

EDP-13

11

11



THOMAS M. MENINO  
*Mayor*

## CITY OF BOSTON LAW DEPARTMENT

City Hall, Room 615  
Boston, MA 02201

WILLIAM F. SINNOTT  
*Corporation Counsel*

September 1, 2011

Commonwealth of Massachusetts  
Executive Office for Administration and Finance  
State House, Room 373  
Boston, Massachusetts 02133  
Attention: Jay Gonzalez, Secretary

Massachusetts Development Finance Agency  
160 Federal Street  
Boston, Massachusetts 02110  
Attention: Senior Vice President, Investment Banking

Re: Economic Development Proposal for the Designation of the Fan Pier Development in South Boston, Massachusetts, as an Economic Development District pursuant to St. 2006, c.293 §§ 5-12, as amended by St. 2008, c. 129 (the "Act").

Ladies and Gentlemen:

This opinion of Corporation Counsel for the City of Boston (the "City") is submitted to Secretary of the Massachusetts Executive Office for Administration and Finance (the "Secretary") and to the Massachusetts Development Finance Agency (the "Agency") in accordance with the requirements of 801 CMR 51.12.2 in connection with the submission by Fan Pier Development LLC, a Delaware limited liability company (the "Developer"), and the City to the Secretary and the Agency of the final Economic Development Proposal dated September 28, 2011 (the "EDP") for the designation of the Fan Pier Development in South Boston, Massachusetts, as an Economic Development District pursuant to the Act.

The Economic Development Project described in the EDP consists of: (i) the development on Fan Pier Parcel A ("Parcel A") as shown on a plan entitled "Subdivision Plan of Land, Fan Pier, Northern Avenue, Boston, Massachusetts," dated April 15, 2011, prepared by Nitsch Engineering, Inc and recorded with the Suffolk County Registry of Deeds in Plan Book 2011, Page 144 (the "Subdivision Plan") of a Class A office, research laboratory, retail, and restaurant building with approximately 490,201 square feet of gross floor area (as defined in the Boston

Zoning Code), and three (3) levels of below grade parking containing approximately 290 parking spaces, together with certain off-site improvements required to be constructed in connection therewith (the "Parcel A Project"); and (ii) the development on Fan Pier Parcel B ("Parcel B," and together with Parcel A, the "Property") as shown on the Subdivision Plan of a Class A office, research laboratory, retail, restaurant and daycare building with approximately 427,194 square feet of gross floor area (as defined in the Boston Zoning Code), and three (3) levels of below grade parking containing approximately 450 parking spaces (the "Parcel B Project"). Together, Parcel A and Parcel B are referred to herein in as the "Property," and the Parcel A Project and the Parcel B Project are referred to herein together as the "Economic Development Project."

As set forth in the EDP, the Parcel A Project is owned and is being undertaken by Fifty Northern Avenue LLC, a Delaware limited liability company (the "Parcel A Owner"), and the Parcel B Project is owned and is being undertaken by Eleven Fan Pier Boulevard LLC, a Delaware limited liability company (the "Parcel B Owner").

The EDP updates and supplements the Preliminary Economic Development Proposal for the designation of the Fan Pier Development as an Economic Development District dated April 8, 2011, as supplemented by letter dated April 22, 2011 (the "Preliminary Application"), and is substantively the same as the Preliminary Application.

**Municipal Approval of the EDP.** Pursuant to a waiver granted by the Secretary to the City by letter dated May 6, 2011, the City was authorized to grant municipal approval prior to the issuance by the Secretary of a Preliminary Approval Letter upon the Preliminary Application. The following actions were taken in connection with such approval:

- A Notice of Public Hearing dated May 9, 2011 (the "Notice") upon "Docket #0641 - Message and order for local municipal approval of the application of Fan Pier Development LLC relating to the Fan Pier Economic Development Project (the "Fan Pier EDP") under the Commonwealth's "I-Cubed" Program" ("Docket #0641") was sent by the Committee on Economic Development and Planning of the Boston City Council to the Boston City Clerk, and such Notice was received by the Boston City Clerk on May 10, 2011.
- The Boston City Clerk posted the Notice both on the City's website and on the bulletin board located on the first Floor of Boston City Hall at the Congress Street Entrance.
- Notice of the public hearing was also published in The Boston Herald and The Boston Globe, two newspapers of general circulation, in each of the two weeks preceding the public hearing on May 13, 2011 and May 17, 2011. Notice of the public hearing was also published in The Central Register published by the Secretary of the Commonwealth on May 18, 2011.

- Pursuant to the Notice, the Committee on Economic Development and Planning of the Boston City Council held a public hearing upon Docket #0641 on Friday, May 20, 2011 at 10:00 AM in the Christopher Iannella Chamber on the fifth floor of Boston City Hall.
- The Committee on Economic Development and Planning of the Boston City Council voted to recommend passage of Docket #0641 and sent a written report of its hearing and recommendation to all City Councillors by letter dated May 25, 2011.
- On May 25, 2011 the Boston City Council adopted an order (the "Approval Order") by a vote of 12 yeas and zero nays as follows:

Now, Therefore, Be It ORDERED:

1. That the Fan Pier Economic Development Proposal, and the provision of Local Infrastructure Development Assistance as provided therein, is hereby approved with such additions, deletions and other amendments thereto, other than an increase in the principal amount of I-Cubed Bonds for which the City is obligated to provide Local Infrastructure Development Assistance, as shall be approved by the Mayor and the Collector-Treasurer at or prior to the execution and delivery by the City of the Infrastructure Development Assistance Agreement for the Fan Pier Economic Development Project
  2. That the creation by the City of a Municipal Liquidity Reserve for each Assessment Parcel to be funded by moneys or a letter of credit to be provided by the owner of each Assessment Parcel is hereby approved
  3. That the acquisition or acceptance by the City of such property interests in the Fan Pier Public Infrastructure Improvements that are financed by MassDevelopment as may be required under the I-Cubed Program is hereby approved
- The Approval Order was approved by Mayor Thomas M. Menino.

Certified copies of the Notice and the Approval Order are enclosed with this letter:

Based upon the foregoing, it is my opinion that the foregoing actions constitute valid and binding approval of the EDP by the Governing Body (as defined in the Act) of the City in accordance with the Act and with 801 CMR 51.00 *et. seq.*

**Zoning Matters.** The Property is a portion of the Fan Pier Development site (the "Fan Pier Site"), a 21-acre site (15 acres land, 6 acres water) spanning nine city blocks on South Boston's waterfront. It is a phased development consisting of nine (9) lettered parcels A through J (there is no Parcel G) to be improved separately with nine (9) new buildings, having an aggregate of 3,034,000 square feet of gross floor area to be dedicated to a mixture of office, research, residential, hotel, retail, civic/cultural uses, approximately 2,325 accessory parking spaces and maritime uses, together with access roads and landscaped open spaces (the "Fan Pier Project"). According to the Subdivision Plan, the Fan Pier Site contains over one acre of land.

**Zoning District.** The Property is located within the South Boston Inner Harbor Subdistrict ("SBIH Subdistrict") of the South Boston Waterfront Interim Planning Overlay District ("South Boston IPOD") established pursuant to Article 27P of the Boston Zoning Code (the "Code") and the South Boston Restricted Parking Overlay District. The zoning district underlying the South Boston IPOD is the Fort Point Waterfront subdistrict of the Harborpark District established by Article 42E of the Code.

Special purpose overlay district - Planned Development Area ("PDA"), under Article 3, Section 3-1A.a of the Code is permitted in the SBIH Subdistrict. A PDA allows projects to exceed the limits of underlying zoning, and in lieu thereof to conform to an approved development plan. Pursuant to provisions of Section 3-1A.a and Article 80, Section 80C of the Code, a PDA may be established within any part of a subdistrict if such area contains not less than one acre and the Zoning Commission has received from the Boston Redevelopment Authority (the "BRA") and has approved a development plan which sets forth the proposed location and appearance of structures, open space and landscaping, proposed uses of the area, densities, proposed traffic circulation, parking and loading facilities, access to public transportation, proposed dimensions of structures, proposed building elevations, schematic layout drawings and exterior building materials, and such other matters as the BRA may deem appropriate to its consideration for the proposed development of the area. The approval of such development plan by the BRA and the Zoning Commission in effect establishes the zoning controls for the site, to the extent set forth in the approved development plan, and the development of a project described in such development plan is allowed under the Code provided that the BRA issues a Certification of Consistency pursuant to Section 80C-8 of the Code and, if applicable, a Certification of Compliance under Large Project Review pursuant to Section 80B-6 of the Code.

Fan Pier is governed by such a PDA, specifically the Development Plan for the Fan Pier Development, Planned Development Area #54 approved by the BRA on November 14, 2001, and adopted by the Zoning Commission on February 27, 2002, effective February 28, 2002, as amended by First Amendment to the Development Plan for the Fan Pier Development, Planned Development Area #54 approved by the BRA on December 20, 2007, and adopted by the Zoning Commission on January 30, 2008, effective January 30, 2008 (collectively, the "Development Plan"), and by Map Amendment No. 397 approving the Development Plan and creating Planned

Development Area Special Purpose Overlay District No. 54 adopted by the Zoning Commission on February 27, 2002 and approved by the Mayor of the City of Boston on March 1, 2002.

Compliance with Development Plan. The approval of the Development Plan and the designation of the Fan Pier Site as a PDA established the zoning controls for the Fan Pier Site, including those for use, dimensional requirements (including height), open space, parking, and loading. Pursuant to Section 80C-9 of the Code, upon the issuance by the BRA of a Certification of Consistency for a proposed project, it "shall be deemed to be in compliance with the requirements of the underlying zoning to the extent that such requirements have been addressed in the Development Plan." The Development Plan expressly provides that the requirements contained in the Development Plan "shall constitute the permanent zoning" for the Fan Pier Site. The Development Plan also expressly provides that no Interim Planning Permit under Section 27P-18 of the Code is necessary for any portion of the Fan Pier Project. Accordingly, compliance with the Development Plan constitutes compliance with the zoning requirements applicable to the Property.

The requirements contained in the Development Plan applicable to the Economic Development Project are as follows:

Use. Exhibit C to the Development Plan is a list of permitted uses at the Fan Pier Site and Exhibit B-Figure 1 sets out the general categories of uses which are programmed for the individual parcels. The program for Parcel A contemplates office, research and facilities of public accommodation (which include retail, restaurant, civic, cultural and other facilities of public accommodation) uses and the program for Parcel B contemplates office, research, residential and FPA uses. As set forth in the EDP, the Economic Development Project will be used for office, research center (subject to the limitations of the Development Plan), retail, restaurant, and parking and, with respect to the Parcel B Project, daycare uses (the "Proposed Uses"). All of the Proposed Uses are permitted by the Development Plan.

Dimensional Requirements. The Development Plan limits the total allowable gross floor area on the Fan Pier Site to 2,927,000 square feet of residential, office, research, hotel and retail space, and 107,000 square feet of civic space. This density limitation is not expressed as FAR. It also imposes a building footprint limitation of 44% of the area of the Property, setback requirements from the water's edge, view corridor, streetwall heights of 75-85 feet, a floorplate limitation of tower elements to 25,000 square feet, and specific heights for each building. The Development Plan provides that minor modifications which affect site improvements, exterior facades, roofscape or public spaces will be subject to approval by the Director of the BRA without further BRA approval. The issuance of the Certifications, as defined below, by the Director of the BRA evidence that the dimensions of the Parcel A Project and the Parcel B Project are consistent with the approved Development Plan.

Off Street Parking and Loading Requirements. The Development Plan contemplates 2,285 below grade parking spaces in two parking facilities, and 40 on-street short term parking spaces, for a total of 2,325 spaces. Loading facilities may be at or below grade. Specific parking and loading layouts were to be developed in consultation with the Boston Transportation Department. The Parcel A Project includes approximately 290 underground parking spaces and the Parcel B Project includes approximately 450 underground parking spaces. The number of parking spaces and the parking and loading locations for the Economic Development Project have been approved by the Boston Transportation Department, as is evidenced by two separate Transportation Access Plan Agreements, each dated May 18, 2011, between the City of Boston Transportation Department and the Parcel A Owner, relating to the Parcel A Project, and the Parcel B Owner, relating to the Parcel B Project, respectively.

After review and approval of plans for the Economic Development Project, on June 23, 2011 the Director of the BRA issued to the City of Boston Inspectional Services Department (“ISD”) two separate Partial<sup>1</sup> Certifications of Compliance and Consistency with respect to the Parcel A Project and the Parcel B Project, respectively, copies of which are enclosed herewith (the “Certifications”) indicating among other things that the Parcel A Project and the Parcel B Project are consistent with the Development Plan and are in compliance with Large Project Review, as discussed below.

Large Project Review. In addition to compliance with the Development Plan, the Economic Development Project must be in compliance with the provisions of Article 80, Subpart B, Large Project Review and Related Approvals, Sections 80B-1 through 80B-6 of the Code (“Large Project Review”). Large Project Review is a process for the preparation, submission and review of materials describing the impacts of a proposed project. Such process entails the submission of a Project Notification Form to the BRA, and after review of the Project Notification Form by the BRA and City agencies, the issuance by the BRA of a Scoping Determination which may require the preparation and submission by the project proponent of a Draft Project Impact Report responsive to the Scoping Determination. Upon the acceptance of the Draft Project Impact Report, the BRA issues a Preliminary Adequacy Determination specifying the matters to be further studied in a Final Project Impact Report. Upon the acceptance of the Final Project Impact Report, the BRA issues a final Adequacy Determination. A final Adequacy Determination was issued by the BRA with respect to the Final Project Impact Report for the Fan Pier Project on November 28, 2001.

Section 80B-6 of the Code requires the BRA to issue a Certification of Compliance with the requirements of Large Project Review with respect to a proposed project to the Commissioner of the ISD. The Certifications evidence that the Economic Development Project has completed all of the applicable Large Project Review requirements.

<sup>1</sup> The use of the work “Partial” in the Partial Certification of Compliance and a “Partial” Certification of Consistency for the Parcel A Project and the Parcel B Project, respectively, refers to the fact that the Economic Development Project is only a portion of the project authorized by the Development Plan.

Commonwealth of Massachusetts  
Executive Office for Administration and Finance  
Massachusetts Development Finance Agency  
September 1, 2011  
Page 7 of 7

Based upon the foregoing, it is my opinion that the Economic Development Project is permitted by the Boston Zoning Code.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. F. Sinnott', with a long horizontal flourish extending to the right.

William F. Sinnott  
Corporation Counsel



# Boston City Council

## Notice of Public Hearing

RECEIVED  
CITY CLERK'S OFFICE  
2011 MAY 10 A 9:17  
BOSTON, MA

May 9, 2011

The Boston City Council's Committee on Economic Development and Planning will hold a public hearing on Friday, May 20, 2011 at 10:00 A.M. in the Christopher Iannella Chamber on the fifth floor of Boston City Hall.

The subject of the hearing is:

**Docket # 0595** - Message and order approving the City of Boston's application to the Massachusetts Economic Assistance Coordinating Council for Certified Project Status of the Fan Pier development to be located at 50 Northern Avenue and 11 Fan Pier Boulevard (a portion of the City of Boston Assesing Parcel 06/020675/021), in the South Boston Waterfront neighborhood, and for the approval of a Tax Increment Financing Plan, including a Tax Increment Financing Agreement regarding real estate taxes between the City and Vertex and the owner of the land.

**Docket # 0641** - Message and order for local municipal approval of the application of Fan Pier Development LLC relating to the Fan Pier Economic Development Project (the "Fan Pier EDP") under the Commonwealth's "I-Cubed" Program.

These matters were sponsored by Mayor Menino and referred to the committee on May 4, 2011.

Members of the public are cordially invited to attend and testify. If you have not testified at a Council hearing before, please arrive (5) minutes before the call of the hearing to sign up and become familiar with the hearing format, testimony locations and sound system. Please bring fifteen (15) copies of any written documentation you wish to present at the hearing. If you know of others who may be interested in this hearing, kindly notify them.

Written comments may be made part of the record and available to all Councilors by sending them by fax or mail to arrive before the hearing, please use the address below.

For the Committee:

Bill Linehan, Chair  
Committee on Economic Development and Planning

A TRUE COPY

ROSARIA SALERNO  
CITY CLERK

WHEREAS, the City's obligation to provide Local Infrastructure Development Assistance will be a general obligation of the City secured by infrastructure assessments on the Assessment Parcels and by a Municipal Liquidity Reserve created by the City for each Assessment Parcel to be funded by moneys or a letter of credit to be provided by the owner of each Assessment Parcel in an amount equal to twice the maximum amount of debt service payable on the I-Cubed Bonds in any year; and

WHEREAS, prior to the Secretary's final approval of the Fan Pier Economic Development Proposal, the Mayor and the City Council, following a public hearing, must approve the Fan Pier Economic Development Proposal, acknowledging the financial obligation of the City for Local Infrastructure Development Assistance, and approve the creation of the Municipal Liquidity Reserves and the acquisition or acceptance by the City of such property interests in the Fan Pier Public Infrastructure Improvements as may be required under the I-Cubed Program;

Now, Therefore, Be It ORDERED:

1. That the Fan Pier Economic Development Proposal, and the provision of Local Infrastructure Development Assistance as provided therein, is hereby approved with such additions, deletions and other amendments thereto, other than an increase in the principal amount of I-Cubed Bonds for which the City is obligated to provide Local Infrastructure Development Assistance, as shall be approved by the Mayor and the Collector-Treasurer at or prior to the execution and delivery by the City of the Infrastructure Development Assistance Agreement for the Fan Pier Economic Development Project.
2. That the creation by the City of a Municipal Liquidity Reserve for each Assessment Parcel to be funded by moneys or a letter of credit to be provided by the owner of each Assessment Parcel is hereby approved.
3. That the acquisition or acceptance by the City of such property interests in the Fan Pier Public Infrastructure Improvements that are financed by MassDevelopment as may be required under the I-Cubed Program is hereby approved.

In City Council MAY 25 2011  
Passed, ~~yes~~ 12, ~~no~~ 0.

Rosaria Salerno City Clerk

Approved JUN 02 2011

Thomas M. Menino Mayor

I HEREBY CERTIFY THAT  
THE FOREGOING, IF PASSED IN  
THE ABOVE FORM, WILL BE IN  
ACCORDANCE WITH LAW.

William F. Sinnott  
WILLIAM F. SINNOTT  
CORPORATION COUNSEL

ONE TRUE COPY

Rosaria Salerno  
ROSARIA SALERNO  
CITY CLERK



**Boston City Council**  
**Committee on Economic Development and Planning**  
**Bill Linehan, Chair**

May 25, 2011

Dear Councillors:

The Committee on Economic Development and Planning held a hearing on Friday, May 20, 2011 to take testimony and consider:

***Docket # 0595 – Message and order approving the City of Boston’s application to the Massachusetts Economic Assistance Coordinating Council for Certified Project Status of the Fan Pier Development to be located at 50 Northern Avenue and 11 Fan Pier Boulevard (a portion of the City of Boston Assessing Parcel 06/020675/021), in the South Boston Waterfront neighborhood, and for the approval of a Tax Increment Financing Plan, including a Tax Increment Financing Agreement regarding real estate taxes between the City and Vertex and the owner of the land.***

***Docket # 0641 – Message and order for local municipal approval of the application of the application of Fan Pier Development LLC relating to the Fan Pier Economic Development Project (the “Fan Pier EDP”) under the Commonwealth’s “I-Cubed” Program.***

These matters were sponsored by Mayor Menino and referred to the committee on May 4, 2011.

Extensive testimony *in support* of the above mentioned dockets was taken from the following individuals: *Ron Rakow* [Commissioner of Assessing – City of Boston], *Kairos Shen* [Director of Planning – Boston Redevelopment Authority], *Joe Fallon* [President / CEO – The Fallon Company], *Al Vaz* [Senior VP – Corporate Real Estate Development – Vertex Pharmaceuticals], *Jim Rooney* [Executive Director – Massachusetts Convention Center Authority], *Lowell Richards* [Chief Development Officer – Massachusetts Port Authority], *Sam Tyler* [President – Boston Municipal Research Bureau], *Hon. Martin Walsh* [Secretary/Treasurer – Boston Buildings Trades Council] and *Jim Klocke* [Executive VP – Greater Boston Chamber of Commerce] in which each outlined with specificity the importance of the passage of these two orders.

As reported, *Vertex Pharmaceuticals* is a publicly traded global biotechnology company that aims to discover, develop and commercialize innovative therapies for people with serious diseases and has requested a Tax Increment Financing (“TIF”) agreement in order to expand and relocate its headquarters and research and development facilities from Cambridge to a consolidated location in Boston.

In addition, to the 1,241 jobs being relocated to Boston and the creation of 500 new jobs in Boston by 2015 – the *Vertex* project will also generate between 1,600 and 2,000 construction jobs during the construction period estimated to last approximately 30 months. Construction is anticipated to start in June 2011.

Other public benefits from the Vertex project will include contributions to the City's Neighborhood Housing Trust in the amount of approximately \$5,014,355 and to the City's Neighborhood Jobs Creation Trust in the amount of approximately \$99,560.

The "TIF" will benefit only Vertex and not the developers of Fan Pier. The total value of the TIF savings over the seven (7) year term of the TIF Agreement is approximately 12 million dollars.

The city will receive approximately \$55 million dollars in new real estate tax revenues during the life/term of the TIF agreement.

I have attached for your review and consideration an outline of the - Vertex Pharmaceuticals - "Fact Sheet".

Through a separate approval process, The Fan Pier Development LLC is also seeking \$50 million dollars in public infrastructure financing through the "Commonwealth's Infrastructure Investment Incentive Program" for the Fan Pier project, through the ICUBED program.

In part, ICUBED is an economic development tool that ties the Commonwealth's payment of debt service for infrastructure bonds with the increased income tax revenue generated from the creation of new jobs to the state from the development.

Also, infrastructure support is needed to help mitigate the more expensive construction challenges posed by this site.

Based on information presented at the hearing and have considered the same, I respectfully recommend that these matters ought to pass.



Bill Linehan, Chair  
Committee on Economic Development  
and Planning

**Vertex Pharmaceuticals Incorporated**  
**FACT SHEET**

- Request:** Vertex Pharmaceuticals Incorporated ("Vertex") requests a Tax Increment Financing ("TIF") agreement in order to expand and relocate its headquarters from Cambridge to a consolidated location in Boston.
- Vertex needs a centralized campus to relocate its headquarters and other operations as well as to provide more space for future growth.
- Vertex plans to lease space at the Fan Pier development in South Boston. Such expansion and relocation to Boston will result in significant costs, including its need to continue paying rent in some of its current facilities under existing leases even after moving and its plans to make sizeable investments in equipment and tenant improvements at the new location.
- Site:** A portion of the Fan Pier development located in two new buildings with addresses of 50 Northern Avenue and 11 Fan Pier Boulevard in the South Boston Waterfront neighborhood totalling approximately 1.07 million square feet.
- Investment:** Vertex has signed a letter of intent to lease two to be constructed buildings described above, subject to Vertex obtaining approval from the U.S. Food and Drug Administration on their telaprevir new drug application. Under the leases, Vertex will be responsible for all real estate taxes associated with its leased space. The projected development cost for the project, including the construction of the two buildings, tenant improvements for Vertex and associated infrastructure improvements is over \$800 million.
- Jobs:** Successful completion of the Vertex Project will permit Vertex to retain 1,241 permanent jobs within Boston and create approximately 500 new jobs by 2015. Of these new jobs, approximately 202 will be created in anticipation of Vertex's occupancy of its new facilities at the Fan Pier development and approximately 298 will be created after occupancy.
- Current Sites:** Vertex is currently located in 10 locations in Cambridge, Massachusetts as well as other sites in the United States, United Kingdom and Canada.
- TIF Agreement:** The TIF Agreement is completed in substantial final form. Under the leases and the TIF Agreement, Vertex is responsible with all real estate taxes associated with its leased space. The TIF will benefit only Vertex and not the developers of Fan Pier. The total value of the the TIF savings over the 7 year term of the TIF Agreement is approximately \$12 million.
- State Contribution:** \$10 million of anticipated Life Sciences Tax Incentives, subject to annual application.
- Additional Info:** The Vertex Project will be a catalyst for significant development and investment at the Fan Pier development, currently occupied largely by a surface parking lot, which will in turn be a catalyst for other proposed projects in the South Boston Innovation District.



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

May 3, 2011

To the City Council

Dear Councilors:

I transmit herewith for your approval the following order for local municipal approval of the application of Fan Pier Development LLC relating to the Fan Pier Economic Development Project (the "Fan Pier EDP") under the Commonwealth's "I-Cubed" Program. Upon final acceptance of this application by the Commonwealth's Secretary of Administration and Finance, the Fan Pier EDP shall be eligible for financing by MassDevelopment of up to fifty million dollars of on-site public infrastructure improvements. The financing will be secured by the credit of the Commonwealth and supported by state income tax growth resulting from the Fan Pier EDP and by assessments on property within the Fan Pier Development.

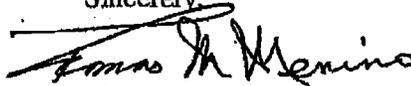
The Fan Pier EDP benefits the state and local economy. The immediate plans are for construction to begin in 2011 on Parcels A and B of two build-to-suit buildings totaling over one million square feet, to be leased to Vertex Pharmaceuticals, Incorporated as its new corporate headquarters. The development is expected to provide office and research space for Vertex's current state job base of 1,241 employees as well as near-term expansion of another 500 employees.

The long-term plan of the 21-acre Fan Pier site, spanning nine city blocks, upon full build-out, totals three million square feet of space for office, research, residential, retail, restaurants, parking, hotel, and civic and cultural space. In addition to making possible the construction of Parcels A and B, the investment in public infrastructure financed through the I-Cubed Program will lay the foundation for these future investments.

Approval of this order, conditioned upon the final approval of the developer's Fan Pier EDP I-Cubed application by the state, acknowledges: 1) that the City shall have a contingent financial obligation for Local Infrastructure Development Assistance as defined by the I-Cubed Program; 2) that no further City zoning changes are required to accommodate the Fan Pier EDP; 3) that the City shall create Municipal Liquidity Reserves to be funded by cash or letters of credit provided by the owners of the two buildings to be leased to Vertex; and, 4) that the City will acquire or accept certain property rights in the financed public infrastructure improvements as provided in the application and the I-Cubed Program.

The I-Cubed Program is a collaborative effort between municipal and state government. Approval of the attached order would be the first step necessary for the Fan Pier I-Cubed Application to proceed. Further steps require a preliminary and final approval by the Secretary of Administration and Finance, based upon financial and economic review and analysis. I urge your Honorable Body to approve this order at the earliest possible date.

Sincerely,



Thomas M. Menino  
Mayor

RECEIVED  
CITY CLERK

RECEIVED  
CITY CLERK

RECEIVED

CITY CLERK

**CITY OF BOSTON**  
**IN CITY COUNCIL**

**WHEREAS**, Sections 5 through 12A, inclusive, of Chapter 293 of the Acts of 2006, as amended (the "I-Cubed Act,"), and Chapter 51.00 of Title 801 of the Code of Massachusetts Regulations (the "Regulations" and, collectively with the I-Cubed Act, the "I-Cubed Program," with all undefined terms used in this Order having the meaning given such terms in the I-Cubed Act and the Regulations) authorize The Commonwealth of Massachusetts (the "Commonwealth"), acting by and through the Secretary of the Executive Office for Administration and Finance (the "Secretary"), the Massachusetts Development Finance Agency ("MassDevelopment") and the City to assist in the financing of public infrastructure improvements for Economic Development Projects in the City; and

**WHEREAS**, Fan Pier Development LLC (the "Developer") has filed a Preliminary Economic Development Proposal (the "Fan Pier Economic Development Proposal") with the Secretary, the City and MassDevelopment for the designation of the Fan Pier Development in South Boston as an Economic Development District and an Economic Development Project (the "Fan Pier Economic Development Project") under the I-Cubed Program; and

**WHEREAS**, the Fan Pier Economic Development Project will be comprised of over 3 million square feet of commercial, residential, civic and cultural facilities, including the construction of two office and research buildings (the "Project Components") to serve as the new headquarters of Vertex Pharmaceuticals Incorporated ("Vertex") and the construction of public infrastructure improvements identified in the Economic Development Proposal (the "Fan Pier Public Infrastructure Improvements") necessary or desirable for the development of the Fan Pier Economic Development Project; and

**WHEREAS**, no zoning changes are required to accommodate the Fan Pier Economic Development Proposal; and

**WHEREAS**, if the Fan Pier Economic Development Proposal is approved by the City and the Secretary, MassDevelopment will be authorized to finance up to \$50 million of costs of Fan Pier Public Infrastructure Improvements following the completion of the Project Components by the Developer and occupancy by Vertex through the issuance of bonds ("I-Cubed Bonds") payable from State Infrastructure Development Assistance from the Commonwealth that is supported by New State Tax Revenues resulting from Eligible New Jobs created and to be created by Vertex in the Commonwealth; and

**WHEREAS**, if the New State Tax Revenues resulting from Eligible New Jobs created and to be created by Vertex are less than the debt service payable in any year on the I-Cubed Bonds, the City will be required to provide Local Infrastructure Development Assistance to satisfy any Shortfall in accordance with an Infrastructure Development Assistance Agreement for the Fan Pier Economic Development Project among the Commonwealth, the City, MassDevelopment, the Developer and the owners of the real property on which the Project Components are constructed (the "Assessment Parcels"); and