project at 249 Third Street has proposed some streetscape improvements to the section of the private way (Rogers Street) abutting its property. Information about privately owned utilities, such as electric, telephone, data, and gas, should be obtained from the applicable utility companies. The City has provided a link, for informational purposes only, to utility drawings in the area and makes no representation as to the same:
http://www2.cambridgema.gov/TheWorks/departments/engnr/Outgoing/Rog101.zip

3.6 Proposed Development at 249 Third Street

Equity Residential owns the property adjacent to the Foundry at 249 Third Street and has proposed a 70,377 sf project with 84 residential units and parking to be located mostly off-site (249 Third Street Project). The Planning Board voted to grant a special permit to this project on October 6, 2015. The approved version of the plans and additional information are available at the City website:
https://www.cambridgema.gov/cdd/zoninganddevelopment/specialpermits/specialpermits

4.0 PROJECT REQUIREMENTS AND GUIDELINES

The following project requirements and guidelines are consistent with and clarify the public policy goals laid out in the Governing Documents (Foundry Building Demonstration Project Plan and City-CRA Lease Agreement and Term Sheet, available on the CRA website). The Vision and Objectives included in Section 4.1 below are the result of an extensive community process with multiple community meetings and are important considerations for the evaluation criteria in Section 6.0.

4.1 Project Vision and Objectives

Vision

The vision statement for the project is informed by community input and has been developed to cover the broad range of possible uses that may utilize the Foundry building throughout the life of the project. While different development proposals will likely provide

various schemes for overlapping uses within the building, the details of programs, tenants, and interior designs may be modified over time to meet the evolving needs of the community.

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.

Objectives

On March 17, 2014, the City Council requested that the City Manager engage residents and stakeholders in a community process to refine the objectives of the redevelopment of the Foundry into a multi-purpose community center. Community input from many workshops and meetings held throughout 2013 and 2014 helped define the key project objectives below.

Innovative Programs

- Foster a center of creativity and innovation through the shared use of space populated with complementary uses.
- Create mentorship, internship, apprenticeship, workforce training, and educational programs for Cambridge residents that can directly benefit and engage the surrounding community.
- Include significant training opportunities in the areas of science, technology, engineering, arts, and math (STEAM) fields that can effectively introduce and prepare Cambridge residents for the existing and growing professional fields that have emerged in Kendall Square area over the past several years.
- Capitalize on the commercial success of Kendall Square's redevelopment to create a unique collaborative environment as a citywide resource, with a diverse mix of cultural, educational, and commercial uses emphasizing youth and senior engagement, with a particular focus on under-represented, lower income households.

Building and Site Development

- Create physical assets (a renovated structure, new facilities, and equipment) that will support viable economic activity and promote business growth and job creation within the Foundry in a manner that can be sustained in the years to come.
- Bring the Foundry into productive use for the community with universal accessibility and prevent the Property from falling into disrepair
- Highlight the historic architectural elements of the building and connect the building to its site and surrounding, including new streetscape.

Operational and Financial Structure

- Leverage multiple funding sources to provide a financially sustainable building operation, while providing space for community, cultural, and educational functions at rents commensurate with those uses.
- Maximize the extent of public and/or community uses of the building and provide a structure for ongoing management and oversight of those uses.
- Pilot and report techniques for the adaptive reuse of an industrial building into a center of innovation and creativity, utilizing public private partnership both as a financing tool and a model of collaborative economic and cultural development.

As with all redevelopment projects, the Property would be appraised by the CRA with and without the "re-use restrictions" in place so as to gain a sense of the "opportunity cost" to redevelop the Property in the manner set forth in the Plan.

Viable Uses

The overall goal of the project is to create a unique collaborative space for a variety of uses consistent with the Vision and Objectives above. The list of viable uses below allows for flexibility and a wide range of uses that could be incorporated into redevelopment concepts; however, strong preference will be given to proposals with uses that will directly benefit and engage the surrounding community through programs for Cambridge residents. Redevelopment concepts should highlight successful public and private partnerships, as well as the important work of community-based non-profit organizations. The building should remain reasonably open and accessible to the general public, especially on the ground floor. Proper consideration should be given to ensure that uses are compatible with one another.

Acceptable programmatic and space utilizations are listed below (in alphabetical order). Many of these elements could be programs that are mixed, synergistic, or operating in shared spaces. Due to space limitations however, it is understood that not all of these uses could be adequately accommodated at one time in the Foundry building:

- Assembly space including performance areas, black box and other theaters, and informal gathering spaces
- Community kitchen and food preparation space
- Early childhood education/day care use
- Family-based commercial recreation
- Gallery spaces including museums and library areas
- Office and lab space for companies, start-ups, individual enterprises, shared use, public agencies, and non-profit organizations
- Parking
- Retail including small shops, cafes, and restaurants
- Start-up manufacturing, fabrication ("maker") space
- Studio space for arts, performing arts, and other uses
- Workforce development including community education and job training centers
- Youth and senior programming

The distribution of uses in the building will likely change as community needs, market conditions, and technology evolve over time. Single uses that occupy 100% of the building square footage (not counting parking) such as residential, single tenant office/lab, university or other institution with classroom, lab, office providing service only to students and/or faculty, are not consistent with the development objectives that have emerged throughout the process up to this point and will not be considered as feasible outcomes. Similarly, any office space allocated for below market rents should ideally be targeted to multiple community-based users rather than a single non-profit or public agency use.

The redevelopment process and governance model are designed to maximize the public and community-based elements of the building's program and ensure compliance with these objectives through minimum thresholds for the amount of below market rate space for community-oriented uses and maximum allowances for market rate commercial uses, such as office, lab, retail, or restaurant.

4.2 Zoning, Approvals, and Permits

The Development Entity will be required to obtain any and all permits and/or licenses and other processes or requirements of applicable federal, state, and local laws, rules and regulations for the redevelopment and operation of the Property, including, but not limited to, zoning requirements and those elements highlighted below.

Design Review

Because the project will involve a change of use of more than 50,000 square feet, it will require a Project Review Special Permit from the Planning Board, under Section 19.20 of the City of Cambridge Zoning Ordinance, which includes a Transportation Impact Study (TIS) and urban design review. The Foundry is not located within the Kendall Square Urban Renewal Area and is therefore not subject to formal design review by the CRA. The CRA will, however, review all aspects of the project, including its design, as a part of its role as the tenant of the Property under the Lease.

Sustainability

The project will be subject to Section 22.20 of the Zoning Ordinance, Green Building Requirements. The project is included in the Kendall Square EcoDistrict, which seeks to bring together public and private partners to innovate sustainable neighborhoods of the future.

Parking

The project will be subject to the City's parking and bicycle parking requirements in Article 6.000 of the Zoning Ordinance; however, special permit relief as available under the Ordinance may be sought if there is a rational evidence-based justification for modifying the requirements. The CRA would support a review of the current parking requirement for the Property.

Historic

At the local level, the Foundry building is subject to Cambridge's Demolition Delay Ordinance, which applies when more than 25% of the exterior is demolished. As a "significant" building, the Historical Commission's goals for the building include a careful cleaning and restoration of the exterior masonry and use of historically-appropriate windows. Apart from the original structural elements, no interior features are considered significant.

4.3 Design Guidelines

Renovation of the Foundry should take into account its original industrial character and architectural features, while also designing for current and future needs of the proposed use and tenancy mix. Opportunities to create additional high-bay space by removing sections of the floor are one means of increasing interior light, visual and physical connections, and/or legibility, and may be necessary to accommodate certain programs. In addition to complying with ADA requirements, meeting universal design principles is encouraged. The Foundry also must comply with all City of Cambridge requirements, including, but not limited to the City's policy regarding unisex bathrooms.

The site design shall address the streetscape portion on Rogers Street, which in coordination with the Equity improvements, will link the site with Third Street and the nearby Rogers Street Park. Different possible uses for the side yard may be proposed and should consider the proposed 249 Third Street Project on the adjacent site.

Designation as the Development Entity does not constitute building design approval. The project will be subject to design review by the Cambridge Planning Board pursuant to Article 19 of the Cambridge Zoning Ordinance, including any modifications to the building envelope. Some modifications to the building entrances are expected, as the current building configuration is not ADA compliant. Other modifications to the building envelope may be desirable, especially as a means of achieving the goals of the community and the community programs.

4.4 Program Guidelines

Zoning for the Foundry (Section 13.59.10 of the Ordinance) requires that a minimum of 10,000 square feet be dedicated to educational, cultural or institutional uses. However, based on community input, the current aspirational goals are to develop a building program that incorporates community-based uses in the majority of the building, operates with a schedule that welcomes the public throughout the day and evening, including a flexible space for community meetings, and has all tenants contributing to the Project Vision and Objectives. The Development Entity will be responsible for selecting individual tenants and for curating the overall use and management of the tenants, including the community uses, consistent with the Project Vision and Objectives and the overall governance structure.

Section 6 of this RFP highlights selection criteria related to public benefit, inclusivity, creativity and flexibility in support of the Project Vision and Objectives, rather than just a simple square foot measure of space set aside for community use. In regards to tenants, the term "non-profit" is not always synonymous with below market or community uses, nor do private uses necessarily align with market rate rents. Consistent with these guidelines, the CRA is seeking to shape a dynamic program incorporating community uses that may not be able to pay market rate rents.

Some interested tenants have submitted letters of interest, all of which are posted on the CRA website. Responders are encouraged to review that information.

4.5 CRA Office Space

The CRA 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 an agreed upon market rent (reference City/CRA Lease), and will also retain the right to hold public meetings on a periodic basis in the shared common space of the Property. This space that the CRA occupies shall not be treated as a community use.

4.6 Governance Structure

The City will retain ownership of the Foundry and has executed a 50-year Lease with the CRA (available for review on the CRA website). The CRA will execute a coterminous 50-year Sublease with the Development Entity. This term is the maximum term that will be set for the Sublease, although provisions for extensions may be considered. The Sublease between the CRA and the Development Entity will include performance criteria, remedies, and termination provisions to ensure that the Property remains true to the Project Vision and Objectives.

The proposed governance model is designed to ensure public objectives and transparency along with protection and oversight of the Property. The CRA will serve as the steward of the Property and, with the assistance of the Foundry Advisory Committee, will monitor the community programming and uses within the Foundry over the life of the building in light of the Project Vision and Objectives. The Foundry Advisory Committee will interact with and advise the Executive Director of the CRA and the City Manager, and also will provide an annual report to the CRA Board and the City Manager. The City Manager will approve the Sublease and any major capital improvements.

4.7 Financial Structure

City and CRA Financial Commitments

The financial commitments from the City and the CRA are documented in the Demonstration Plan, and the City/CRA Lease (together the "Governing Documents" which can be viewed at the CRA website), including $6 million of investment from the City

for capital improvements and a CRA contribution of $2 million to establish a reserve fund with the intent that this will be used to support the programmatic goals of the building to be used in accordance with the Governing Documents. The City funds are not expected to cover the full costs of necessary capital improvements.

The City funding is targeted for necessary capital improvements and is to be used within the first ten years. Approximately $0.7 million has been used to demolish interior partitions, leaving a balance of $5.3 million. The intent is that the Development Entity will work with the CRA and the City to determine how and when the remainder of the City funds will be used. The CRA expects that these funds will be spent through separate projects that will be bid out in accordance with the applicable public bid laws and might include base building or site improvements. Appendix 8.3 provides more detailed information on the establishment of capital and operating funds and the applicability of public bid laws.

Redevelopment and Fit-Out Costs

Responders are responsible for estimating costs of renovation and fit-out; any assumptions of redevelopment and/or fit-out costs for different types of tenants in previous Foundry reports are conceptual only. Some fit-out costs may be borne by the Development Entity and some by the future tenants, depending on the use and the management approach proposed by the Responder.

Taxes

The Development Entity will pay taxes on the building. However, once the redevelopment is complete, eligible charitable and similar organizations that occupy the property may apply to the City for a tax exemption that relates to the tax liability of the space used by the group, provided they meet all applicable criteria.

Ground Rent

The ground rent will be set forth in the Sublease between the CRA and the Development Entity, per the terms of the Lease between the City and the CRA. The ground rent payment will be renegotiated every ten years in order to recalibrate the amount to account for market adjustments and the performance of the project as a whole. While rent payments will be renegotiated and adjusted at ten-year intervals, the CRA does not expect to renegotiate the entire Sublease during the term unless there is cause to do so in the judgment of the CRA or the City. Additional payment structures may be considered, such as a percentage rent to the CRA whereby the CRA would receive incremental rent above the proposed ground rent payment based on a percentage of the gross income received by the Development Entity from its participation in the Foundry redevelopment.

Sublease Execution Process

A draft copy of the Sublease will be issued by addenda prior to the RFP submission date. Responders will be asked to review and indicate any provisions that are objectionable, although in no case can the sublease override any provisions contained in the City/CRA Lease.

Proposals must remain firm for ninety (90 days from the due date or to a later date as may be agreed to in writing by the Responder and the CRA. Following the completion of the evaluation process, the CRA plans to enter into negotiations with the top-ranked Responder. In the event that the CRA determines it will not be able to reach a contractual agreement in a timely manner with the top ranked proposer, it may negotiate with the second proposer and so on. The CRA retains the right to enter into negotiations with one or more responders through a Best and Final Offer (BAFO) process.

Notwithstanding any other provisions contained in the RFP, the CRA shall not be under any obligation to select a Responder until the final Sublease is fully executed by and among all requisite parties. Prior to closing, the Development Entity will be expected to complete its due diligence. The Sublease will be contingent on the Development Entity providing improvement plans that are compliant with all applicable laws, ordinances, in a form satisfactory and appropriate to the governmental authorities responsible for issuing permits.

At Sublease signing, the Development Entity will be required to provide, at minimum, a deposit equivalent to two years of ground rent payments (the "Deposit"). The Deposit will be creditable against the future ground rent payments, but will not be refunded if the Development Entity fails to meet any of its obligations for project execution, including zoning approval and other permits, design phases, base building construction, tenant fit out, and building and occupancy permits. The Development Entity's proposal will become an exhibit of the Sublease.

All due diligence items and any costs related to satisfaction of the above obligations must be prepared at the sole cost and expense of the Development Entity. These expenses are nonrefundable and cannot be used to offset the deposit or future ground rent payments.

5.0 SUBMISSION REQUIREMENTS

All submissions shall provide information related to the elements listed below in sufficient detail to allow an informed and fair selection process. Incomplete submissions will be rejected. A checklist is provided in Appendix 8.1 (Form B).

Submissions will be in two separate, clearly marked envelopes:

- Foundry Proposal: twenty (20) bound copies in 8 1/2 x 11-inch format plus one compact disk or flash drive with a digital version as a single PDF with a maximum file size of 10 MB.
- Foundry Financial Plan: twenty (20) copies in 8 1/2 x 11-inch format of narrative material, plus one compact disk or flash drive of the pro forma spreadsheets, in the format of the Financial Plan Template.

All materials submitted to the CRA in response to the RFP will become the property of the CRA and the City and, unless specifically exempted, should be considered to be public records under Massachusetts law (Appendix 8.1, Form A). See Section 7.0, below, for additional details. The CRA reserves the right to post materials on its website at the appropriate time.

5.1 Letter of Interest

Responders must submit a letter of interest signed by the principal(s) of the Responder.

5.2 Responder Team Composition

Responders must submit a summary chart of the team composition that identifies the firms and key personnel and their respective roles and responsibilities for real estate development and operational management. Other key roles and responsibilities can also be included.

For the RFP, the Responders must submit proposals as a complete team including both real estate development and operational management proposals for the building and its programs. Based on the review of the RFQ submittals, this RFP is tailored wherever possible to clarify specific requirements and expectations of the CRA consistent with the Foundry Demonstration Project Plan, which are also evident in the evaluation criteria (Section 6). As long as one of the Responders remains a lead member of the project team, it is possible to combine differently and/or reform a team for the RFP, adding capacity as needed. Additional qualifications may be submitted as an appendix to the response to the RFP.

5.3 Developer/Operator Relationship

Responders must describe how the developer and operator will work together and with the CRA on an ongoing basis to ensure the Foundry is operated in accordance with the community vision and the Sublease. Revitalizing the Foundry to meet the community's vision for a collaborative environment with mix of uses will require careful coordination between the real estate and operational management team members of the Development Entity.

5.4 Developer/Operator Workload

In order to demonstrate their capacity to undertake the Foundry redevelopment, Responders must list known project commitments of all key project principals through 2017, along with a statement indicating how the development entity and key principals plan to manage the Foundry redevelopment process including the amount of time that would be available to dedicate to the process.

5.5 Project Concept

Responders must submit three types of information to convey their overall concept for the Property:

1) **Narrative**: Description of the design and programming vision and approach, including the strategy for community partnerships over time to achieve an inclusive space that involves a cross-section of Cambridge residents in the life of the building and program description that demonstrates how the uses and projected tenants will contribute to the building including shared use and hours of operation throughout the day and evening.
2) **Program**: Matrix detailing the gross floor area and rentable floor area (of specific uses and/or shared use areas in the Foundry, including any new floor area, reference to community-based or shared uses, and proposed parking strategy. A template is provided in the financial pro forma.
3) **Design**: Conceptual architectural and site design plans with sufficient detail to characterize the project content and substantiate the financial pro forma, with its projections of uses, costs, and revenues.

Alternative scenarios can be presented and will be considered, such as a base proposal that does not expand the building envelope and an alternative that does. These alternatives should be modeled using the Appendix 8.4 Financial Plan Template as a framework.

5.6 Project Timeline

Responders must submit a detailed time line for project execution including the permitting strategy (zoning approval and other approvals), design phases, base building construction, tenant fit out, and building and occupancy permits. In particular, the timeline must indicate when the approvals process would begin, expected conclusion of the approvals process, and projected opening date.

5.7 Previous Experience

Responders must demonstrate their capacity to work with the CRA to carry out a financially feasible redevelopment of the Foundry Building by submitting tailored descriptions of comparable projects developed and/or managed.

To supplement materials submitted in the RFQ, the submission should include a brief description of the relevant projects and how they relate to the Foundry project, along with data regarding the location, size, the specific principal personnel involved, and completion date. Projects should illustrate Responder's experience with the criteria below, noting that each individual project does not need to meet all of the specifications:

- Creation of mixed-use redevelopment projects with uses and characteristics similar to the Responder's proposal for the Foundry;
- Creation of redevelopment projects with innovative operating models and tenanting strategies, including the incorporation of uses providing a public benefit and/or a mix of market and non-market rate tenants;
- Role of design in adaptive reuse and innovative programs;

- Negotiation of successful partnerships, including partnerships with property managers and operators, and public entities;
- Negotiation of subleases with tenants and users similar to those proposed for the Foundry Building; and
- Development in the Boston and Cambridge areas.

5.8 Forms

Responders must submit Form A, Policy on Release of Documents, Form B, Submission Checklist, and Form C, Minimum Threshold Requirements (Appendix 8.1).

5.9 Financial Plan

Note: All material must be submitted in a separate envelope, clearly marked "Foundry Financial Plan."

Responders must specify their proposed structure and financial terms for partnership with the CRA. All responses must be based on the detailed pro forma information including (1) projected rents based on the range of uses, including all private and community uses, (2) projected costs and funding of improvements, including the addition of new space, if any, (3) projected tenants types, and (4) proposed payment structure to the CRA. The ground rent payment structure must be expressed in a fixed dollar amount with appropriate escalations over the entire 50-year sublease term. The completed financial plan template can be found at this link:
http://www.cambridgeredevelopment.org/foundry-documents

Business Plan

Responders must provide a brief description of how their proposed business model and income projections for the Foundry relate to the type of tenant subleases, including duration, and what part of the fit-out costs, tenant improvements, and operating expenses are expected to be paid by tenant and Responder respectively. The business model must also address the approach to curating the community uses and overall management of and integration of the proposed uses, as well as any other characteristic of the business model with implications in the financial plan.

Evidence of Ability to Finance

Responders must demonstrate their ability to finance all the proposed improvements to the Foundry, as well as the ability to secure tenants and meet financial obligations to the CRA. This should be done by providing evidence of successful past projects, letters of interest from tenants (if any), letters demonstrating a good business relationship with financial institutions and equity sources, and a description of proposed strategies to make use of incentives and financial support from the public and non-profit sectors, including available funding sources from the CRA.

Additional material regarding the financial condition of the Responder may be requested by the CRA at any time during the negotiations, including but not limited to corporate financial statements, a description of other real estate owned (including information about any history of delinquency, default, litigation, or outstanding liens or judgments on property listed), a credit release, and/or any additional documentation or information evidencing the strength of the respondent and the respondent's ability to support the project. For the RFP, the Responders may attach any relevant information as an appendix on a voluntary basis.

Pro Forma

All pro forma and financial information must use the Financial Plan Template (Appendix 8.4) and following the instructions found in *Tab 0. Cover Page*, which is summarized below:

1) **Program Assumptions:**
   Detailed program matrix, including gross square feet (GSF) and rentable square feet (RSF) for existing and any additional space (information carried from 5.5, Project Concept)

2) **Source & Use Assumptions:**
   - Uses of funds, including hard costs, soft costs, and financing costs
   - Sources of equity, debt financing, and any public funds beyond the funds committed by the City and CRA
   - Debt assumptions (construction and permanent)

3) **Operating Assumptions:**
   - Revenue assumptions, including annual rent for each use as well as any other revenues
   - Vacancy contingencies
   - Reimbursed and non-reimbursed operating costs
   - Projected growth rates for revenues and expenses

4) **Pro Forma (50 years):**
   - Summary of cash flows over 50 years
   - Net operating income by user type
   - Revenues to the CRA by year

6.0 EVALUATION AND DEVELOPER SELECTION PROCESS

6.1 Selection Process

Evaluation of the proposal will be based on the information provided in the Responders' submission, in accordance with the requirements of this RFP, and any interviews, public presentations, references, and additional information requested by the CRA. The CRA Board will select the Development Entity based on the recommendations of the Evaluation Committee and the advice of the Foundry Advisory Committee, subject to the approval of the City Manager. The Evaluation Committee will be comprised of CRA and City staff.

The selection process for the RFP will proceed in a multi-stage process. The submissions will be reviewed by the CRA to determine if each proposal has fulfilled all the requirements; only complete submissions that meet the minimum requirements will be evaluated. The Foundry Advisory Committee and the CRA's consultant team (including but not limited to Foley Hoag and HR&A) will review and advise on the submissions, reviewing first the Foundry Proposal (non-financial) and then the Foundry Financial Plan.

The Evaluation Committee first will open and evaluate the Foundry Proposal (non-financial). After this evaluation is complete, the Evaluation Committee will open and evaluate the respective Foundry Financial Plan submissions. The Evaluation Committee will then consider the two evaluations together, along with the advice of the Foundry Advisory Committee and the consultant team, to select the best proposal(s).

Based on the Evaluation Committee's evaluation, some or all of the Responders may be further asked to present their concept publicly and be invited for an interview. The CRA may also request additional information as part of the interview.

The Evaluation Committee will then evaluate all additional information, including any further advice from the Foundry Advisory Committee and the consultant team, and will make a recommendation for a Development Entity to the CRA Board and the City Manager for their approval, respectively. The CRA will notify all Responders in writing of the final decision.

6.2 Minimum Threshold Requirements

Only those submissions that meet each and every one of the below minimum quality requirements will be evaluated (Form C).

___ Proposal is complete and responds to all Submission Requirements.

___ The program provides more than 10,000 square feet designated for community-oriented uses.

___ A plan is provided that describes how and when the building will be publicly accessible.

___ A real estate team is included.

___ A management team is included.

___ The project strategy demonstrates project completion within a four-year window.

___ The Financial Plan is complete and responsive, including a business plan, evidence of ability to finance, and the pro forma.

6.3 Evaluation Criteria

The evaluation criteria below reflect the intent of the Project Vision and Objectives (Section 4.1) and other aspects of the Governing Documents. All factors are important and many are interrelated; proposals are expected to be responsive to all criteria.

PROJECT UNDERSTANDING AND CONCEPT			
	Highly Advantageous	***Advantageous***	***Not Advantageous***
Project Understanding	**Proposal** integrates creative design and an inclusive, collaborative program to create a citywide resource that is financially sustainable for years to come, promoting the building vision and objectives.	**Proposal** integrates design with real estate development strategy and a method for curating building programs, reflecting building vision and objectives.	**Proposal** only addresses renovation and property management *OR* the proposal only addresses programmed uses without a real estate strategy.
Exceptional Design for Creativity & Flexibility	**Design** highlights the building's architectural features, allows creative flexibility, and integrates significant green building features to promote innovation and economic activity in collaborative spaces.	**Design** creates a physical asset that fosters creativity and innovation and will support viable economic activity in a manner that can be sustained for years to come.	**Design** is minimal, providing just enough improvements to occupy the space and meet codes.
Community-Oriented Uses	**Program** will have more than 25,000 square feet dedicated to community-oriented uses.	**Program** will have 15,000 to 25,000 square feet dedicated to community-oriented uses.	**Program** will have more than 10,000 but less than 15,000 square feet dedicated to community-oriented uses.
Maximizes Public Benefit	**Program** will have uses that are mixed, synergistic, and/or operating in shared spaces promoting the arts and sciences (STEAM) and directly benefitting and engaging surrounding community and Cambridge residents and addressing economic development and training opportunities, especially for under-represented and low income residents.	**Program** will have uses dedicated to community oriented uses that promote arts and sciences (STEAM) and directly benefitting and engaging surrounding community and Cambridge residents.	**Program** will have uses designated for community-oriented uses including some community programming.
Degree of Inclusivity	**Building** will be accessible, inclusive, and welcoming to the public in a variety of ways and times, targeting the full diversity of Cambridge, including opportunities for drop in visits by the general public.	**Building** will remain reasonably open and accessible to the general public, especially on the ground floor.	**Building** will offer few reasons for the community to enter

EXPERIENCE AND CAPACITY			
	Highly Advantageous	***Advantageous***	***Not Advantageous***
Ability to Successfully Execute the Project	**Real estate team** has experience in adaptive reuse and public private partnerships, and has worked with community-based organizations.	**Real estate team** has experience in adaptive reuse and public private partnerships.	**Real estate team** has experience in either adaptive reuse project or public private partnerships.
Contribution of Operator / Management Program to Successful Project	**Management team** demonstrates extensive experience and presents ideas for hosting cross-disciplinary programs and collaboration, with strategies to maintain community involvement in the building and its programs over time.	**Management team** has experience and presents a viable management and operational plan that supports the Foundry vision and objectives	**Management team** will provide conventional property management and has no experience with ongoing community programming; opportunities for collaboration between building uses are not demonstrated.
Development Capacity and Current Workload	**Capacity** of overall team demonstrates dedicated, qualified principals and committed staff resources that will focus on the Foundry project.	**Capacity** of overall team assigns qualified principals and adequate staff resources to handle the Foundry project while balancing other project workloads	**Capacity** of overall team indicates overcommitted principals and not enough resources to manage the Foundry project.
Strategy and Timeline	**Strategy** demonstrates a creative approach, a clear understanding of necessary approvals, and ability to start the approvals process within 3 months of Sublease execution, with realistic milestones for approvals, design, and construction within a 3-year window.	**Strategy** demonstrates an understanding of approvals and the ability to start the approvals process within 6 months of Sublease execution, with realistic milestones for approvals, design, and construction within a 3-½ year window.	**Strategy** indicates a start date for approvals process after six months of Sublease execution and does not demonstrate realistic milestones for approvals, design, and construction.

FINANCIAL PLAN			
	Highly Advantageous	***Advantageous***	***Not Advantageous***
Feasibility of Plan	**Financial Plan** demonstrates a solid understanding of local market conditions, development financing, business plan, and redevelopment and operational costs for the Foundry and offers creative approaches or solutions where necessary.	**Financial Plan** demonstrates a solid understanding of local market conditions, development financing, business plan, and redevelopment and operational costs for the Foundry.	**Financial Plan** demonstrates a lack of understanding in any one of the following areas: local market conditions, development financing, business plan, and redevelopment and operational costs for the Foundry.
Ability to Secure Debt and Equity Financing	**Evidence** includes firm commitments in letters of interest from equity sources and permanent lenders demonstrating significant capital backing from committed sources.	**Evidence** includes at least two letters of interest from equity sources and permanent lenders demonstrating likely capital backing.	**Evidence** includes at least one letter of interest from a permanent lender.
Ground Rent and Capital Reserve	Both the ground rent and the private-sector capital reserve are competitively funded.	Both the ground rent and the private-sector capital reserve are adequately funded.	Either one or the other of the ground rent or the private-sector capital reserve is only marginally funded.

7.0 GENERAL TERMS AND CONDITIONS FOR RFP

1. MBE/WBE Participation. The CRA encourages the use of MBE/WBE principals and subcontractors if subcontractors are used.
2. Public Records Law. All responses and information submitted in response to this RFP are subject to the provisions of the Massachusetts Public Records Law, M.G.L. c. 66, § 10 and c. 4, §.7(26) and 950 CMR 32. M.G.L. c. 4, § 7(26)(h) exempts from the definition of "public record," among other things, "proposals and bids to enter into any contract or agreement until the time for the opening of bids to be opened publicly, and until the time for the receipt of bids or proposals has expired in all other cases," as well as intra- or inter- agency communications made with respect to reviewing bids and proposals, prior to a decision to enter into negotiations or award contracts. M.G.L. c. 4, §7(26)(g) exempts "trade secrets or commercial or financial information voluntarily provided to an agency for use in developing governmental policy and upon a promise of confidentiality," though this exemption does not apply to information "submitted [ ] as a condition of receiving a governmental contract."
3. System and Document Security Requirements. All documents including both paper copy and electronic files provided to the Responders for printing, copying or digital imaging and any copies or duplicates of electronic files made from those provided by the CRA are the property of the CRA and shall not be provided to any third party without the prior written consent of the CRA.
4. Reasonable Accommodation. Responders with disabilities or hardships that seek reasonable accommodation, which may include the receipt of RFP information in an alternate format, must communicate such requests in writing to the CRA. Requests for accommodation will be addressed on a case by case basis. A Responder requesting accommodation must submit a written statement, which describes the disability and the requested accommodation. The CRA reserves the right to reject unreasonable requests.
5. Acceptance/Rejection/Withdrawals of Proposals. The CRA reserves the right to amend or modify the RFP at any time during the procurement process, prior to the date and time which responses are due. All amendments and modifications will be posted on the CRA's website in the form of an Addendum. It is the responsibility of the Responder to check the website (www.cambridgeredevelopment.org) for Addenda. The CRA reserves the right, at its sole discretion, to: reject any or all proposals or parts of any and all proposals; re-circulate this RFP; terminate or suspend the solicitation process, at any time; or waive any irregularities in this RFP or in the proposals received as a result of this RFP; or reject any and all submissions, or portions thereof, all as may be deemed to be in the best interest of the CRA, subject to applicable law. A late response shall not be considered for award.
6. The Sublease for this project will be between the CRA and the Development Entity.
7. A proposal will remain in effect for a period of ninety (90) calendar days from the deadline for submission of proposals, until it is formally withdrawn according to the procedures set forth herein, a Sublease is executed, or the RFP is cancelled, whichever occurs first.
8. Any changes or additions to proposers or personnel named in the Response must be submitted in writing and approved by the CRA.

8.0 APPENDICES

8.1 Forms

8.2 RFQ Excerpts on Property Background, History, and Information

8.3 Use of Funds and Public Bidding

8.4 Financial Plan Template

APPENDIX 8.1 FORMS

8.1 Form A: Policy on Release of Documents

All materials submitted to the CRA in response to the RFP will become the property of the CRA and the City and, unless specifically exempted, should be considered to be public records under Massachusetts law. The CRA reserves the right to post materials submitted by Responders on its website at the appropriate time. As part of the selection process, the CRA will invite some or all of the Responders to participate in interview(s) and a community presentation.

The undersigned certifies under penalties of perjury that the Responder understands the policy on Release of Documents.

Responder Name: _____

Authorized Signature: _____

Name (Printed): _____

Title: _____

Date: _____

APPENDIX 8.1 FORMS

8.1 Form B: Submission Requirements

Check each element below to confirm that you understand and have completed each Submission Requirement.

___ **5.1 Letter of Interest**

___ **5.2 Responder Team Composition**

___ **5.3 Developer/Operator Relationship**

___ **5.4 Developer/Operator Workload**

___ **5.5 Project Concept**

___ **5.6 Project Timeline**

___ **5.7 Previous Experience**

___ **5.8 Forms**

___ **5.9 Financial Plan**
(Submitted in a separate envelope, clearly marked "Foundry Financial Plan.")

The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any other person (defined to mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity, or group of individuals), and that it includes all submission requirements listed above.

Responder Name: _____

Authorized Signature: _____

Name (Printed): _____

Title: _____

Date: _____

APPENDIX 8.1 FORMS

8.1 Form C: Minimum Threshold Requirements

Only those submissions that meet each and every one of the below minimum quality requirements will be evaluated. Check each element below to confirm that you understand each requirement.

___ Proposal is complete and responds to all Submission Requirements.

___ The program provides more than 10,000 square feet designated for community-oriented uses.

___ A plan is provided that describes how and when the building will be publicly accessible.

___ A real estate team is included.

___ A management team is included.

___ The project strategy demonstrates project completion within a four-year window.

___ The Financial Plan is complete and responsive, including a business plan, evidence of ability to finance, and the pro forma.

The undersigned certifies under penalties of perjury that the Responder fully understands the minimum threshold requirements.

Responder Name: _____

Authorized Signature: _____

Name (Printed): _____

Title: _____

Date: _____

APPENDIX 8.2 PROPERTY BACKGROUND & INFORMATION

The following excerpts from the Foundry RFP provide basic information about the building, but Responders should also refer to the Governing Documents, the full RFQ, the RFP, the CRA website, and other documents. Each Responder is responsible for its own due diligence in regard to review and analysis related to all aspects of the project, including physical conditions, environmental conditions, applicable zoning, required permits and approvals, and other development, financial, and legal considerations.

8.2 Property Background and Information

The brick and timber frame building was built in 1890, expanded in 1910, and then renovated in 1982. The building has adapted to many eras, beginning as an iron foundry for the manufacture of innovative steam pumps in the 19th century; re-purposed for a motor freight station, then a warehouse, and was refurbished as an office building in the 1980s. Interior partitions were demolished in the fall of 2015.

The City acquired the Foundry, a currently vacant, former industrial and office building, from Alexandria Properties in 2012 in connection with a zoning amendment sought by Alexandria. While the zoning for the building set some initial parameters, subsequent community discussions have continued to shape the aspirations for the reuse of the Foundry. Over the last three years, there have been over 20 public meetings related to the Foundry, including City Council and CRA Board discussions and community workshops. Discussions have centered on the condition of the building, development alternatives, program concepts, vision and objectives, real estate feasibility analysis, and evaluation criteria.

To implement the project, the City has designated the CRA to manage a process to redevelop the building in a way that achieves community aspirations and maintains the property as a long-term City asset. On May 4, 2015, the City Council approved the disposition of a long-term leasehold in the Foundry to the CRA in accordance with Municipal Ordinance 2.110.010, and agreed to utilize a diminished process, in that appraisals and traffic and parking studies would not be required prior to disposition. On July 13, 2016, the City and the CRA Board entered into a lease for the Foundry.

The Foundry has approximately 53,000 square feet on three floors. The basement level has 4,000 square feet of finished area and the rest is assigned to 42 parking spaces (19,000 square feet). The clear heights on each floor are ten feet, sloping up to 17 feet on the first floor wings and up to 18 feet between the third floor trusses. A summary of the property is provided below.

APPENDIX 8.2 PROPERTY BACKGROUND & INFORMATION

Summary of Building Information	
Total Parcel Area Side Yard	37,500 sf 5,200 sf
Gross Building Area *(City Assessor)*	First Level 23,000 sf Second Level 15,000 sf Third Level 15,000 sf TOTAL AREA 53,000 sf *Note: a basement level has 4,000 sf finished area and 19,000 sf unfinished parking area*
Access and Parking	Frontage on Bent Street and Rogers Street Driveway to basement parking area 42 spaces in basement 12 spaces currently on site adjacent to Rogers Street
Clear Height	Basement Level: 10 feet First Level: 10 feet, up to 17 feet at top of shed roof Second Level: 10 feet Third Level: 10 feet clear, up to 18 feet between trusses
Year Built/Renovated	1890 - Main foundry building 1910 - Side wings added 1982 - Renovated to infill three floors for offices and light research and development labs; basement excavated to accommodate parking use
Exterior/Interior Construction	The original structure is masonry veneer over a heavy timber frame structure; building structure is compromised as regards lateral force. The infill structure is steel frame with concrete decks. The envelope is brick and stucco veneers; brick walls with window openings on north and south ends; clerestory siding and windows along the east and west sides; windows, skylights, doors, and siding on clerestory walls needs replacing. Roof is over 25 years old, and while there is no evidence of recent leaks, it has reached the end of its lifespan.

Summary of Building Information *(continued)*	
Building Systems	Most systems have reached the end of their life span.
Accessibility	No accessible access from the main lobby to the elevator or to the basement or first floors. Toilet rooms are non-conforming on all floors; garage level needs new toilet rooms; other toilet rooms can accommodate accessibility requirements.
Environmental	Oil contamination was detected in 1997, due to an underground oil tank in the southwest corner, which had been removed in 1988. An Activity and Use Limitation (AUL) was place on the property, but this designation was terminated in 2002 when it was determined that the concentration of petroleum hydrocarbons in the groundwater had decreased significantly. A subsequent study indicated that C5-C8 Aliphatics were detected at a concentration that exceeds the MassDEP Soil Gas Residential Screening Value. The potential for vapor intrusion is limited to the southwest portion of the basement; an exposure pathway does not exist for the concentrations of petroleum hydrocarbons given the previous office use; alternative uses could require further study. According to the Reuse Report, the building itself contains limited hazardous materials in the structure, which will be tested and remediated during the demolition of the interior partitions. For further information and sources, see Appendix B.

APPENDIX 8.3 USE OF FUNDS AND PUBLIC BIDDING

8.3 Use of Funds and Public Bidding

The following is a summary of the obligations pertaining to the creation of funds and the expenditure of money relating to capital and operating obligations at the Foundry.

A. The Lease between the City of Cambridge and the CRA requires the following provisions. This is the actual text from the Lease. As used below, the "Landlord" is the City, the "Tenant" is the CRA. Other capitalized terms used and not defined have the meanings ascribed to them in the Lease:

6.1 Landlord's Capital Improvements. 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 Section 6.2 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.

6.2 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 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"). 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 pre-development costs of each Party 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 at the end of the Lease Term shall be paid in its entirety to the City.

6.3 Tenant's Funds. Prior to the commencement of the Sublease 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.

APPENDIX 8.3 USE OF FUNDS AND PUBLIC BIDDING

B. The following public funds ("Funds") will be set aside for the Foundry for expenditure consistent with the requirements of the Lease.

The expenditure of monies from any of the following Funds will be coordinated and discussed with the Development Entity, and will be subject to compliance with the requirements of the Lease and applicable public procurement law(s):

Name of Fund	Purpose	Source and Amount	Fund to be held by/spent by
Landlord's Capital Improvements Fund	Capital improvements to property	City; $6M ($5.3M remaining)	City/City
Capital Reserve Fund	Investment in the property's capital maintenance	CRA and Development Entity (via rent); TBD	CRA/CRA-City
Operating Reserve Fund	Investment in the Property's ongoing building operations and programming goals	CRA and Development Entity (via rent); TBD	CRA/CRA-City

C. In addition to specifying the creation of these Funds, the Sublease between the CRA and the Development Entity will:

a. specify that the Funds will be created and will be available for spending by the appropriate public entity (in cooperation with the Development Entity) during the Term;

b. provide that the Development Entity is responsible for all capital and operating expenses in the Foundry during the Term at its own cost and expense;

c. require the Development Entity to establish appropriate reserve funds on its own balance sheet for capital and operating expenses consistent with property management and development best practices; and

d. permit the CRA and the City to monitor the balance sheet and the Development Entity's expenses (including appropriate audit rights) consistent with their respective roles.

Attached is a letter dated January 27, 2016, to the Office of the Attorney General regarding the Development Entity's expenditure of monies for capital and operating expenses at the Foundry.

APPENDIX 8.3 USE OF FUNDS AND PUBLIC BIDDING

Seaport West
155 Seaport Boulevard
Boston, MA 02210-2600

617 832 1000 main
617 832 7000 fax

Jeremy W. Meisinger
617 832 3029 direct
jmeisinger@foleyhoag.com

January 27, 2016

By Mail

Deborah Anderson, Esquire
Assistant Attorney General
Office of the Massachusetts Attorney General
1 Ashburton Place
Boston, MA 02108

Re: Foundry Building at 101 Rogers Street, Cambridge, MA

Dear Ms. Anderson:

I am writing on behalf of the Cambridge Redevelopment Authority to confirm our conversations regarding the applicability of the public bidding laws to the redevelopment of the Foundry Building at 101 Rogers Street, Cambridge, MA.

The City of Cambridge acquired the Foundry, a former industrial and office building, in 2012. Since that time, the City has explored various avenues for the redevelopment of the Foundry, and has chosen to partner with the Cambridge Redevelopment Authority, which has undertaken redevelopment efforts as part of a demonstration project pursuant to G.L. c. 121B, § 46(b). The goal of the demonstration project is to competitively select a developer to redevelop, manage and operate the property consistent with the City's and the CRA's objectives over a long term.

In May 2015, the Cambridge City Council approved the disposition of a long-term leasehold (to extend for 50 years from the execution of the sublease with a developer) in the Foundry to the CRA, and the City and CRA entered a lease in July 2015. The CRA issued a Request for Qualifications (RFQ) regarding the Foundry in July 2015, and is currently in the final stages of drafting a Request for Proposals (RFP) to be addressed to five teams of RFQ responders. At the conclusion of the RFP process, assuming an acceptable developer is identified, the CRA will enter into a sublease with the redeveloper that would have a 50 year term. The City and CRA's vision for the Foundry is "a creative, innovative center that offers a collaborative environment with a mix of cultural, arts, educational, manufacturing, and commercial uses," that will be "accessible, inclusive, and welcoming to the public."

APPENDIX 8.3 USE OF FUNDS AND PUBLIC BIDDING

Both the City and the CRA have committed funds towards the redevelopment of the Foundry. The City has appropriated $6 million for capital improvements, with the intention that these funds will be expended in the first ten years of the redevelopment. It is not anticipated that the $6 million will cover the full cost of capital improvements necessary to allow the building to be occupied by tenants.[1] The City has begun to be spend some of the $6 million on interior demolition work. Use of the $6 million for capital improvements, which will be held in a separate Landlord's Capital Improvements Fund controlled by the City, will be subject to the public bidding laws. The CRA has committed $2 million to the establishment of two additional funds - the Operating Reserve Fund and the Capital Reserve Fund. The Capital Reserve Fund is intended to operate as a backstop for unanticipated capital needs, and will be held and controlled by the CRA. The Operating Reserve Fund, which will also be held and controlled by the CRA, will be spent by the CRA throughout the sublease term to support public-facing programmatic goals and community uses. Expenditures by the CRA out of either Fund will be subject to the applicable public bidding laws.

The sublease will transfer the responsibility for the Foundry's maintenance, and any improvements necessary to accommodate the developer's tenants, over the life of the sublease term to the developer. Again, it is anticipated that the term will be fifty years, with possible provision for extension. The sublease will also require the developer to set aside appropriate reserve funds on its own balance sheet for ongoing maintenance and operation of the Foundry, consistent with property management and development best practices. The CRA will have the right to audit and inspect these balance sheets in accordance with the requirements of the sublease.

In our conversation, you have confirmed that expenditures by the developer of its owns funds for maintenance, or for improvements necessary to accommodate the developer's own sub-tenants, are not subject to the public bidding laws. This is because the source of funds for the improvements is private, not public, money, and also because of the long-term 50 year term of the sublease.

Thank you for your attention in this matter. Please let me know if you have any questions.

Sincerely,

Jeremy W. Meisinger

Jeremy W. Meisinger

[1] The City of Cambridge's Foundry Disposition Report, published January 26, 2015 pursuant to Chapter 2.110 of the Cambridge Municipal Code, notes that the cost of construction and basic interior fit out is estimated to be approximately $22 million.

B4505312.2

APPENDIX 8.4 FINANCIAL PLAN TEMPLATE

8.4: Financial Plan Template

Responders must submit the pro forma template as part of the RFP response, as PDF and as Excel with active formulas (the complete financial plan template can be found at the CRA Website).

The template is an illustration only and respondents may choose to utilize a proprietary pro forma provided that the template is recreated and any additional analyses are provided in Excel format. Respondents must include the assumptions outlined in the "Assumptions" sheet but may choose to provide additional assumptions as part of their submission. The template includes placeholder text for illustration and respondents should fill in their proposed economic terms per their proposal. Placeholder assumptions or text are generally within [ ] and respondents should fill in with appropriate assumptions and categories. Despite that this template is mainly based on a per-square-foot basis, respondents don't necessarily need to follow the same criteria.

Legend of Appendix 8.4: Financial Plan Template

Description of each sheet within Appendix 8.4: Financial Template

0	Cover Page	Provides summary of Appendix 8.5: Financial Plan Template, legend, and table of content.
1	Program Assumptions	Detailed program and size matrix.
2	Sources and Uses Assumptions	Sources of equity and debt financing, one-time costs, and debt financing assumptions (construction loan and permanent loans).
3	Operating Assumptions	Assumptions for projected revenues from rents and others, operating expenses, and reserves.
4	Pro Forma	Summary of cash flows, including commercial revenues, determining Net Operating Income (NOI) and Cash Flow After Debt Service (CFADS).

Respondents must include, at minimum, the sheets above as part of their submission. Additional sheets must be provided if respondents choose to recreate these sheets as part of a proprietary pro forma.