



Board Meeting – Executive Session re Cooperation Agreement for the Foundry at 101 Rogers Street
Cambridge Redevelopment Authority

Wednesday, August 17, 2019

DRAFT Meeting Minutes

In attendance:

Kathy Born, Chair - present
Vice Chair Conrad Crawford - present
Treasurer Christopher Bator – present
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury - present

Minutes

Tom Evans, Executive Director, explained that the City had approached the CRA with concerns regarding the Foundry reconstruction budget. The Core and Shell design work was running into challenges regarding the structural system of the building and was exploring various foundation options. The City informed the CRA that their contribution to the Foundry renovation was capped and wanted the CRA to consider options for filling the budget gap. One idea that was proposed by the City was to utilize the Fit-Out budget of the CRA to complete the project as a single construction with a pre-defined level of tenant fit-out.

Kathryn Madden provided the CRA Board with a hand-out (attached) outlining the financial commitments as they were agreed to in the Cooperation Agreement – which is also an attachment to the master lease of the Foundry Building. Staff further described the expectations for what a commercial landlord should expect to provide as a 'Warm Shell' for an office space, as described by Ann Columbia, the CRA financial consultant on the project. This should include utilities [waste water lines, water, gas, electrical, HVAC, life safety] brought to a central point on each floor, and generally include plumbing lines for a small kitchen, outlets, demising walls, distributed sprinklers, a heat system and an HVAC ring duct system with supporting HVAC rooftop units, an entry door, exit doors, perimeter walls and flooring.

Mr. Evans described a financing proposal that he had suggested whereby the CRA could loan the City capital funds, and the City could reduce the operating costs of the building through property tax relief or utility costs. Ultimately the City felt such arrangement were too complicated. The City had returned to the idea that the Core and Shell improvements and Fit-Out projects be combined. Staff felt this would be okay if the full project completed all the tenant improvements, not just a warm shell, because the fit-out budget would have been utilized. Acoustic separation for the offices would also be an important requirement. The City confirmed that they believed all this work could be achieved with the combined budget.

The CRA Board supported the concept of the construction project covering the fit-out requirements of the whole building. They were supportive of the CRA committing the full \$7 million to the project at this time, including the \$4 million fit-out allocation. They understand that there will likely be some additional costs in the "mid- hundreds of thousands" range for the CRA to fill the cost gap to reach tenant improvement expectation of market (and non-profit) office needs. The Board also expressed that they were pleased to hear that the design process was moving forward positively, that the team had been able to maintain the building program as planned, and that the project design team was now getting into DD and the details of the various program spaces.

2018 Lease - Cooperation Agreement, December 14, 2017			
	City (millions)	CRA (millions)	Total (millions)
Soft Costs	\$5	\$2	\$7
Core & Shell	\$19	\$1	\$20
Fitout (FFE)	\$0	\$4	\$4
Sub-Total	\$24	\$7	\$31
Operations	\$0	\$2	\$2
TOTAL	\$24	\$9	\$33
Notes from Agreement:			
CRA funds:	Not more than \$7 million in design and construction phase \$2 million in soft costs to be allocated to design		
City funds:	City pays rest of soft costs after CRA \$2 million City pays rest of core & shell costs after CRA \$1 million		
Definitions:			
Fit-Out Project	The interior finishing, furnishing, and equipping of sub-tenant space at the Foundry. The scope and cost of the Fit-Out Project shall be established by the Feasibility Study and incorporated by reference herein.		
Core and Shell Project	The major capital improvements required for the Foundry.		
Soft Costs	Design, fees, and other administrative costs that are separate from and in addition to construction costs.		
Other Notes from Columbia Model:			
	Allocation of approximately 54% of fit out costs to community uses and 46% to office uses		

DRAFT CRA Foundry Capital Loan Proposal (pro forma model excerpt)

CRA Foundry Pro Forma 'Waterfall' Proposal		
Rental Income		Includes office rent and fees for some uses of first floor spaces
\$ 1,700,000 ▶		
Operating Expenses		Utilities, expenses, building staff
\$1,000,000 ▶		
Capital Reserve Fund		Set aside for future repairs / reserves replenishment
\$300,000 ▶		
CRA Internal Loan		Reimbursement of additional capital expense
\$200,000 ▶		
PILOT Agreement		Property tax to City
up to \$200,000		
<i>potential proportional distribution</i>		
Consortium Program / Use Grants		Additional STEAM programming, deeper use discounts
up to \$100,000		

* Rounded operating budget estimates for discussion purposes only

Assumptions Re: CRA Return on Additional Up-front Funds.		
Additional Funds 2020	\$3,000,000	
Term	240	(months)
Interest Rate	3%	Index TBD (8.19.19 FHLB is 2.87%)
Monthly PMT	(\$16,638)	
Annual PMT*	(\$199,655)	
Total Repayment	(\$3,993,103)	Monthly PMT * Term (months)

*Labeled as "Debt Service" on cash flow tables



Board Meeting – Executive Session re Cooperation Agreement for the Foundry at 101 Rogers Street
Cambridge Redevelopment Authority

Wednesday, July 15, 2020

Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

DRAFT Meeting Minutes

In attendance:

Kathy Born, Chair - present
Vice Chair Conrad Crawford - present
Treasurer Christopher Bator – present
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury - present

Minutes

Tom Evans, Executive Director, explained that the City has presented ongoing budget issues with the Foundry project. The current projections anticipated a budget shortfall between \$3 and \$6 million dollar depending on among other things the final negotiation of trade bid contracts, site remediation work underway, structural work and the extend of Roger Street reconstruction due to utility needs.

While the responsibility for the Core and Shell was established as a City task and the CRA had already agreed to merge the Core and Shell project with the Fit-Out project, the project cost continue to rise above the original contract expectations.

Staff requested the Foley Hoag look further into the concept of a PILOT taxation program, that would provide the CRA with room in the operating budget in the future, to pay down debt. In this proposal, the CRA could loan the City additional capital for the construction project and then pay itself back with minimal or no interest gain. Mr. Evans presented a memo from Foley Hoag the explored this concept.

The Board expressed concern about the status of the construction budget and pressed for more details on the reasons for the increase in cost. Staff responded on a few of the details, but also explained that it did not have all of the budget details available to review. The CRA Board felt that the project loan was likely something the CRA could support, given anticipated income from the Kendall Square project and the importance of the Foundry. The directed staff to forward the memo to the City and to continue to work on a financing plan to assist the Foundry project's construction.

**CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION
DRAFT: NOT FOR DISTRIBUTION****Memo**

Date: DRAFT

To: Cambridge Redevelopment Authority

From: Jeffrey B. Mullan

Regarding: Taxable Property at the Foundry

A. *Introduction*

We recently discussed the fact that the capital costs for the redevelopment of the Foundry is running in excess of its established budget, perhaps by a few million dollars. The Foundry project (the “Project”) is, of course, a joint venture of the City of Cambridge and the CRA and is being pursued in accordance with the Demonstration Plan adopted by the CRA and approved by the Cambridge City Council in accordance with Mass. Gen. L. c. 121B, s. 46(f).

The City and the CRA have discussed ways to close the budget gap, and the City has specifically requested that the CRA consider an increase in its financial contribution to the Project. In response the CRA has suggested that one way for the CRA to contribute additional funds to the Project would be through making the real estate at the Foundry tax exempt. This memo will outline what I understand to be the CRA’s recommended structure, address some issues with that approach, and outline a proposed path forward.

For the purpose of this memo, while it is still undetermined, I will assume that the additional CRA contribution (“Additional CRA Funds”) will be in the millions of dollars.

B. *Summary of the CRA’s Proposed Approach*

The preliminary operating budget (“Operating Budget”) for the Foundry assumes that the Foundry is a taxable parcel of real estate and includes an annual real estate tax payment of \$200,000. The lease executed between the City and the CRA for the use and operation of the Foundry provides: *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.* At the time the Lease was signed, it was not completely know if the Foundry would be taxable during the Term pursuant to Mass. Gen. L. c. 59. Without undergoing an exhaustive evaluation of Massachusetts real estate tax law, this memo assumes that it would be and that, therefore the City of Cambridge would be obligated to assess taxes and that they would be due and payable to the City (the “Tax Obligation”).

While the CRA would be able to pass the Tax Obligation on to its subtenants, given the fact that the Operating Budget for the Project is so thin, passing costs along to the Foundry's occupants will impact the mission and success of the Project. The CRA is therefore assuming that it will pay the real estate taxes annually.

The CRA has proposed to the City that the Foundry should be tax exempt during the term. Doing so would remove the \$200,000 obligation that the CRA is carrying to be paid annually. The CRA then proposes to loan to the Project the Additional CRA Funds, which would then be recovered through an annual payment (including a modest interest charge) to the CRA that would be (roughly) equivalent to the Tax Obligation (the "Reimbursement Payment"). In this way, the CRA is not expending any additional monies on the Project than it would be currently planning, the Project would be infused with an immediate cash flow equal to the Additional Funds. On the other hand, the City would lose the funds represented by the Tax Obligation.

You have asked if there is a mechanism for the City to declare the Foundry to be tax exempt during the Term.

C. *Discussion of Massachusetts Real Estate Tax Law*

In Massachusetts, local real estate taxes are assessed by cities and towns. Decisions on whether a property is tax exempt are made by local officials, but they are pre-conditioned on a statutory basis to make such a determination. More specifically, the use of real estate by a religious or charitable organization is not automatically tax exempt. With respect to charitable organizations, non-profit status is not sufficient to gain tax exempt status; nor is exempt status for state or federal tax purposes¹ In order for real property being used for charitable purposes to be tax exempt under state law, it must be both: (a) *owned by, or held in trust for, a charitable organization, and (b) occupied by the organization, or its officers, for its charitable purposes, or occupied by another charity, or its officers, for its charitable purposes* [cite]. Since none of the sub-tenants will own a part of the Foundry, I assume that there is no tax exemption available to the Foundry under the provisions of Mass. Gen. L. c. 59.

However, since the CRA is the tenant of the Foundry during the Term, There is statutory authority for the City to determine the CRA's interest in the Foundry to be tax exempt and to execute a "Payment in Lieu of Taxes" ("PILOT") Agreement with the City under Mass. Gen. L. c. 121B. s. 16.²"

Nothing in this chapter shall be construed to prevent the taxation to the same extent and in the same manner as other real estate is taxed, of real estate acquired by an operating agency for an urban renewal project and sold by it, or of the leasehold interests and buildings and other structures belonging to private individuals or corporations on land acquired by it; provided, however, that real estate so acquired

¹See, <https://www.mass.gov/doc/guide-to-real-estate-tax-exemptions-for-religious-and-charitable-organizations/download>.

² The CRA is an "operating agency" under c. 121B.

by an operating agency and sold or leased to an urban redevelopment corporation or other entity operating under chapter one hundred and twenty-one A, or to an insurance company or savings bank or group of savings banks operating under said chapter, shall be taxed as provided in said chapter and not otherwise; and provided, further, that nothing in this chapter or in chapter fifty-nine shall be construed to require a city or town to impose a tax on the leasehold of real estate owned by an operating agency and leased by it beyond any amount which the city or town and the operating agency have agreed to be the payment in lieu of taxes hereunder.

This PILOT provision has been used by the City of Boston in the recent past. It has, admittedly, not gotten much other attention. We have provided the CRA with a copy of a PILOT agreement executed between the City of Boston, the Boston Redevelopment Authority and the General Electric Company as an example of the types of terms that such an agreement can consider.

One issue for consideration is whether a PILOT Agreement would require an amendment to the Demonstration Plan or the Lease, or both. Neither is technically being changed as what is technically happening is that the assessment is being replaced by a PILOT Agreement that would detail the arrangement between the CRA and the City, including the obligation on the part of the CRA to contribute the Additional Funds and its rights to receive the Reimbursement Payment.

I recommend that we discuss this concept further with the appropriate City representatives.

Board Meeting – Executive Session re Cooperation Agreement for the Foundry at 101 Rogers Street
Cambridge Redevelopment Authority

Wednesday, October 21, 2020 at 8:40 pm
Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

DRAFT Meeting Minutes

In attendance:

Chair Kathy Born – Present
Vice Chair Conrad Crawford - present
Treasurer Christopher Bator – present
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury - present

Minutes

Tom Evans provided an update on the status of the Foundry project budget and a review of the existing financial arrangement under the Cooperation Agreement. He presents a series of slides with tables outlining the existing terms of the capital delivery of the Foundry renovation. The CRA's initial commitment to the City of Cambridge through the Cooperation Agreement was for \$7 million dollars in design and construction cost, and the establishment of a \$2 million operating reserve. Staff have known for some time that the original commitments of funds were not going to cover construction costs and had discussed funding options with the Board previously.

At this point the renovation project is \$10 million over budget. The CRA has not been closely involved in the oversight of renovations or ongoing design decision of the project during construction. However, it understands that additional structural requirements and hazardous material mitigations have contributed to those costs. Bids for some elements of the trade work came in higher than expected. Although some earlier value engineering work was considered, many of the options did not present significant savings or were design changes the City was unwilling to accept.

The City originally requested that the CRA and City split the cost overruns. Mr. Evans reviewed the state of the CRA's known financial assets and budget projection through 2030 to evaluate the impact of an additional \$5 million commitment to the Foundry.

The presentation then presented some negotiation positions for discussion, including the proportion of original investment, the agreed upon areas of risk and control, and the lack of information provided to the CRA over the past 6 months of the project.


The Board discussed various factors of the situation. The Treasurer recounted the promise made previously that the \$7 million dollar commitment was all the City was asking for and asked Staff to learn more about why the overruns had gotten so high. He raised concerns about the construction project management oversight. Other Board members expressed their frustration but also their support for the project. He asked staff what terms they were recommending. Staff reinforced the concern about the budget and the lack of transparency from the City toward its partner on the project. However, new discoveries in historic rehabilitation are to be expected. Staff returned to the concept of proportionality of investment and the areas of risk undertaken by each party – the City controlled design and construction, and the risks associated with it – long term the CRA carries the risk for operating costs. Thus, any additional contribution should include some ongoing cost reduction during operations, as had been explored earlier in the year through the PILOT proposal.

The Board agreed that a subset of the Board and staff, along with Jeff Mullan should meet with the City. The core principles of the negotiations should be to focus on accountability, proportionality, and reducing risk into the future. Asking the City to pay for utility expenses would help defray operating costs in the future, like the property tax proposal. This may be worth the trade of additional capital expenditures now.

Kathy Born made a motion to adjourn the meeting, which was approved unanimously by all board members. The executive session was adjourned at 9:45 pm.

Foundry Executive Session

October 21, 2020



CAMBRIDGE
REDEVELOPMENT
AUTHORITY

1



AGENDA

- COOP AGREEMENT REVIEW
- CITY REQUEST
- CRA FINANCIAL POSITION
- RECOMMENDED CONCEPTS TO EXPLORE

2

COOPERATION AGREEMENT TERMS

- Cooperation Agreement attached to 1st Amendment of Foundry Lease
- Sets roles and responsibilities of project delivery – primarily design and construction
 - Created structure of project delivery and decision points
 - Construction phases - Core & Shell / Fit-Out / Operation

Source	Cooperation Agreement	2019 Appropriation
City	\$24 million (77.5%)	\$29 million (80.6%)
CRA	\$7 million (22.5%)	\$7 million (19.4%)
Total	\$31 million (100%)	\$36 million (100%)



Cambridge Redevelopment Authority | 3

3

COOPERATION AGREEMENT TERMS

- City Work and Funding Focused on Core Building
- CRA Work and Funding Focused on Future Operations (50 years)
- Shared design review
- At feasibility 'decision point' – agreed to merge C&S and Fit-Out

Uses	City	CRA
Design / Soft Cost	\$5 million	\$2 million
Core and Shell	\$19 million	\$1 million
Fit Out	---	\$4 million
Operations	---	\$2 million
Total	\$24 million (\$29 million in 2019)	\$7 million capital \$2 million operating reserve



Cambridge Redevelopment Authority | 4

4

PROPOSAL FROM CITY

- \$10 million cost overrun – staff has been seeking clarity on the processes to date
- City Manager proposes to split added cost 50/50 - \$5 million each (unwritten)
- Factors include condition of historic structure, numerous design decisions, soil contamination, added scope items, 2020 bidding climate and delays

Source	Cooperation Agreement	2019 Appropriation	2020 GMP
City	\$24 million (77.5%)	\$29 million (80.6%)	\$34 million (74%)
CRA	\$7 million (22.5%)	\$7 million (19.4%)	\$12 million (26%)
Total	\$31 million (100%)	\$36 million (100%)	\$46 million (100%)



5

IMPACT ON CRA'S FINANCIAL POSITION

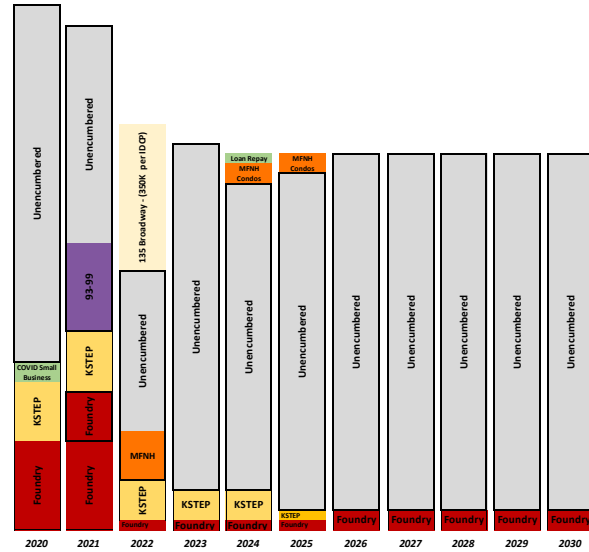
Current IDCP	21-Oct-20				Projections								End of KSURP	
	Actual 2017	Actual 2018	Actual 2019	Current Budget Year 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income														
MWD Development Rights	\$ 23,768,160	\$ 477,126	\$ 21,062,000	\$ 1,431,000	\$ 431,180	\$ 17,931,880	\$ 431,180	\$ 431,180	\$ 431,180	\$ 431,180	\$ 431,180	\$ 431,180	\$ -	\$ -
Reimbursements/License Agreements	\$ 3,911,000	\$ 223,620	\$ 46,000	\$ 90,000	\$ 45,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -
93-99 Rental Income	\$ 22,839,507			\$ 580,320	\$ 200,000	\$ 627,674	\$ 646,504	\$ 646,504	\$ 646,504	\$ 665,899	\$ 665,899	\$ 685,876	\$ 685,876	\$ 706,453
Loan Repayments	\$ 1,312,938				\$ 187,563	\$ 375,125	\$ 375,125	\$ 375,125						
M/W/N Home Sales	\$ 5,000,000							\$ 2,500,000	\$ 2,500,000					
Interest / Dividends		\$ 620,748	\$ 265,788	\$ 596,280	\$ 546,532	\$ 344,700	\$ 539,230	\$ 522,894	\$ 565,069	\$ 553,782	\$ 536,749	\$ 492,523	\$ 482,130	\$ 470,778
Special Accounts Income For	\$ 514,000		\$ 180,000	\$ 174,000	\$ 130,000	\$ 30,000	\$ 130,000	\$ 110,000	\$ 110,000					
Special Accounts KSTEP	\$ 530,000		\$ 120,000	\$ 120,000	\$ 130,000	\$ 110,000	\$ 50,000							
Total	\$ 26,925,160	\$ 1,321,493	\$ 21,373,788	\$ 2,697,600	\$ 1,410,275	\$ 19,293,679	\$ 2,007,640	\$ 4,490,703	\$ 4,177,149	\$ 1,650,862	\$ 1,653,805	\$ 1,609,580	\$ 1,188,583	\$ 1,177,231
Overhead Expenses														
Personnel	\$ 600,000	\$ 680,632	\$ 782,200	\$ 1,100,000	\$ 1,127,500	\$ 1,155,688	\$ 1,184,580	\$ 1,214,194	\$ 1,244,549	\$ 1,275,663	\$ 1,307,554	\$ 1,090,243	\$ 872,195	\$ 893,999
Admin & Property	\$ 200,000	\$ 200,177	\$ 271,000	\$ 375,000	\$ 384,375	\$ 393,984	\$ 403,834	\$ 413,930	\$ 424,278	\$ 434,885	\$ 445,757	\$ 456,901	\$ 418,324	\$ 428,782
Contracts	\$ 200,000	\$ 469,639	\$ 836,000	\$ 1,000,000	\$ 700,000	\$ 717,500	\$ 735,438	\$ 753,823	\$ 772,669	\$ 791,986	\$ 811,785	\$ 582,080	\$ 465,664	\$ 477,306
Sub-total	\$ 1,000,000	\$ 1,350,448	\$ 1,889,200	\$ 2,475,000	\$ 2,211,875	\$ 2,267,172	\$ 2,323,851	\$ 2,381,947	\$ 2,441,496	\$ 2,502,534	\$ 2,565,097	\$ 2,129,224	\$ 1,756,182	\$ 1,800,087
Project Expenses														
Forward Fund	\$ 1,500,000	\$ 150,000	\$ 150,000	\$ 100,000	\$ 350,000		\$ 300,000		\$ 300,000		\$ 300,000			
COVID Relief	\$ 1,800,000			\$ 1,800,000										
Park Improvements	\$ 316,292		\$ 306,782											
Foundry	\$ 12,500,000	\$ 400,000		\$ 300,000	\$ 5,000,000	\$ 5,000,000								
JAS Housing	\$ 300,000	\$ 6,000,000			\$ 300,000									
KSTEP	\$ 6,000,000				\$ 100,000	\$ 1,000,000	\$ 3,000,000	\$ 1,500,000						
M/W/N	\$ 5,000,000				\$ 60,000	\$ 100,000	\$ 240,000	\$ 2,300,000	\$ 2,300,000					
93-99	\$ 11,000,000				\$ 2,800,000	\$ 200,000	\$ 8,400,000							
Other Projects A	\$ 2,000,000								\$ 2,000,000					
Other Projects B	\$ 1,000,000													
Sub-total	\$ 6,550,000	\$ 456,782	\$ 3,260,000	\$ 4,410,000	\$ 15,290,000	\$ 10,300,000	\$ 4,500,000	\$ -	\$ 2,300,000	\$ -	\$ 1,300,000	\$ -	\$ -	\$ -
Total	\$ 7,500,000	\$ 1,807,230	\$ 5,149,200	\$ 6,885,000	\$ 17,501,875	\$ 12,567,172	\$ 6,823,851	\$ 2,381,947	\$ 4,741,496	\$ 2,502,534	\$ 3,865,097	\$ 2,129,224	\$ 1,756,182	\$ 1,800,087
Net Income	\$ 10,375,160	\$ 485,737	\$ 16,234,588	\$ (4,187,400)	\$ (16,091,600)	\$ 6,726,507	\$ (8,181,811)	\$ 2,180,796	\$ (564,347)	\$ (851,672)	\$ (2,211,292)	\$ (519,645)	\$ (567,599)	\$ (622,850)
Net Position (Year End)	\$ 28,775,160	\$ 28,289,423	\$ 44,514,011	\$ 40,326,612	\$ 24,235,011	\$ 30,961,519	\$ 26,144,707	\$ 28,253,463	\$ 27,689,116	\$ 26,837,444	\$ 24,626,153	\$ 24,106,508	\$ 23,538,909	\$ 22,916,053
Special Accounts														
Foundry	\$ 9,000,000	\$ 9,000,000	\$ 8,700,000	\$ 6,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
KSTEP	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,500,000	\$ 5,500,000	\$ 2,500,000	\$ 600,000							
Unrestricted Funds	\$ 13,775,160	\$ 13,289,423	\$ 29,814,011	\$ 27,326,612	\$ 17,235,011	\$ 26,961,519	\$ 24,044,707	\$ 26,753,463	\$ 26,189,116	\$ 25,337,444	\$ 23,126,153	\$ 22,606,508	\$ 22,038,909	\$ 21,416,053



6

IMPACT ON CRA'S FINANCIAL POSITION

- Additional \$5 million Contribution to Foundry
- Income reflects Current Infill Development Plan
- Remaining income from 350,000 SF at \$50 / SF housing
- Over \$8 million to 93-99 rehabilitation
- End of 2022 free assets approach \$12 million
- MFNH Project Financing
- Return of Loan payments
- 2026 cash assets level out around around \$25 million



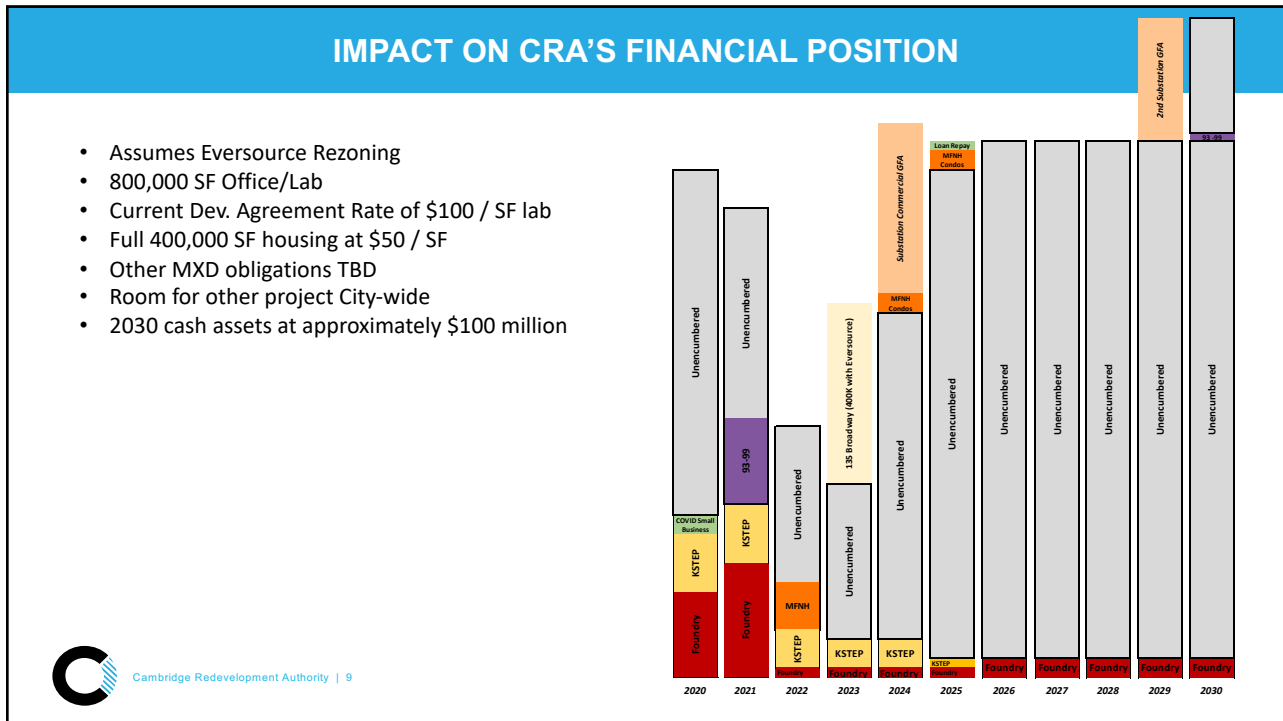
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IMPACT ON CRA'S FINANCIAL POSITION

MXD Substation	21-Oct-20				Projections									
	Actual 2017	Actual 2018	Actual 2019	Current Budget Year 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income														
145 Broadway														
88 Ames														
325 Main														
Broad M1														
135 Broadway														
Commercial A														
Commercial B														
Other MXD														
MXD Development Rights	\$ 523,768,160	\$ 477,126	\$ 21,062,000	\$ 1,431,000	\$ 431,180	\$ 431,180	\$ 20,431,180	\$ 40,431,180	\$ 431,180	\$ 431,180	\$ 3,931,180	\$ 40,431,180	\$ -	\$ -
Reimbursements/License Agreements	\$ 3,011,000	\$ 223,619	\$ 46,000	\$ 90,000	\$ 45,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
93-99 Rental Income	\$ 22,839,507	\$ -	\$ -	\$ 580,320	\$ 200,000	\$ 627,874	\$ 646,504	\$ 646,504	\$ 665,899	\$ 665,899	\$ 685,876	\$ 685,876	\$ 706,453	\$ 706,453
Loan Repayments	\$ 1,312,938	\$ -	\$ -	\$ -	\$ 187,563	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125	\$ 375,125
MFNH Home Sales	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest / Dividends	\$ -	\$ 620,748	\$ 265,788	\$ 596,280	\$ 546,532	\$ 345,500	\$ 180,046	\$ 598,526	\$ 1,422,214	\$ 1,334,070	\$ 1,322,643	\$ 1,280,135	\$ 2,075,494	\$ 2,086,009
Special Accounts Income Fd	\$ 514,000	\$ -	\$ 180,000	\$ 174,000	\$ 130,000	\$ 30,000	\$ 110,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Accounts KSTEP	\$ 630,000	\$ 146,000	\$ 120,000	\$ 130,000	\$ 2,211,875	\$ 1,794,479	\$ 2,267,172	\$ 2,323,851	\$ 2,381,947	\$ 2,441,496	\$ 2,502,534	\$ 2,565,097	\$ 2,129,224	\$ 1,756,182
Total	\$ 26,925,160	\$ 1,321,493	\$ 21,373,788	\$ 2,697,600	\$ 1,410,275	\$ 1,794,479	\$ 21,647,856	\$ 44,066,336	\$ 4,534,294	\$ 2,431,150	\$ 5,939,699	\$ 42,397,191	\$ 2,781,947	\$ 2,792,462
Overhead Expenses														
Personnel	\$ 600,000	\$ 680,632	\$ 782,200	\$ 1,100,000	\$ 1,127,500	\$ 1,155,688	\$ 1,184,580	\$ 1,214,194	\$ 1,244,549	\$ 1,275,663	\$ 1,307,554	\$ 1,090,243	\$ 872,195	\$ 893,999
Admin & Property	\$ 200,000	\$ 200,177	\$ 271,000	\$ 375,000	\$ 384,375	\$ 393,984	\$ 403,834	\$ 413,930	\$ 424,278	\$ 434,885	\$ 445,757	\$ 456,901	\$ 418,324	\$ 428,782
Contracts	\$ 200,000	\$ 469,639	\$ 836,000	\$ 1,000,000	\$ 700,000	\$ 717,500	\$ 735,438	\$ 753,823	\$ 772,669	\$ 791,986	\$ 811,785	\$ 828,080	\$ 465,664	\$ 477,306
Sub-total	\$ 1,000,000	\$ 1,350,448	\$ 1,889,200	\$ 2,475,000	\$ 2,211,875	\$ 2,267,172	\$ 2,323,851	\$ 2,381,947	\$ 2,441,496	\$ 2,502,534	\$ 2,565,097	\$ 2,129,224	\$ 1,756,182	\$ 1,800,087
Project Expenses														
Forward Fund	\$ 150,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 350,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
COVID Relief	\$ 4,100,000	\$ -	\$ -	\$ 1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Park Improvements	\$ 1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Renovations	\$ 316,782	\$ 306,782	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
JAS Housing	\$ 12,500,000	\$ 400,000	\$ -	\$ -	\$ 300,000	\$ 2,700,000	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KSTEP	\$ 6,000,000	\$ 6,000,000	\$ -	\$ -	\$ 100,000	\$ 1,000,000	\$ 3,000,000	\$ 1,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MFNH	\$ 2,880,000	\$ -	\$ -	\$ -	\$ 60,000	\$ 100,000	\$ 200,000	\$ 2,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93-99	\$ 11,600,000	\$ -	\$ -	\$ -	\$ 2,800,000	\$ 2,800,000	\$ 4,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Projects A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Other Projects B	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total	\$ 6,550,000	\$ 456,782	\$ 3,250,000	\$ 4,410,000	\$ 15,250,000	\$ 10,800,000	\$ 2,400,000	\$ 500,000	\$ 6,500,000	\$ 500,000	\$ 5,000,000	\$ 500,000	\$ 500,000	\$ 500,000
Total	\$ 7,550,000	\$ 1,807,230	\$ 5,149,200	\$ 6,885,000	\$ 17,461,875	\$ 13,067,172	\$ 4,723,851	\$ 2,881,947	\$ 8,941,496	\$ 3,002,534	\$ 8,065,097	\$ 2,629,224	\$ 2,256,182	\$ 2,300,087
Net Income	\$ 19,375,160	\$ (485,737)	\$ 16,224,588	\$ (4,187,400)	\$ (16,051,600)	\$ (11,272,693)	\$ 16,924,005	\$ 41,184,388	\$ (4,407,202)	\$ (571,384)	\$ (2,125,398)	\$ 39,767,967	\$ 525,764	\$ 492,375
Net Position (Year End)	\$ 28,775,160	\$ 28,289,423	\$ 44,514,011	\$ 40,326,611	\$ 24,275,011	\$ 13,002,319	\$ 29,926,313	\$ 71,110,712	\$ 66,703,509	\$ 66,132,115	\$ 64,006,718	\$ 103,774,694	\$ 104,300,459	\$ 104,792,834
Special Accounts														
Foundry	\$ 9,000,000	\$ 9,000,000	\$ 8,700,000	\$ 6,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
KSTEP	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,500,000	\$ 5,500,000	\$ 5,500,000	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Funds	\$ 13,775,160	\$ 13,289,423	\$ 29,814,011	\$ 27,326,612	\$ 17,275,011	\$ 9,002,319	\$ 27,826,323	\$ 69,610,712	\$ 65,203,509	\$ 64,632,125	\$ 62,506,728	\$ 102,274,694	\$ 102,800,459	\$ 103,292,834



8



9

OPTIONS FOR CONSIDERATION

- Coop Agreement proportions revisited in numerous way below
- City had risk and control of design and construction
- Line between Core & Shell and Tenant Fit-out consistently unclear

Source / Proportions	Coop Agreement Capital Costs	Coop Agreement Total Cost	Scale Fit-out to Core and Shell	City Request
City	\$36.3 million (79%)	\$35.6 million (77.5%)	\$36 million (78.3%)	\$34 million (74%)
CRA	\$9.7 million (21%) + \$2.7 million	\$10.4 million (22.5%) + \$3.5 million	\$8-10 million ??? (17% - 21.7%)	\$12 million (26%) + \$5 million
Total	\$46 million (100%)	\$46 million (100%)	\$46 million (100%)	\$46 million (100%)

Cambridge Redevelopment Authority | 10

10

OTHER CONSIDERATIONS

Factors

- \$2 million design cost reimbursement has been paid
- CRA has had a secondary role in design project decisions
- Unclear project management books – consider request of an audit
- Claims against insurance or consultants
- City has received some CPA funds for façade
- Some reimbursement from Equity for Rogers St roadway costs
- Equipment to be purchase in budget is unclear / CRA committed to fund shop equip.
- CRA has long term risk related to building operations & rent revenue
- Lease requires annual audit of Foundry books
- Appropriate needs city council vote – CRA participation in funding request

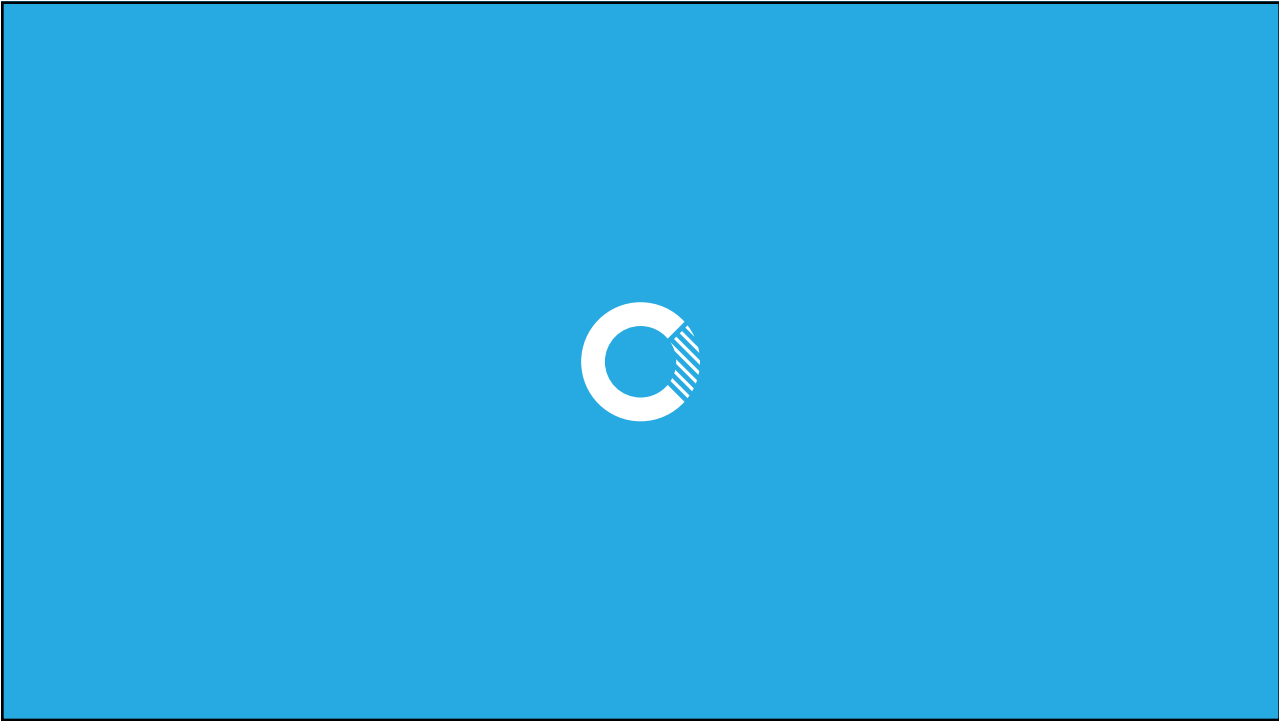


OTHER CONSIDERATIONS

Coop Agreement / Lease Terms to Consider

- Require Peer Review
- CRA Ownership of all FFE
- Role for CRA at project close-out / punch list / furnishing
- Clear role for City as landlord on major repairs
- City pay utilities (electricity – PV array and VRF heating cooling)
- Revisit restrictions on revenue & 10 year review of reserve funds
- Others...?
- Street responsibility





13

Board Meeting – Executive Session re Cooperation Agreement for the Foundry at 101 Rogers Street
Cambridge Redevelopment Authority

Wednesday, January, 19, 2022 at 7:40 pm
Due to the COVID-19 pandemic, this meeting was held virtually via Zoom

DRAFT Meeting Minutes

In attendance:

Vice Chair Conrad Crawford - present
Treasurer Christopher Bator – present
Asst. Treasurer Barry Zevin - present
Asst. Secretary Margaret Drury - present

Executive Director Tom Evans and staff members Kathryn Madden, Hema Kailasam and Erica Schwarz were also in attendance.

Minutes

Tom Evans provided an update on the status of the CRA's negotiations with the City of Cambridge regarding the Cooperation Agreement between the parties which outlines the financial investments of each party for the Foundry construction project.

Tom reviewed that in 2020 the City asked the CRA to provide additional capital for the Foundry project due to an increase in the project budget. The original agreement showed that the City assumed the risk for cost overruns due to the City having the final say on the project's design and in assuming all responsibility for overseeing the construction.

We agreed to invest more funds into the project and share in the construction risk, but asked for the City to support some of the operational risk that is the CRA's responsibility, and to ensure that CRA staff have regular involvement and information about the project.

In March 2021, CRA staff provided an amendment to the Cooperation Agreement to the City reflecting CRA staff's understanding of verbal agreements with the City, covering the CRA's commitment to contribution additional funds for the construction project and for equipment for the maker spaces, and that the City would cover the operational expenses for common area electrical usage (Lisa Peterson felt the City should not cover the electrical costs for the leased office space).

CRA staff was told that the legal department was backed up. The City responded in late November 2021. The response did not align with the expectations of staff based on prior comments.

The board discussed how to maintain its position regarding investing additional funds for the construction while having the City assume responsibility for some portion of utility costs and other items. Staff was direction to seek a resolution with the City while maintaining the CRA's position regarding the Cooperation Agreement. The CRA Board felt it was reasonable to hold back commitment of additional capital CRA funds into the Foundry construction project until the City follows through on its prior agreement to support utility expenses.

Kathy asked if a ribbon cutting was planned. Tom noted it is scheduled for June, while the public opening of the building will occur in September, after Foundry Consortium staff have time to prepare.

Christopher Bator made a motion to adjourn the meeting, which was approved unanimously by all board members. The executive session was adjourned at 8:32 pm.