

**Term Sheet for Sub-Lease and Management Agreement
for the Foundry Building in Cambridge, Massachusetts**

DATED AS OF: _____ XX, 2020

PREAMBLE: *Landlord and Operator (each as defined below) hereby enter this Term Sheet (this “Term Sheet”) regarding a sublease (the “Sublease”) of the city-owned Foundry Building at 101 Rogers Street (the “Property”). The Property is the subject of a Lease Agreement between the Landlord and the City of Cambridge dated as of January 17, 2018 (the “Master Lease”).*

The goal of the Sublease will be to implement the vision and objectives initially developed in the Sublease, refined through extensive community input, and formally set forth in the Demonstration Plan for the Property amended and adopted by the CRA and the City Council on September 25, 2017. The Consortium will serve as the steward of the Property, and the community uses and programming within the Sublease Premises.

Summary of Material Terms and Conditions	
Parties and Definitions	
Landlord:	The Cambridge Redevelopment Authority, a public body politic and corporate in the City of Cambridge, constituted under M.G.L. c. 121B, § 4 (the “CRA”).
Tenant Operator:	The Foundry Consortium, Inc., a 501(c) (3) nonprofit organization organized under the laws of The Commonwealth of Massachusetts and maintaining a principal place of business at 222 Third Street, Suite 300, Cambridge, MA 02142.
Parties	Collectively, the Landlord and the Tenant Operator.
Property:	Two certain parcels of land, together with all improvements thereon, located at 101 Rogers Street and 180 Bent Street in Cambridge, Middlesex County, Massachusetts, as more particularly described in a deed from ARE-MA REGION NO. 32, LLC AND ARE-MA REGION NO. 35, LLC to the City of Cambridge dated January __, 2012 and recorded with the Middlesex South District Registry of Deeds in Book 58257, Page 379, a copy of which is incorporated into this Term Sheet as Exhibit A. As used in this Term Sheet, the Property is comprised of the Sublease Premises, the Office Space, and the Common Areas.

Sublease Premises/ Community Space:	Areas of the Property that include the usable floor area of the first level and portions of the second level to be programmed by the Tenant Operator and its partners or agents. The Sublease Premises will provide community uses consistent with the Governing Documents, including but not limited to spaces for visual arts, performance arts, education, maker spaces, kitchen programs, and community meetings, and the outdoor space, as illustrated in Exhibit B. Such community use spaces shall be referred to as the “Community Space.”
Office Space:	Areas of the Property that include the usable floor area of the third floor and portions of the second floor to be leased to market rate and below market rate office tenants, as illustrated in Exhibit C.
Common Areas	Areas of the Property not assigned to any single user including entry ways, hallways, stairs, elevator and restrooms.
Master Lease:	The lease agreement between the City of Cambridge and the CRA executed on July 13, 2015 and amended on January 17, 2018 and incorporated into this Sublease as Exhibit D. The Sublease shall be subject to the terms of the Lease in every respect.
Operator Sublease:	The sublease and operating agreement between the CRA and the Tenant Operator. The Sublease is subject to the terms of the Lease and the Governing Documents. The Sublease shall be subject to the prior approval of the City Manager.
Governing Documents:	The Master Lease, the Demonstration Project Plan, the Disposition Report and such other documents related to the use of the Property.
Performance Measures:	The Sublease shall require the Tenant Operator to maximize the community benefits created from the redevelopment and use of the Property while maintaining the financial sustainability of the Property. The Sublease will include performance measures and reporting requirements that comply with the Governing Documents.
The Program:	The Sublease will include programmatic requirements for the Property’s occupants and programs consistent with the Governing Documents and the Performance Measures.
Capitalized Terms	Capitalized terms used in this Term Sheet or in the Sublease and not otherwise defined shall have the meanings ascribed to

	them in the Master Lease.
Pre-Occupancy Term; Term; Extension	
Pre-Occupancy Term:	That period of time, estimated to continue for approximately twelve (12) months, between the execution of the Sublease and the occupancy of the Property as may be extended by mutual agreement of the Parties. Access to the Sublease Premises during the Pre-Occupancy Term shall be subject to the approval of the City.
Term:	Ten (10) years commencing upon occupancy of the Property by the Tenant Operator; provided that the Term shall not include the Pre-Occupancy Term.
End of Term:	Upon successful negotiation of a new sublease at the end of the Term, the Tenant Operator may renew the Sublease with the CRA. The Tenant Operator shall have no unilateral right to extend the Term.
Administrative Matters	
Foundry Advisory Committee	Tenant Operator shall report on its activities to the Foundry Advisory Committee consistent with the Governing Documents and Performance Measures.
Remedies:	The Sublease will provide remedies for the CRA if the Property is not managed and operated in accordance with the Governing Documents or does not contribute to the benchmarks for mutually agreed upon Performance Measures to be outlined in the sublease.
Non-Profit Status; Amendments to Bylaws	During the Term, the Tenant Operator shall maintain its 501(c)(3) nonprofit status and shall adhere to the bylaws passed by its Board of Directors on November 18, 2019 (the "Bylaws"), as amended; provided, however that the Landlord shall be provided with written notice of any proposed change to the Bylaws not less than ten (10) day prior to adoption and the final text of any changes adopted within five (5) days of adoption.
Costs and Expenses:	Each Party shall bear its own costs and expenses in connection with the negotiation and execution of, and performance under, the Sublease.
Drafting of Sublease:	The CRA shall be responsible for preparing the first draft of the Sublease.

Naming:	The name of the property shall be “The Foundry,” or such similar name as determined by mutual agreement between the Parties.
Operating and Subleasing Responsibilities	
Property Management:	<p>Throughout the Term, the Tenant Operator shall maintain the Property in good condition and repair, reasonable wear and tear excepted. The City shall be responsible for the maintenance of the Property during the Pre-lease Term.</p> <p>The Tenant Operator shall be responsible for the routine and normal upkeep of the Property, including the management of daily building operations in all areas of the Property.</p> <p>This includes operating and maintaining building systems, managing utilities, providing cleaning services, grounds maintenance, collection of rents and fees, usage reporting, visitor and tenant relations, and building repairs.</p> <p>A specific scope of responsibilities shall be included in the Sublease.</p>
Permits:	The Tenant Operator shall be required to obtain any and all permits and/or licenses required by federal, state and local laws, rules and regulations for the operation of the Property.
Office Leasing	<p>The CRA intends to conduct the brokerage and recruiting service for office tenants and to enter into subleases for the Office Space, which are not included in the Sublease Premises.</p> <p>It is the intention of the Parties that the responsibility for brokerage, recruitment and leasing of Office Space will be transitioned to the Tenant Operator after the initial terms of subleases for the Office Space pursuant to an amendment to the Sublease.</p>
Office Tenant Selection Process:	The CRA will coordinate with the Tenant Operator prior to the selection of office tenants, regarding the selection of subtenants for the Office Space that are aligned with the goals that have been established for the Property in the Governing Documents.
Community Program Tenant Selection Criteria	Proposals for the specific uses and users of the Sublease Premises will be evaluated by the Tenant Operator according to the objectives for the Property set forth in the Governing Documents and Performance Measures. Proposals that demonstrate delivery of community-oriented programs that

	<p>contribute to the goals outlined in the Governing Documents and the Performance Measures will be considered highly advantageous in the selection process. Additional criteria regarding the selection of programs for the Foundry will be outlined in the Sublease.</p>
<p>Continuous Operation:</p>	<p>The Sublease shall require the Tenant to use its best efforts to keep the Property continuously occupied during the Term. With input from the Foundry Advisory Committee, the CRA will play a role in monitoring operations at the Property consistent with the Governing Documents and Performance Measures, with a specific emphasis on the programming and uses of the Sublease Premises.</p>
<p>Financial Matters</p>	
<p>Operating Budget</p>	<p>The CRA and Tenant Operator will come to mutual agreement on an annual budget, including total operating income and total expenses. The sublease will outline remedies if there are significant variances in income or expenses from the expected budget.</p>
<p>Sublease Premises Rent</p>	<p>Tenant Operator shall be under no obligation to pay rent to the CRA for the Sublease Premises.</p>
<p>Licensee Fee for Use of the Community Space</p>	<p>Tenant Operator shall negotiate and receive rent or other fee, in exchange for providing use of the Community Space in accordance with the Performance Measures. Any revenue received by the Tenant Operator from the Sublease Premises shall be: (a) used to provide support for the Program; (b) used for improvements to the Property to support the Program; or (c) deposited into the Operating or Capital Reserve Funds.</p>
<p>Collection and Use of Office Rental Income:</p>	<p>The CRA shall negotiate office rental rates for the Office Space (“Office Space Rent”) with the office tenants according to the Program and the Governing Documents and the Performance Measures.</p> <p>The CRA will collect office rental income from office tenants. Any revenue received by the CRA from the Property shall be: (a) used to support the Program; (b) used for additional improvements to the Property to support the Program; or (c) deposited in the Reserve Fund accounts. Such revenues shall be accounted for by the CRA and shall be subject to review by</p>

	<p>the City in its annual audit of the Property</p> <p>If Office Rent payments plus Licensee Fees for Use of the Sublease Premises plus Additional Financing are determined by the CRA and the Tenant Operator to be insufficient to support the Program, then the CRA will draw down from the Operating Reserve Fund until immediate operational adjustments can be made by the Tenant Operator.</p>
Reserve Fund Accounts:	<p>The CRA shall create and manage:(a) an Operating Reserve Fund account which shall have policies governing when and how it may be drawn down during the Term in order to support the Property's ongoing building operations, and programming goals as specified in and consistent with the Governing Documents; and (b) a Capital Reserve Fund account which shall have policies outlining when and how it may be drawn down during the Term in order to support the Property's capital maintenance as specified in and consistent with the Governing Documents.</p>
Additional Financing:	<p>The Tenant Operator may endeavor, with the CRA's support as appropriate, to bring additional financial resources into the Project. These may include property tax relief, developer contributions, grants, charitable donations, earned income, or other sources of revenue.</p>
Real Estate Taxes:	<p>No real estate taxes shall be owed on the Property during the Pre-Sublease Term. During the Term, the CRA and the Tenant Operator shall be responsible to pay such taxes on the Property as are due and payable pursuant to Chapter 59 of the Massachusetts General Laws.</p>
Utilities and Services:	<p>The Tenant Operator shall be responsible for the cost and expense of all utilities during the Term however the Parties shall work cooperatively to enter into an agreement with the City for the payment of utility or service charges.</p>
Insurance:	<p>The CRA shall require the Office Tenants and any of their contractors on the Property to carry suitable levels of insurance as required by the Lease. The Tenant Operator shall carry suitable levels of insurance for its functions with the Property and additional coverage for users of the Sublease Premises unable to provide adequate coverage themselves.</p>
Audit:	<p>The operations and finances of the Property, including use of the Reserve Accounts, are subject to annual audit by the CRA</p>

	and, upon request, the City.
Construction Matters	
City's Development Project:	The City is in the process of completing improvements to the Property consistent with the Governing Documents (the "Development Project").
Improvements and Modifications:	<p>The Tenant Operator shall not make any modifications or improvements ("Improvements") to the Sublease Premises without the prior written approval of the CRA, which may be withheld in the CRA's sole discretion. To the extent that the Improvements involve the expense of public funds in excess of the statutory threshold, the design and construction of the Improvements shall be subject to the requirements of the Commonwealth's public procurement law.</p> <p>Tenant Operator shall ensure that all Improvements are designed and constructed in compliance with all applicable federal, state and local laws, rules and regulations. Tenant Operator acknowledges that the Master Lease requires that City approval is required for all structural and all permanent capital improvements and modifications to the Property.</p> <p>Capital replacements needs may be funded by the Capital Reserve Fund, with approval by the CRA and City.</p>
Construction Management:	<p>The Tenant Operator shall hire or otherwise retain, subject to the CRA and City of Cambridge approval, an owner's representative to oversee all structural and permanent capital improvements and modifications to the Sublease Premises.</p> <p>The CRA may cause tenant improvement to be completed by office tenants as negotiated in corresponding subleases.</p>

The Parties acknowledge that a transaction of the type contemplated in this Term Sheet involves additional terms and conditions which have not yet been agreed upon. The Term Sheet is in no way intended to be a complete or definitive statement of all the terms and conditions of the proposed transaction, which shall be subject to the negotiation and execution of a satisfactory Lease by the Parties.

CRA:

The Cambridge Redevelopment Authority

By: _____

Thomas Evans, Executive Director

LEMELSON-MIT:

Foundry Consortium

By: _____

Stephanie Couch, Chair

Attachments

Exhibit A - Description of the Property

Exhibit B – Floor Plan of Sublease Premises

Exhibit C – Floor Plan of Office Spaces

Exhibit D – Master Lease