



April 8, 2013

Mayor Henrietta Davis
Vice Mayor E. Denise Simmons
Ordinance Committee Chair David Maher
City Councilor Leland Cheung
City Councilor Marjorie C. Decker
City Councilor Craig A. Kelley
City Councilor Kenneth E. Reeves
City Councilor Timothy J. Toomey, Jr.
City Councilor Minka vanBeuzekom
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

Re: Commitments and conditions accompanying the amended zoning petition for PUD-5 District attached hereto as Attachment A

Dear Mayor Davis, Vice Mayor Simmons, Ordinance Committee Chair Maher and Councilors Cheung, Decker, Kelley, Reeves, Toomey and vanBeuzekom:

The purpose of this letter is to describe commitments and benefits which the Massachusetts Institute of Technology ("MIT") is prepared to offer the City of Cambridge, to facilitate and enable MIT to revitalize and redevelop Kendall Square (the "Project") through the construction of new mixed-use buildings, subject to the satisfaction of the "Conditions" set forth below.

MIT's Commitments

- A. Off-Road Bicycle and Pedestrian Facilities Adjacent to the Grand Junction.** In connection with the City's continued desire to construct off-road bicycle and pedestrian facilities through Cambridge adjacent to the Grand Junction railroad branch and in furtherance of MIT's previous granting of easements to the Cambridge Redevelopment Authority (the "CRA") over real estate it owns at Technology Square for the construction of a portion of such facilities, MIT shall contribute, within 90 days of MIT's receipt of notification from the CRA that the CRA, its designee or successor, has commenced planning and or the construction of off-road bicycle and pedestrian facilities on property adjacent to the Grand Junction now owned by the CRA between Binney Street and Main Street, an amount requested by the CRA, in its discretion, of up to \$500,000, which funds shall be used for the construction of the facilities. In furtherance of providing appropriate off-road bicycle and pedestrian facilities through Cambridge adjacent to the Grand Junction railroad branch, MIT will, jointly and in conjunction with the City, complete a

study of all parcels that it owns adjacent to the portion of the Grand Junction railroad branch situated between Main Street and Memorial Drive, in order to consider the feasibility of granting the City of Cambridge easements for the construction, now or in the future, of off-road bicycle and pedestrian facilities adjacent to the railroad line. The study will be completed and a report submitted to the City Council within eighteen (18) months of the adoption of the PUD-5 zoning amendment.

- B. **Cherry Street Lot.** MIT shall convey the parcel of real estate situated at 35 Cherry Street (Assessor's Lot # 75-118) to the City of Cambridge or a third party to be designated by the City of Cambridge to be used, in perpetuity, for uses that directly benefit residents in the Area IV Neighborhood and surrounding communities. The transferee and use of the property shall be determined through a public process conducted by the City of Cambridge Community Development Department. MIT shall convey the lot immediately upon its receipt of notice from the City as to the identity of the transferee and the designation of the proposed use. The conveyance shall be made by MIT upon such terms and conditions as the City and MIT may reasonably agree.
- C. **Labor; Pathways Program; Jobs.** MIT agrees that, in connection with construction of new commercial buildings within the PUD-5 District, it shall use or cause its contractors to use union labor for all building trades. In conjunction with this commitment, MIT will contribute up to \$20,000 annually for a period of ten (10) years, commencing upon the Building Trade Council's creation of an apprentice Pathways Program for Cambridge residents for such program. It is understood that this funding will create no less than fifteen (15) new apprentice opportunities annually for Cambridge residents within twelve (12) months of the creation of the pathway program. In addition, MIT agrees that it will include in new leases of commercial space situated within the PUD-5, a covenant requiring that tenants notify the City of Cambridge Office of Workforce Development of all new job opportunities as they become available.
- D. **Locally based and Independent Retail.** MIT agrees that no more than fifty percent (50%) of new retail space in the PUD-5 District shall be occupied by retailers who own and operate retail establishments at more than five (5) locations in Massachusetts at the time the retailer's lease is initially executed.
- E. **Open Space and Retail Advisory Committee.** In order to ensure that the adjacent neighborhoods are involved in the programming of activities for the open spaces and the types of retailers for the retail space in the PUD-5 District, MIT will establish an advisory committee to provide input on the programming of these spaces. The advisory committee shall meet once annually for a period of 10 years. The advisory committee shall include representatives from the Community Development Department, adjacent neighborhoods

and three (3) representatives from MIT. To effectuate a vibrant community-based open space and retail plan, MIT shall complete its internal planning process with faculty, students, and staff, and shall create an open space and retail programming plan for any new commercial building and present such plan to the advisory committee six (6) months prior to the substantial completion of that building. MIT may update the programming plan from time to time.

- F. **Real Estate Taxes.** Notwithstanding the provisions of any agreement that MIT may have entered into with the City previously, MIT hereby agrees that in the event that it converts any new commercial building constructed pursuant to the PUD-5 zoning amendment from commercial to exempt institutional use, MIT will remove such property from the tax rolls of the City of Cambridge incrementally over a period of five (5) years. During the four (4) year period following the conversion of such a property to institutional use, MIT agrees not to claim an exemption for the percentage of the assessed value of the property that would exceed the following: 20% in year one, 40% in year two, 60% in year three, and 80% in year 4. Commencing in year five and for each subsequent year that the ownership and use of such parcel satisfies the requirements for exemption under M.G.L. c. 59, MIT will have the right to claim that 100% of the value of property is exempt from assessment.
- G. **Community Benefit Organization Contribution.** MIT shall make a contribution to the City of Cambridge in an amount equal to \$4 multiplied by the number of square feet of New Gross Floor Area for the commercial uses identified in Sections 13.82.4 and 13.82.7, which contribution shall be used to establish a fund that provides financial support to non-profit charitable community benefit organizations serving residents of the City of Cambridge (such contributions, "CBO Contributions"). Notwithstanding the above, CBO Contributions shall be made as follows:
- a. The first contribution of \$1,000,000 shall be made within ninety (90) days of the adoption of the zoning amendment.
 - b. The second contribution of \$1,000,000 shall be made on the earlier to occur of (i) the issuance of the Final Certificates of Occupancy for new commercial buildings within the PUD-5 District containing 500,000 square feet of New Gross Floor Area and (ii) three years from the adoption of the zoning amendment.
 - c. Additional payments shall be made upon issuance of Final Certificates of Occupancy for new commercial buildings within the PUD-5 District containing New Gross Floor Area in excess of 500,000 square feet, in the aggregate.

- H. **Innovation Space.** In addition to the Innovation Office Space required by Section 13.89.3, for a Development Proposal containing new Office Uses, MIT shall provide Gross Floor Area of innovation space equal to, or in excess of, the amount of Gross Floor Area that is five percent (5%) of the New Gross Floor Area approved in the Final Development Plan for Office Use. Existing Gross Floor Area situated within the PUD-5 may be utilized to satisfy this requirement. Such innovation space may be situated on other parcels owned by the developer or an affiliate of such developer located within 1.25 miles of the PUD-5 District. Innovation space utilized by a single emerging business entity shall not exceed 5,000 square feet of Gross Floor Area. Such innovation space shall not require shared space or resources nor shall it be required to be contiguous to any other innovation space.
- I. **Innovation Housing.** A minimum of eight percent (8%) of the New Gross Floor Area of the minimum housing required by Section 13.89.2 shall be devoted to units measuring between three hundred (300) and five hundred fifty (550) square feet in size. Such units may include flexible unit layouts, combined living and working spaces, shared common areas and other design features to increase affordability and communication among residents.
- J. **Limitations on Residential Parking Permit.** MIT agrees that it shall include or cause to be included in thirty (30) residential leases (or other equivalent occupancy agreements) for residential micro-housing units constructed within the PUD-5 containing the fewest square feet, a covenant by the tenant that the tenant shall not apply to the City of Cambridge Traffic, Parking & Transportation Department for a Resident Parking Permit.

Conditions to MIT's Commitments

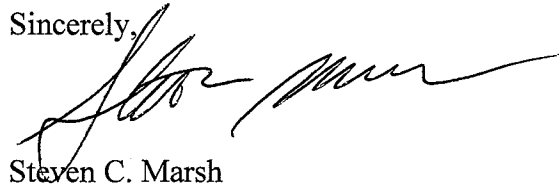
For purposes of clarification, MIT's commitments set forth above are offered if the following conditions (the "Conditions") are met:

1. The amendments to the Cambridge Zoning Ordinance set forth in Attachment A are duly adopted in the form attached hereto as Attachment A, and no challenge to the validity of the same shall have been made (or in the event of any challenge, such challenge shall have been finally resolved in favor of such validity).
2. With regard to any outstanding commitments, to the extent applied for by MIT, MIT shall have received such Special Permits, including, without limitation, PUD Special Permits and Article 19 Special Permits, from the City of Cambridge Planning Board, and such other permits and approvals as may be necessary to allow for the build-out of the new Gross Floor Area contemplated by the zoning amendment.

In addition to meeting the requirements and conditions of any required permits for the Project, MIT is making these payments and providing the other mitigation referenced above to the City in order to provide the City with resources should it become necessary to mitigate any impacts which might result from the Project as a result of the rezoning, any special permit issued pursuant thereto and the issuance of the building permit. Should such impacts arise, the payments and other mitigation contained in this letter will enable the city to take appropriate steps to mitigate those impacts in the manner and at the times deemed most appropriate by the city.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Marsh", written over the word "Sincerely,".

Steven C. Marsh
Managing Director, Real Estate