

I-Cubed Program

Fan Pier

FAN PIER DEVELOPMENT, LLC

ONE Marina Park Drive · Boston, MA 02210

Phone: 617-737-4100 · Fax: 617-737-4101

By Hand

April 8, 2011

Mr. Greg Mennis
Executive Office of Administration and Finance
State House, Room 373
Boston, Massachusetts 02133

Mr. John Paul Murphy
Office of Tax Policy Analysis
100 Cambridge Street, 8th Floor
Boston, Massachusetts 02114

Commissioner Ron Rakow
Assessing Department
City of Boston
Boston City Hall, Room 302
Boston, Massachusetts 02201

Ms. Rebecca A. Sullivan, First Vice President
MassDevelopment
160 Federal Street
Boston, Massachusetts 02110

Re: Fan Pier, South Boston, Massachusetts
Vertex Headquarters

Lady and Gentlemen:

I am delighted to submit on behalf of Fan Pier Development LLC a Preliminary Economic Development Proposal for the designation of the Fan Pier development on South Boston's waterfront as an Economic Development District under the Commonwealth's Infrastructure Investment Incentive Program (the "I-Cubed Program"), seeking infrastructure support through bond funding in the amount of \$50,000,000.

We believe that the Fan Pier development is precisely the kind of smart growth, mixed use development for which the I-Cubed Program was designed. When its planned 3,000,000+ square feet of office, laboratory, residential, hotel, ground floor

Mr. Greg Mennis
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retail/restaurants/cafes, hotel, and civic and cultural space is fully built, it will be the gateway to and the catalyst for substantial new development on South Boston's waterfront.

As the enclosed application describes, the full realization of the Fan Pier development must overcome some costly site and regulatory burdens. The availability of funding from the I-Cubed Program will facilitate and accelerate that realization.

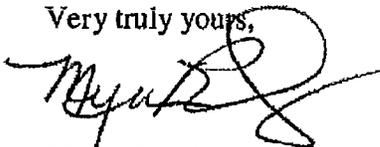
This application coincides with the proposed relocation to Fan Pier of Vertex Pharmaceuticals Incorporated ("Vertex") into approximately 1.1 million square feet of space in two new built-to suit buildings which will be constructed for Vertex on two of the remaining seven development parcels on Fan Pier. Funding under the I-Cubed program has been an important inducement to Vertex to keep its headquarters in the Commonwealth and expand its business here. In addition to substantial direct new and retained employment, the Vertex relocation to two new buildings on Fan Pier will reinforce the burgeoning innovation district in the South Boston waterfront.

With Greg Mennis' permission, this application is submitted without two of its appendices, the opinion of value of public easements in the infrastructure, and the form by which such easements will be granted. Completion of those appendices is anticipated within the next two weeks. The easement valuation may change the anticipated amounts of the Initial Bonds and Additional Bonds, respectively, and therefore the calculation of the debt service coverage ratio of the Initial Bonds. When the appendices are submitted, we will update the discussion of the bond amounts and recalculate the ratios accordingly.

A check payable to The Commonwealth of Massachusetts in the amount of \$50,000 for the Application Fee accompanies the counterpart of this letter delivered to Greg Mennis.

My team is available to answer any questions which any of you or your colleagues or consultant may have. We look forward to working with you.

Very truly yours,



Myrna Putziger

Enclosures

Mr. Greg Mennis
Mr. John Paul Murphy
Commissioner Ron Rakow
Ms. Rebecca A. Sullivan
April 8, 2011
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cc: With enclosures to the following:

Rob Dolan
Administration and Finance
State House, Room 272
Boston, Massachusetts 02133
(By Hand)

April Anderson Lamoureux, State Permit Ombudsman/Director
Massachusetts Permit Regulatory Office
Executive Office of Housing & Economic Development
One Ashburton Place, Room 2101
Boston, Massachusetts 02108
(By Hand)

Craig R. Seymour, Managing Principal
RKG Associates, Inc.
634 Central Ave.
Dover, New Hampshire 03820
(By Overnight Courier)

Jim Kennedy
Office of Budget Management
City of Boston
Boston City Hall, Room 813
Boston, Massachusetts 02201
(By Hand)

cc: Without enclosures to the following:

Joseph F. Fallon, Fan Pier Development LLC
Stephen Gould, Fan Pier Development LLC
Alfred Vaz, Vertex Pharmaceuticals Incorporated
Eustacia Reidy MacNaught, Vertex Pharmaceuticals Incorporated
John E. Rattigan, Jr. Esquire, DLA Piper LLP (US)
James R. Shea, Jr., Esquire, Choate Hall & Stewart LLP
John Ziemba, Esquire, Bowditch & Dewey

**Commonwealth of Massachusetts
Infrastructure Investment Incentive Program
Preliminary Economic Development Proposal**

Fan Pier

Vertex Pharmaceuticals Incorporated Headquarters



Submitted by Fan Pier Development LLC

April 8, 2011

Preliminary Economic Development Proposal Fan Pier

Introduction

This is a Preliminary 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"), and 801 CMR 51.00 (the "Regulations", and together with the Act, the "I-Cubed Program"). It is submitted on behalf of Fan Pier Development LLC, a Delaware limited liability company (the "Developer"), to the Secretary of the Massachusetts Executive Office of Administration and Finance (the "Secretary"), the Mayor of the City of Boston, the Massachusetts Development Finance Agency (the "Agency") and the Commissioner of the Massachusetts Department of Revenue (the "Commissioner"). Capitalized terms used herein without definition which are defined in the I-Cubed Program shall have the meanings ascribed to them therein.

The Fan Pier Development site (the "Fan Pier Site") is a 21-acre site (15 acres land, 6 acres water) spanning nine city blocks and will be comprised of more than three million square feet of office space, laboratory space, residential space, ground floor retail/restaurants/cafes, a hotel, 107,000 square feet of civic and cultural space (including the Institute of Contemporary Art) and 2,325 parking spaces. It will also feature maritime facilities including a 110 slip, six-acre marina with the ability to accommodate yachts of up to 200 feet, a touch and go dock and a water transportation dock. More than one half of the site will be open space, including acres of public parks and a continuous Harborwalk along the water's edge. The total development cost of the Fan Pier development will exceed \$3 billion.

More than twenty years in the making, the Fan Pier Development project (the "Fan Pier Development") (www.fanpierboston.com) is one of the most significant new developments in the United States. Uniquely situated on the shore of the Boston Harbor, Fan Pier incorporates nearly every aspect of a successful mixed-use development:

- Incorporation of major urban property types (Office, Retail, Laboratory, Hotel, Residential, Civic/Cultural);
- Direct access to mass transportation (MBTA Silver Line, ferry, bus transport);
- LEED Certification;
- Immediate access to major highway arterials;
- Incorporation of public parks and open space, including the Harborwalk;
- Waterfront access and a Marina; and
- Civic/Cultural amenities including the Institute of Contemporary Art.



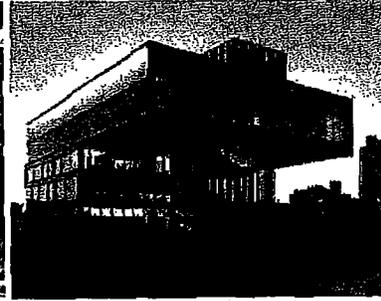
One Marina Park Drive



Public Green



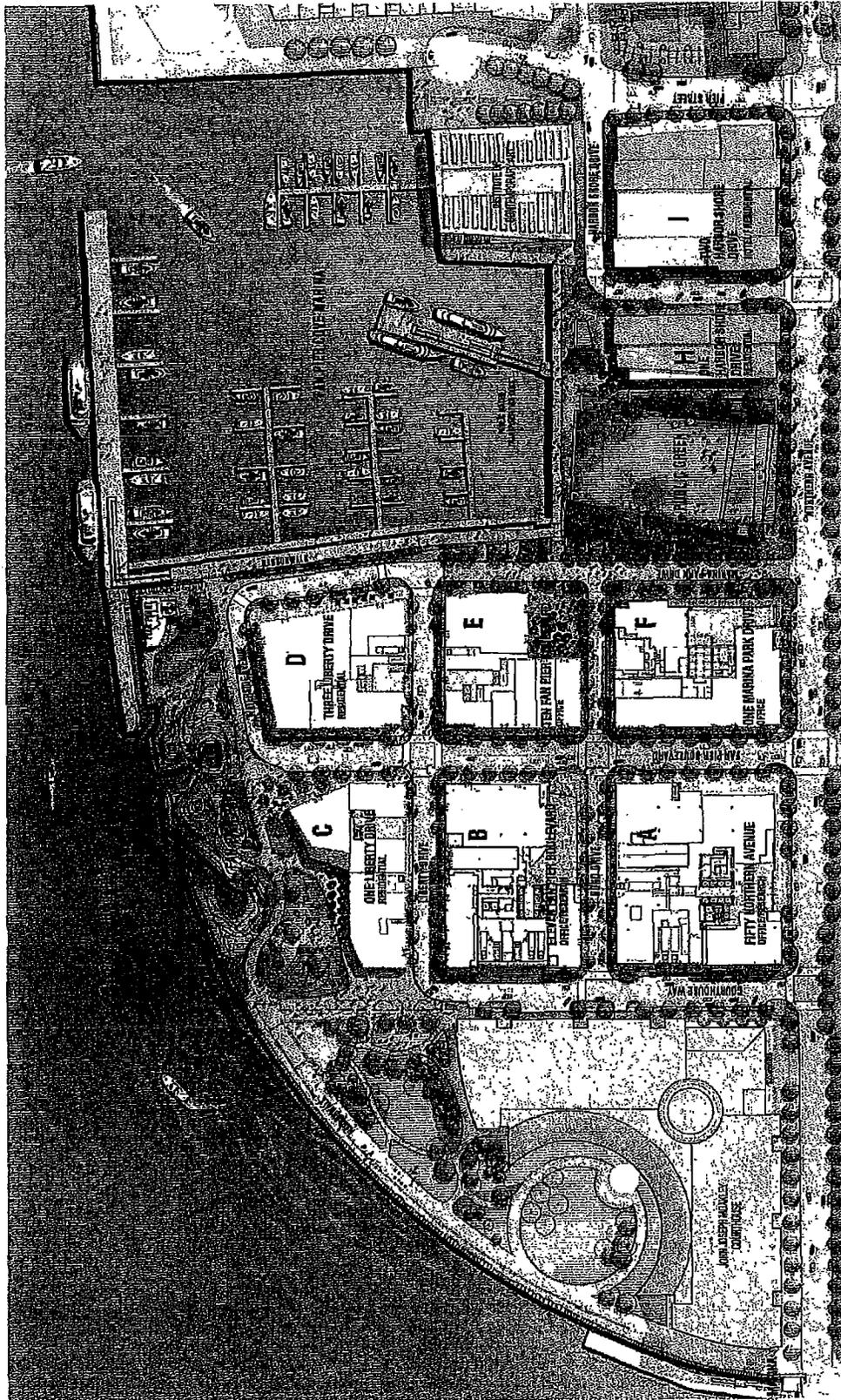
One & Two Harbor Shore Drive



Institute of Contemporary Art

The Fan Pier Development will ultimately consist of nine buildings on lettered parcels A through J (there is no Parcel G).

Fan Pier Master Plan



- **Parcels A and B/50 Northern Avenue and 11 Fan Pier Boulevard:** Two state-of-the-art LEED-registered and designed to be LEED-Silver Certified laboratory and office buildings totaling approximately 1,133,468 square feet (see descriptions of parcels A and B on page 18). Designed to be the global headquarters for biotechnology company Vertex Pharmaceuticals Incorporated, these buildings will together comprise one of the premier office/research laboratory facilities in the United States.
- **Parcels C and D/One and Three Liberty Drive:** Two premier residential properties with 255 units located along the Boston Harbor Waterfront with unobstructed views of the Harbor and the Downtown Boston skyline.
- **Parcel E/10 Fan Pier Boulevard:** A 300,000 square foot Class A office property.
- **Parcel F/One Marina Park Drive (existing):** An 18-story, 500,000 square foot Class A office property delivered in early 2010. This building features LEED Gold Certification, unique architecture and sweeping city and waterfront views. It also offers 20,000 square feet of retail, including the highly acclaimed Strega restaurant. The law firm of Fish & Richardson is a lead tenant in this building. The building is also home to the corporate offices of The Fallon Company.
- **Parcel H/One Harbor Shore Drive:** A 140 unit, premier residential building with direct waterfront access and views of the Boston Harbor and Financial District.
- **Parcel I/Two Harbor Shore Drive:** A 500,000 square foot, 180 residential unit, 175 room five star hotel with a premier spa.
- **Parcel J/Institute of Contemporary Art:** A 66,000 square foot cultural space including art museum and performance space (existing).
- **Fan Pier Marina:** The Marina has 110 slips, varying in length from 30' to 200' luxury moorings.
- **Parking:** There will be a total of 2,325 parking spaces on the site. Approximately 40 will be street-level spaces, with the balance below grade.



This Preliminary Economic Development Proposal relates specifically to the two office and research laboratory buildings, totaling approximately 1,133,468 square feet, to be constructed on Parcel A/50 Northern Avenue and Parcel B/11 Fan Pier Boulevard (the "Vertex Buildings") as the new headquarters for Vertex Pharmaceuticals Incorporated ("Vertex"), as well as to the site-wide infrastructure to bring the Fan Pier Development to full fruition.



Vertex Pharmaceuticals Incorporated ("Vertex") is a publicly traded global biotechnology company that aims to discover, develop and commercialize innovative therapies so people with serious diseases can lead better lives. Vertex scientists and its collaborators are working on new medicines to cure or significantly advance the treatment of hepatitis C, cystic fibrosis, epilepsy and other life-threatening diseases.

Vertex is a long-standing and prominent member of the Massachusetts biotechnology and business communities. Founded more than 20 years ago in Cambridge, Massachusetts, Vertex now has ongoing worldwide research programs and sites in the U.S., U.K. and Canada. Globally, the company ranks among the most significant publicly traded biotechnology firms and is listed on the NASDAQ-100, an index of the one hundred largest non-financial companies traded on the NASDAQ. As of December 31, 2010, Vertex has approximately 1,691 employees, of which approximately 1,241 are based in Massachusetts.

In November 2010, Vertex submitted a new drug application, or NDA, requesting approval from the U.S. Food and Drug Administration to market telaprevir for the treatment of people with hepatitis C. Vertex expects to obtain a decision on the telaprevir NDA by May 23, 2011. In parallel with its work in the area of hepatitis C, Vertex is also advancing VX-770, a medicine in development that targets the underlying defect of cystic fibrosis. Vertex is on track to submit an NDA for VX-770 later this year.

Negotiation and planning for the development of the Vertex Buildings began in 2007. In conjunction with those negotiations, the Developer and Vertex began discussions in 2008 with the Secretary and the office of the Secretary of Housing and Economic Development (the "Economic Development Secretary") regarding bond financing under the I-Cubed Program to finance Public Infrastructure Improvements on the Fan Pier Site, with the bonds to be supported by projected New State Tax Revenues generated by increased employment by Vertex in the Vertex Buildings. The availability of funding under the I-Cubed Program to offset other development costs is an important component of the overall project economics, and will enable the Developer to offer Vertex a more financially competitive lease arrangement than would be the case without the I-Cubed funding. While pursuing those negotiations, Vertex was also investigating opportunities to relocate outside of Massachusetts, and received offers of governmental incentives from other states, including Rhode Island.

In May, 2008 the Commonwealth confirmed the availability to Vertex, in connection with the development of the Vertex Buildings, of Massachusetts governmental incentives, including under the I-Cubed Program, in order to ensure that Vertex retained its then existing employment base in Massachusetts and would grow in the Commonwealth.

Following and in reliance upon that commitment, the Developer and Vertex entered into a letter of intent regarding construction and leasing of the Vertex Buildings, signaling Vertex's commitment to stay and grow in the Commonwealth. However, in September, 2008 the financial markets collapsed, and financing for construction of the Vertex Buildings collapsed with it. It is universally recognized that at least two years were "lost" in the development business because of that collapse. During this interval, Vertex took steps to extend its leases in Cambridge for a short term, to preserve the ability to complete its headquarters relocation when the markets recovered.

In mid-2010, as the financial markets began to recover, the Developer and Vertex resumed their planning for the Vertex Buildings, and, in January, 2011, once again entered into a letter of intent regarding construction and leasing of the Vertex Buildings. As before, the anticipated availability of bond proceeds under the I-Cubed Program to fund Public Infrastructure Improvements, supported by the New State Tax Revenue generated by increased Vertex employment in the Commonwealth since its commitment to stay and grow here was made in May, 2008, is key to the ability of the Developer to offer Vertex a more competitive lease arrangement than would be the case without the I-Cubed funding.

True to its commitment made to the Commonwealth in May, 2008, Vertex has retained the level of employment which it had in Massachusetts in May, 2008, and, since then, has expanded its employment by an additional 450 persons in Massachusetts, resulting in a Massachusetts employee headcount of approximately 1,241 permanent jobs as of December 31, 2010 (the "Existing Permanent Jobs")

Therefore, this Preliminary Economic Development Proposal seeks a finding that all of the Existing Permanent Jobs, the approximately 202 new permanent jobs to be created by Vertex in Massachusetts in anticipation of the completion of construction of the Vertex Buildings and the approximately 298 additional new permanent jobs to be created by Vertex after Vertex's occupancy of the Vertex Buildings, are Eligible Jobs based upon compelling evidence that all of these jobs would have relocated outside of the Commonwealth if the Economic Development Project were not carried out.

Based upon the same set of factors, the Developer seeks the inclusion of the soft costs and easement value allocated to Public Infrastructure Improvements built since May, 2008.

As described above, the Fan Pier Development is far more than just the Vertex Buildings, and will generate New Revenues beyond those generated by Vertex's Eligible New Jobs. However, because the Fan Pier Site lies within the Convention Center Finance District, the taxes on food and beverages in ground floor restaurant space in the Fan Pier buildings, and the room taxes from the hotel to be built on Parcel I, are Dedicated Revenue and not available to support debt service on bonds under the I-Cubed Program. Although Parcel E/10 Fan Pier Boulevard is to be optioned by Vertex for potential additional office space, the actual use of that parcel will not be known for at least two years. Unlike jobs in the biotechnology/pharmaceutical industry (which the Vertex jobs are), the methodologies for the calculation of displacement factors for employment in retail, restaurant, hotel and general office uses are susceptible to time consuming debate and could delay approval of this application.

Accordingly, this Preliminary Economic Development Proposal, and the I-Cubed Program funding for Public Infrastructure Improvements, relies solely on the Vertex Buildings as the Project Components. However, the construction of the Vertex Buildings facilitated by I-Cubed Program funding for Public Infrastructure Improvements will be a catalyst for an approximately \$1.5 billion of additional construction activity on the Fan Pier Site beyond the construction activity directly related to the Vertex Buildings.

The construction within the Commonwealth of a consolidated global headquarters and research facility of approximately one million square feet – the size needed to accommodate Vertex's operations and planned short-term growth – requires development in a location with significant available space. By their nature, such locations, whether within Boston or elsewhere in the state, need significant infrastructure improvements to attract and support tenants like Vertex. The availability of the Public Infrastructure Improvements are an essential element supporting the construction of the Vertex Buildings and played a vital role in attracting Vertex to maintain its headquarters in Massachusetts. The anticipated availability of bond proceeds under the I-Cubed Program to fund the Public Infrastructure Improvements will not only permit the Developer to offer Vertex a more competitive lease arrangement, thereby inducing Vertex to stay and grow within the Commonwealth, but will also serve as a catalyst for further improvements to the Fan Pier site and the

surrounding area – thereby magnifying the effect of the I-Cubed proceeds on economic growth and job creation.



(a) *Legal name, contact information, personnel, description, and relevant experience of the Developer*

Name: Fan Pier Development LLC, a Delaware limited liability company, and its affiliates

Information:

Name: Joseph F. Fallon
Title: Chief Executive Officer
Address: The Fallon Company LLC
Boston, Massachusetts 02210
Telephone: (617) 737-4100
Fax: (617) 737-4101
Email: jfallon@falloncompany.com

Personnel and Description of the Developer:

The Developer is a joint venture comprised of an affiliate of The Fallon Company LLC and Massachusetts Mutual Life Insurance Company, acting through its subsidiary, Cornerstone Real Estate Advisers LLC. The Fallon Company is the developer for this venture.



The Fallon Company LLC (www.falloncompany.com) is one of Boston's premier real estate investment and development companies. Founded in 1993, The Fallon Company has been involved in a portfolio of notable projects that continue to define the Boston Skyline. These properties, both completed and underway, include striking residential buildings, hotels, and impressive retail addresses that are redefining the South Boston Waterfront as the hub of the new Boston. Active and viable through fluctuating economic cycles, The Fallon Company is adept at establishing, executing and monitoring strategies for each of its signature properties. Each project in the Fallon portfolio reflects a range of building types and architectural expressions, yet all are bound by a common thread of elegance and distinction. The Company has always understood that excellent design can enhance a building's value to its tenants and to the community.

The Fallon Company's vast experience in the planning, financing, permitting, construction, leasing and management of multi-faceted real estate development projects is complemented by the firm's long-term vision and collaborative approach: create dynamic and distinctive places to work and live, and integrate them into the life of the neighborhoods and city in which they are a part. Recognized for its work as a good and respectful neighbor, The Fallon Company promotes collaboration of ideas in the communities in which it builds. This spirit of outreach and teamwork is apparent in each and every one of its ventures, carried forward from earliest design phases through occupancy working together with civic organizations, elected officials, local residents, business leaders, colleagues and many others.

Joseph F. Fallon, President and CEO: As founder and president of The Fallon Company, Joseph F. Fallon oversees the development and investment operations of the Company's real estate portfolio, which includes some of the most sought after residential, hotel and commercial properties in Boston. Mr. Fallon is a Boston-area native with over three decades of experience in commercial real estate. He has developed several billion dollars of commercial real estate, including three million square feet of retail space, over 2,000 apartments as well as hotels and real estate in the Boston area, including such iconic developments as Copley Place (for JMB Urban) and 125 Summer Street (for Jaymont Properties).

Joseph F. Fallon's vision, strong local focus and wide-ranging knowledge have allowed the collective talent of the organization to take advantage of strategic real estate opportunities and create projects of enduring beauty and value to the City.

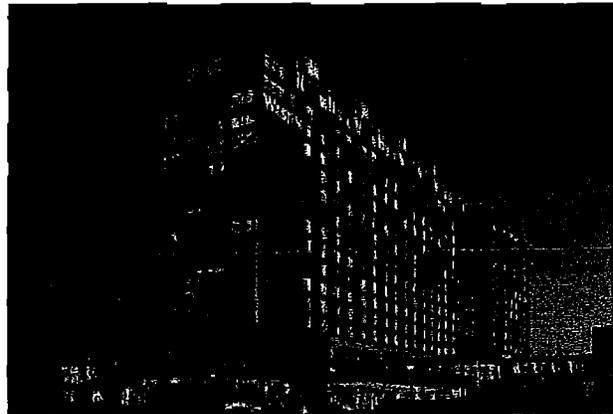
Richard J. Martini, Executive Vice President. Richard J. Martini has been responsible for over \$300 billion of development and construction across the United States and Canada. Mr. Martini joined The Fallon Company in 2003, and has been responsible for design and construction of the company's projects since that date. After spending ten years as a design professional, Mr. Martini spent 14 years in the hotel development industry, first for ITT Sheraton Corporation and then as Senior Vice President, Design and Construction for Starwood Hotels & Resorts where he was responsible for all design, construction and capital planning for all of the Starwood hotel brands. Mr. Martini is a registered architect in Massachusetts, New York, Connecticut and New Hampshire.

Myrna Putziger. Ms. Putziger joined The Fallon Company in January of 2007 and is involved in all aspects of the company's business. Before joining The Fallon Company, Ms. Putziger practiced law in Boston in the field of commercial real estate, with a focus on development in the City of Boston, for over thirty years. Ms. Putziger's areas of expertise include the full spectrum of real estate related activities, including zoning, subdivision, environmental review, permitting, land acquisition and ground leases, construction contract drafting, condominium formation, construction and permanent financing, equity agreements, and acquisition and disposition of commercial properties. During her legal career, Ms. Putziger participated in numerous office, hotel and mixed use projects in the City of Boston, including the Park Lane Seaport/Renaissance Hotel development in the Seaport, Copley Place, Lafayette Place/Lafayette Corporate Center, and Rowes Wharf. Ms. Putziger is licensed to practice law in Massachusetts.

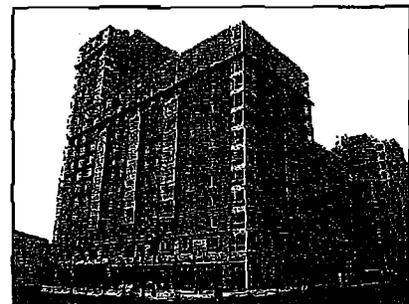
Relevant Experience:

The Fallon Company team has accomplished major developments in the City of Boston. These include:

The Westin Boston Waterfront – The Fallon Company, managing partner in a joint venture with New England Development, developed, completed and opened The Westin Boston Waterfront Hotel on Boston's exciting South Boston Waterfront. Connected via a skyway, the hotel is fully integrated with the adjoining 1.6 million square foot Boston Convention & Exhibition Center. Part of this truly world-class convention complex, the Westin Boston Waterfront is where Boston meets modern business. Opened in the summer of 2006, this premier waterfront destination offers spectacular views of the harbor and the skyline, unique dining options, productive meeting space, close proximity to Boston's lively shopping, cultural and entertainment areas and easy access to Logan International Airport and major highways.

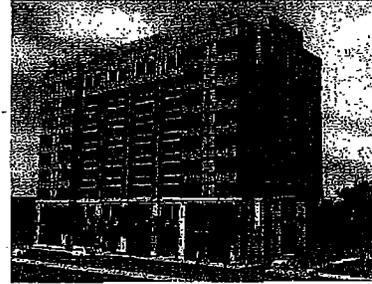


Park Lane Seaport – Park Lane Seaport (www.parklaneseaport.com) brings high-style living to Boston's newly revitalized Waterfront. Demonstrating The Fallon Company's commitment to the thoughtful development of the area, Park Lane adds panache to this exciting new neighborhood. Park Lane features 465 luxury apartments, 20,000 square feet of restaurants and retail space in two distinctive buildings and a 520 space below grade parking garage. Offering a variety of exceptional floor plans, the complex consists of studios, one-, two-

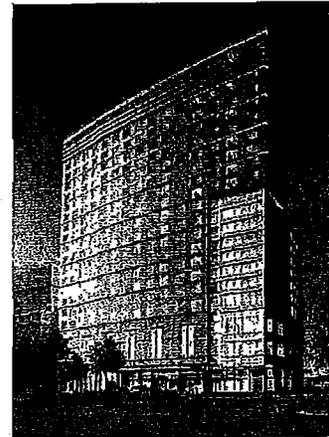


and three-bedroom homes ranging in size from 500 to 1,300 square feet. Most apartments offer floor-to-ceiling windows that capture fabulous views of the city's bustling harbor and spectacular skyline. Boston's premier attractions, restaurants, hotels, cultural and entertainment highlights are located nearby, and residents have easy access to all the major highways, the new Silver Line Station and the water shuttle to Logan International Airport.

Albany Fellows – Located next door to Boston University Medical Center facilities and across the street from the Crosstown development area, 817 Albany Street is being transformed into a vibrant urban center. The 1.7-acre parcel has been approved for 442,800 square feet of development in three buildings along with parking for up to 322 cars. The first project now under construction is a 104-unit Graduate Housing facility for Boston University's School of Medicine, with retail space at the ground level and a new 12,000 square foot park along Albany Street. Subsequent phases are being planned with Boston University.



Marriott Renaissance Hotel - This 477 room upscale, full-service hotel is located in the core of the fast developing Seaport District of South Boston. Amenities include a street-level restaurant, business center, swimming pool, fitness center and conference and banquet facilities. Less than a block from Boston Harbor and its water taxis, adjacent to the new Silver Line T Station and a five minute ride through the new Ted Williams Tunnel to Logan Airport, guests have many transportation choices.



CORNERSTONE
Real Estate Advisers LLC



Cornerstone Real Estate Advisers LLC (www.cornerstoneadvisers.com) was established in 1994 to provide private real estate equity investment management services to its parent corporation, Massachusetts Mutual Life Insurance Company. The company has since expanded its client base to include a number of major financial institutions, and expanded its array of services to include public real estate securities, separate account investment and co-investment vehicles, and a series of strategically focused, closed-end funds.

By mid-2010, Cornerstone had over \$31.2 Billion in total assets under management, including office, multifamily, industrial, retail, and hotel properties. The firm also invests in first mortgage and subordinate loans as well as real estate securities and numerous alternative investment products related to real estate.

MassMutual
FINANCIAL GROUP

Founded in 1851, Massachusetts Mutual Life Insurance Company ("MassMutual") is a leading mutual life insurance company, providing a range of quality products – life insurance, disability income insurance, long-term care insurance, annuities and retirement planning products. The MassMutual family of companies in the MassMutual Financial Group includes: Babson Capital Management LLC, Baring Asset Management Limited, Cornerstone Real Estate Advisers LLC, First Mercantile Trust Company, MassMutual International LLC, MML Investors Services, The MassMutual Trust Company, fsb and OppenheimerFunds, Inc. For

fiscal year ended 2009, the Company reported \$420 billion in assets under management, worldwide insurance in place of \$532 billion and premium and other deposits of \$27 billion.

MassMutual builds confidence among policyholders with outstanding financial performance. Financial strength ratings are a key measure of a company's ability to meet its financial obligations to its policyholders, and MassMutual's financial strength ratings are among the highest of any company in any industry. The table below illustrates MassMutual's ratings at a glance:

| | |
|-------------------------------------|-------------------|
| A.M. Best Company | A++ (Superior) |
| Fitch Ratings | AA+ (Very Strong) |
| Moody's Investors Service | Aa2 (Excellent) |
| Standard & Poor's | AA+ (Very Strong) |

(b) *References and the contact information of other government officials, if any, with whom the Developer has dealt in connection with similar development projects*

Name: The Honorable Thomas M. Menino
Title: Mayor, City of Boston
Address: Boston City Hall
One City Hall Plaza
Boston, Massachusetts 02201
Telephone: (617) 635-4000
Fax: (617) 635-2858

Name: Kairos Shen
Title: Chief Planner, Boston Redevelopment Authority
Address: Boston City Hall
One City Hall Plaza, 9th Floor
Boston, Massachusetts 02201
Telephone: (617) 722-4300
Fax: (617) 248-1937
Email: Ines.Soto.BRA@cityofboston.gov

Name: Lowell M. Richards, III
Title: Chief Development Officer, Massachusetts Port Authority
Address: One Harborside Drive
East Boston, Massachusetts 02128
Telephone: (617) 568-1000
Fax: (617) 568-1083
Email: richards@massport.com

Name: James E. Rooney
Title: Executive Director, Massachusetts Convention Center Authority
Address: Boston Convention & Exhibition Center
415 Summer Street
Boston, Massachusetts 02210
Telephone: (617) 954-2000
Fax: (617) 954-2299
Email: jrooney@massconvention.com

(c) If the Economic Development Proposal is expected to be owned or carried out by more than one Developer, items 1 and 2 above for each Developer and an explanation of their relationship, their respective ownership interests and their respective roles in carrying out the Economic Development Proposal.

Each of the separate buildings to be constructed as part of the Fan Pier Development will be separately owned. The two buildings to be occupied by Vertex will be owned by affiliates of the Developer as follows:

Parcels A/50 Northern Avenue will be owned by Fifty Northern Avenue LLC, a Delaware limited liability company, the members of which will be (i) Developer, (ii) an affiliate of The Fallon Company, and (iii) Massachusetts Mutual Life Insurance Company (the "Parcel A Owner").

Parcel B/11 Fan Pier Boulevard will be owned by Eleven Fan Pier Boulevard LLC, a Delaware limited liability company, the members of which will be (i) Developer, (ii) an affiliate of The Fallon Company, and (iii) Massachusetts Mutual Life Insurance Company (the "Parcel B Owner," and together with the Parcel A Owner, the "Owners").

(d) Boundaries of the proposed Economic Development District, including:

(1) a textual description of the boundaries and a map showing boundaries;

The Proposed Economic Development District is the whole of the Fan Pier Site, which is shown on the plan entitled "Fan Pier, Plan of Land in Boston, Massachusetts" dated September 27, 2005, annexed hereto as **Appendix A**. A legal description of the Fan Pier Site is included in **Appendix B**.

(2) identification of the existing parcels of real property located within the proposed district;

As of the date of this Preliminary Economic Development Proposal the Fan Pier Site has been subdivided into two parcels, shown on a plan a plan entitled "Subdivision Plan of Land, Parcel F-Fan Pier, Boston, Massachusetts" dated December 12, 2007, prepared by Nitsch Engineering and recorded at the Suffolk County Registry of Deeds in Plan Book 2007, Page 880, a copy of which is annexed hereto as **Appendix C**.

(3) identification of the current Owner of each parcel, and, to the extent any of the parcels are not currently owned by the Developer, evidence that the Developer has a reasonable expectation of acquiring the parcels not currently owned by the Developer and the expected cost of acquiring these parcels;

The Developer is the current owner of all of the Fan Pier Site other than Parcel F. The sources of title are: (i) a Deed from Fan Pier Land Company dated September 29, 2005 and recorded with the Suffolk County Registry of Deeds in Book 38144, Page 297, and (ii) a Quitclaim Deed from the Boston Redevelopment Authority dated November 28, 2007 and recorded with the Suffolk County Registry of Deeds in Book 42833, Page 130.

Parcel F/One Marina Park Drive is owned by Fallon Cornerstone One MPD LLC, an affiliate of the Developer, pursuant to Quitclaim Deed from the Developer dated January __, 2008 and recorded with the Suffolk County Registry of Deeds in Book 43059, Page 45.

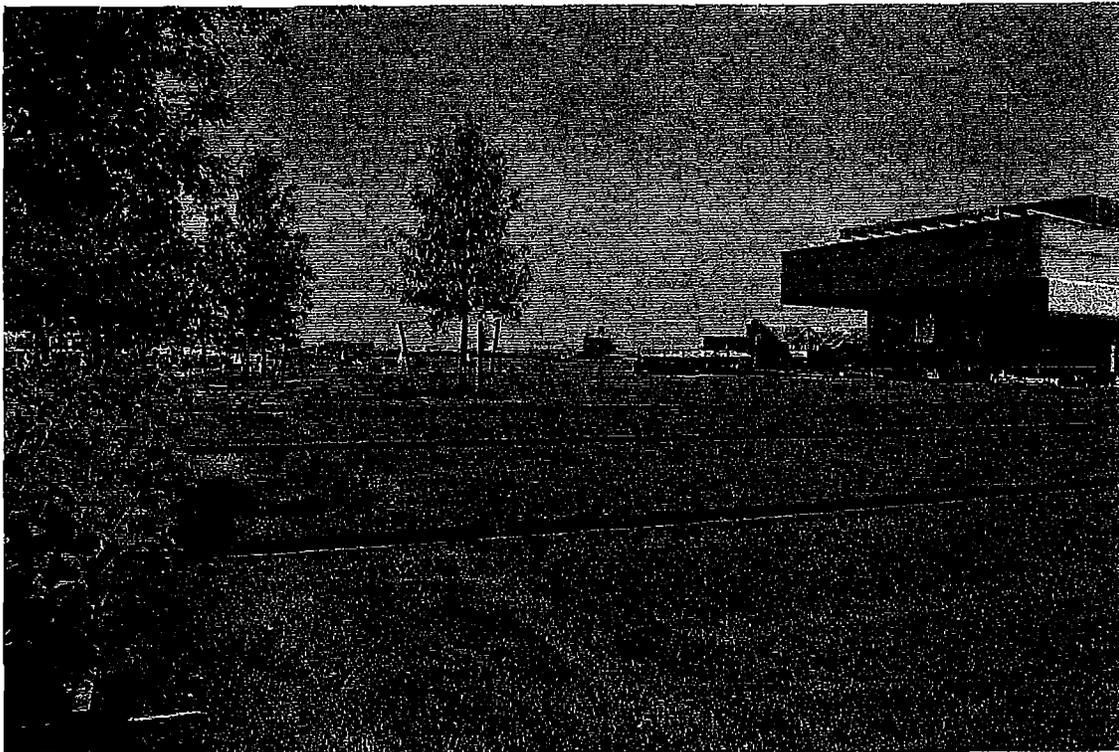
(4) identification of the proposed Assessment Parcels upon which the different Project Components will be developed;

The two Assessment Parcels upon which the Project Components will be developed are Parcel A/50 Northern Avenue and Parcel B/11 Fan Pier Boulevard. These two parcels are shown on "Subdivision Plan of Land, Fan Pier, Northern Avenue, Boston, Massachusetts," dated February 25, 2011, prepared by Nitsch Engineering and to be recorded at the Suffolk County Registry of Deeds, a copy of which is annexed hereto as **Appendix D**.

As shown on such plan, Parcel A contains 48,405 square feet of land and Subsurface Parcel A contains 15,467 square feet of land below Elevation 15.67 Boston City Base (collectively, "Parcel A"), and Parcel B contains 39,648 square feet of land, Subsurface Parcel B contains 18,913 square feet of land below Elevation 15.67 Boston City Base, and Air Space Parcel B contains 536 square feet between Elevations 72.75 and 110.42 Boston City Base (collectively, "Parcel B"). Parcel A will be conveyed by the Developer to the Parcel A Owner, and Parcel B will be conveyed by the Developer to the Parcel B Owner coincident with the execution and delivery of the leases of the buildings to be constructed on these Parcels to Vertex.

(5) identification of the proposed Public Infrastructure Improvements

Public Green: An approximately 1¼ acre public open space known as the Public Green has been designed and will be maintained as a generally open area adaptable to a variety of uses. The Public Green contains lighting, seating areas, trash receptacles, signage, bicycle racks, lawn and landscaped areas and internal pathways. The Public Green includes a path system providing convenient pedestrian access from the west and south to the water transportation dock. All major pathway elements are a minimum width of ten (10) feet clear, and all secondary pathway elements are a minimum width of five (5) feet clear. The Public Green was designed and constructed to preserve the view corridors between the site of the proposed water transportation dock and Northern Avenue and from Bond Street between the Buildings on Parcels E and F. Most of the Public Green (82%) has been constructed; the balance will be constructed in connection with the construction of the building on Parcel H.



Fan Pier Park: An approximately 1½ acre public park known as Fan Pier Park. Fan Pier Park will contain lighting, seating areas, trash receptacles, signage, bicycle racks, lawn and landscaped areas and internal pathways. This park will include an area at the point where Boston Harbor intersects the westerly side of Fan Pier Cove to be designated "Lookout Point" (shown as "Pier Point" on the Fan Pier Master Plan), which will be designed and equipped as a public viewing area. Within this area, an approximately 2,000 square foot pavilion building will be constructed and will be used solely to provide services to park users, including showers and free restrooms to be open twenty-four (24) hours a day.

Harborwalk: A continuous hard-surfaced, multi-use Harborwalk along the seaward portion of the entire Fan Pier Site, a total distance of more than 1,200 linear feet. Portions of the Harborwalk will be located on a fixed pier boardwalk, with the balance to be located on land. The Harborwalk will connect with the existing waterfront walkways at the adjacent Moakley Courthouse and Institute of Contemporary Art sites, and with public plazas, sidewalks, and other pedestrian facilities to be constructed on the Fan Pier Site. The Harborwalk will have a minimum width of 12 feet, with 10 feet clear of obstructions. The Harborwalk will be consistent with the City of Boston's Harborwalk standards.

Water Transportation Terminal: A public water transportation dock measuring no less than 160 feet by 30 feet, with at least five berths for water transit vessels, a shade structure with seating and posted ferry schedules. The dock will be reserved solely for use by public water transportation vessels. The water transportation dock will be supported by a 500 square foot indoor water transportation ticket office, which initially will be provided in a temporary ticket office and will ultimately be constructed as part of the development on Parcel H. Construction of the water transportation dock will require recontouring (dredging) of Fan Pier Cove to achieve a uniform depth at low tide of 10'. The area to be dredged is approximately 200 feet wide by 420 feet long and contains approximately 80,000 square feet of area.

Wave Attenuator and Other Marina Facilities: A publicly-accessible floating wave attenuator, which will contain approximately 17,678 square feet of space on a dock approximately 643 feet in length. This installation is to be constructed and maintained as a public open space, and will be publicly accessible twenty-four (24) hours a day. A 420' section of the Wave Attenuator, containing approximately 9,600 square feet, has been constructed.

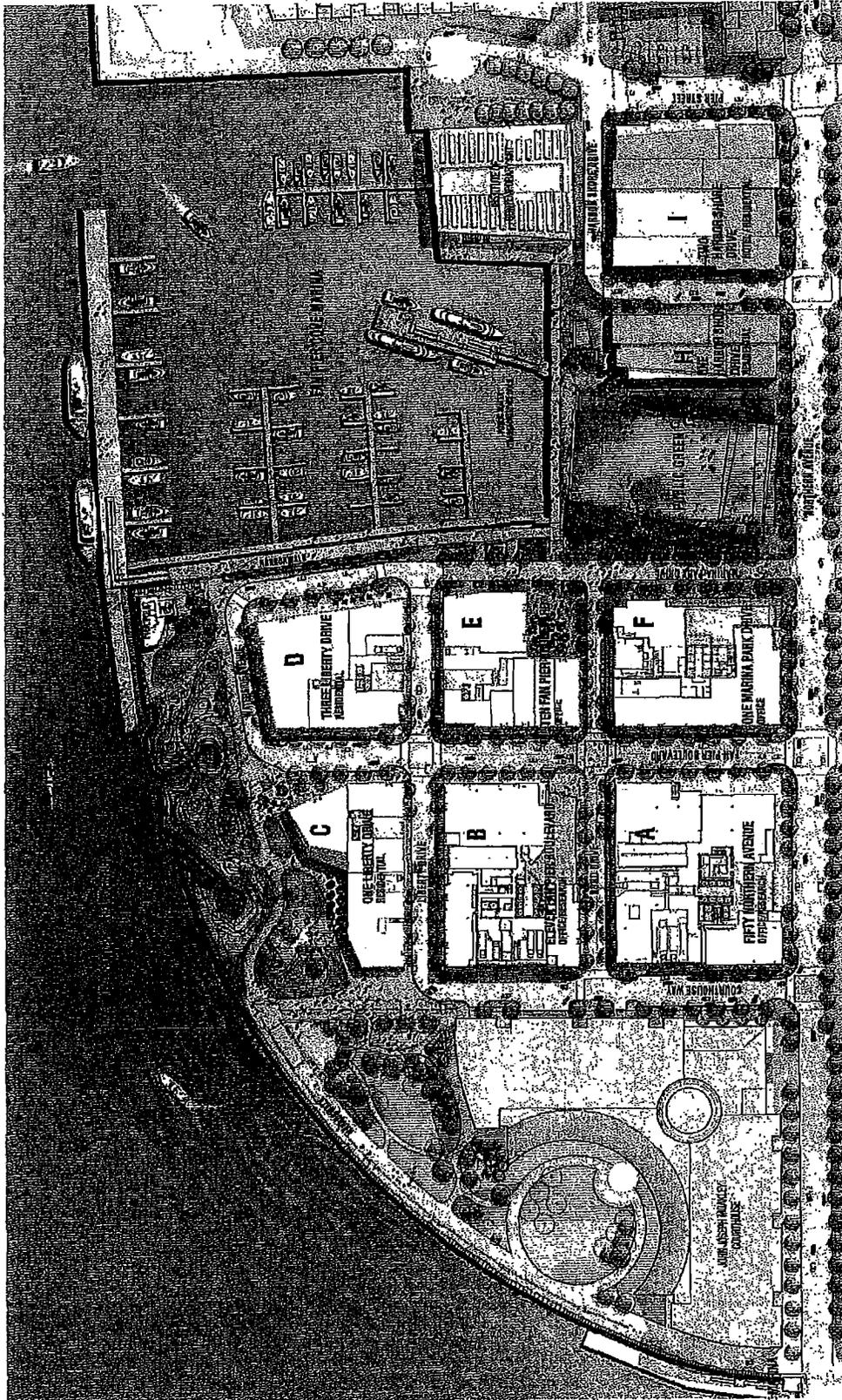
Although the Fan Pier Development will include a marina, it is not considered public infrastructure for purposes of this Preliminary Economic Development Proposal, except for the following elements: (i) a 50 foot length of dock will be constructed and maintained as a publicly accessible touch and go dock, and (ii) a pile-held floating pier along the northwest side of Fan Pier Cove will be constructed and maintained as a publicly accessible open space twenty-four (24) hours a day.

Streets and Sidewalks: In order to transform Fan Pier into nine city blocks, an entire street grid of new streets must be constructed. Six new streets, all of which will be private ways open to public travel, will be constructed, including Marina Park Drive, Fan Pier Boulevard, Bond Drive, Liberty Drive, Water Side Avenue, and Harbor Shore Drive. These streets total approximately 7,420 lane feet, or approximately 1.4 lane miles and approximately 89,640 square feet of total area. Sidewalks along all of these streets comprise an additional approximately 76,810 square feet of total area.

Utilities: New water, sewer and drain lines must be constructed beneath Marina Park Drive, and the water line must be extended in a loop to meet existing lines in Courthouse Way. In addition, the drainage line in Courthouse Way must be upsized to accommodate increased flows.

All of these Public Infrastructure Improvements are shown on the following illustrative master plan and are described in more detail on the License Plans incorporated in Chapter 91 License No. 11907 issued by the Massachusetts Department of Environmental Protection ("DEP") to the Developer and recorded with the

Suffolk County Registry of Deeds in 42568, Page 89, a copy of which is included in Appendix E (the "Public Realm License").



(e) *Description of the Proposed Economic Development Project, including:*

- (1) *each building, facility or other improvement to be constructed on each Project Component;*
- (2) *the square footage of each building to be used as a commercial facility, and the expected allocation of the square footage among different types of commercial activity, and descriptions of the expected specific commercial uses of this square footage;*

As previously stated, this Preliminary Economic Development Proposal is based upon two Project Components to be dedicated primarily to office/research laboratory use which are to be constructed on Parcels A and B and qualify as Commercial Components. Both buildings will be constructed simultaneously, with commencement of construction anticipated to occur on or about June 1, 2011, and completion anticipated to occur on or about December 31, 2013.

Parcel A/50 Northern Avenue:

The building to be constructed on Parcel A, 50 Northern Avenue, is a proposed class A office, research laboratory and retail/restaurant building. As presently designed, it contains 16 floors (including a mid-height mechanical floor), plus a two level mechanical penthouse. Three levels of parking are provided under the building and under Fan Pier Boulevard and Bond Drive (the adjoining streets), totaling approximately 352 parking spaces. The building is approximately 490,201 square feet of gross floor area (as defined in the Boston Zoning Code (the "Code")) and 588,217 square feet of rentable area. Floor areas in the podium are approximately 41,000 square feet of rentable area each and floor areas within the upper portion of the building are approximately 28,500 square feet of rentable area each. The building is approximately 245.5 feet in height (approximately 261 feet with the mechanical penthouse). The building's ground floor is designed to accommodate restaurants, cafes, services and various retail uses on Northern Avenue, Bond Drive and Fan Pier Boulevard.

On Parcel A, approximately 558,533 square feet of rentable area is to be leased to Vertex for office and research laboratory use pursuant to a lease between the Parcel A Owner, as landlord, and Vertex, as tenant (the "Building A Lease"), and approximately 29,684 square feet of rentable area is available for lease for restaurants, cafes, services and various retail uses.

The building is designed for the large density of laboratory equipment in a research laboratory facility. The structural grid is laid out with long-span bays providing for flexibility in laboratory, laboratory support and office layout.

Parcel B/11 Fan Pier Boulevard:

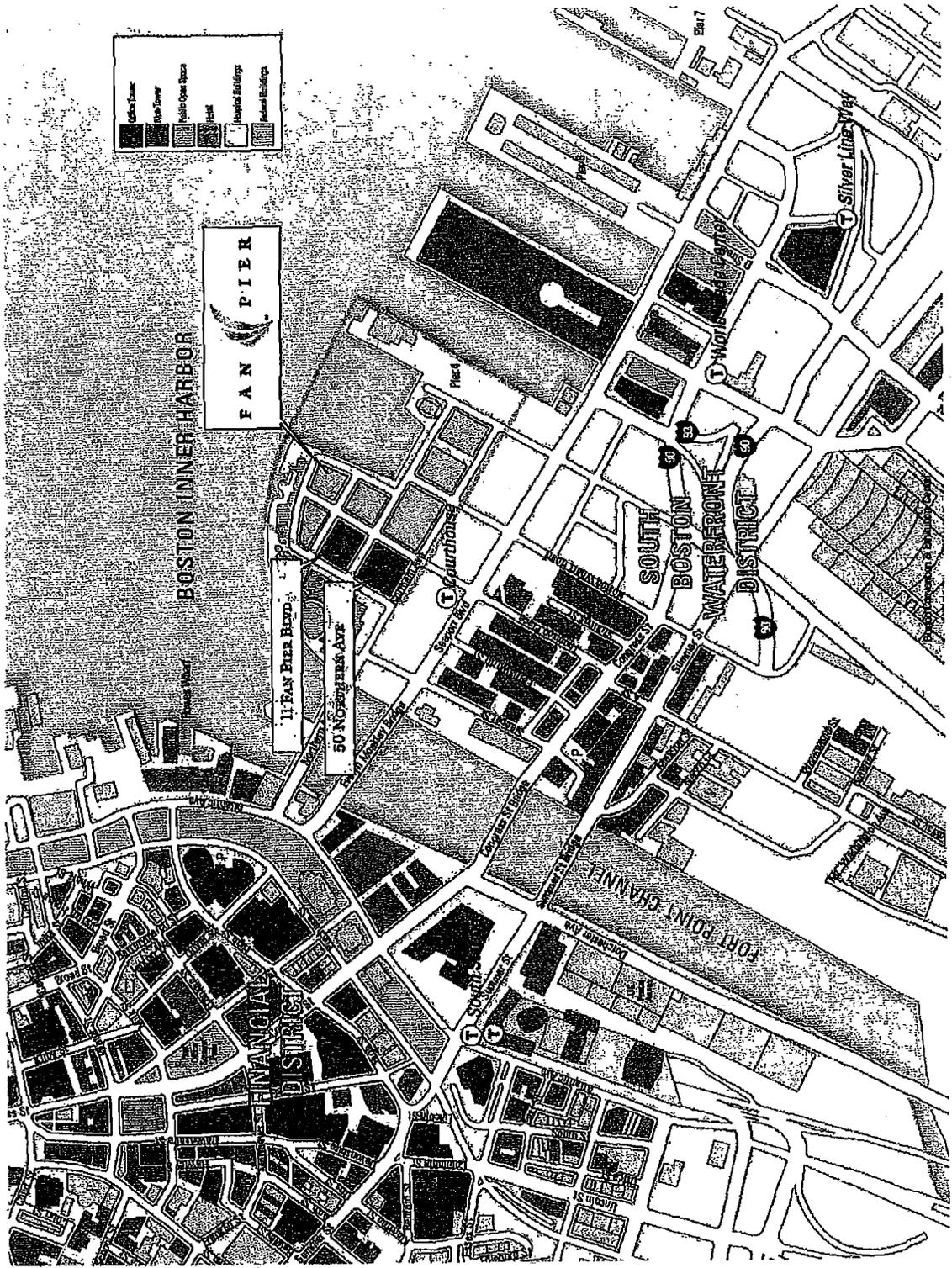
The building to be constructed on Parcel B, 11 Fan Pier Boulevard, is a proposed class A office, research laboratory and retail/restaurant and day care building. As presently designed, it contains 16 floors (including a mid-height mechanical floor), plus a two level mechanical penthouse. Three levels of parking are provided under the building, Liberty Drive and Fan Pier Boulevard (the adjoining streets), totaling approximately 448 parking spaces. The building is approximately 423,157 square feet of gross floor area as defined in the Code and 545,251 square feet of rentable area. Floor areas in the podium are approximately 39,000 square feet of rentable area each and floor areas within the upper portion of the building are approximately 31,000 square feet of rentable area each. The building is approximately 238 feet in height (approximately 258 feet with the mechanical penthouse). The building's ground floor is designed to accommodate restaurants, cafes, services, day care and various retail uses on Bond Drive, Liberty Drive and Fan Pier Boulevard.

On Parcel B, approximately 520,218 square feet of rentable area is to be leased to Vertex for office and research laboratory use pursuant to a lease between the Parcel B Owner, as landlord, and Vertex, as tenant

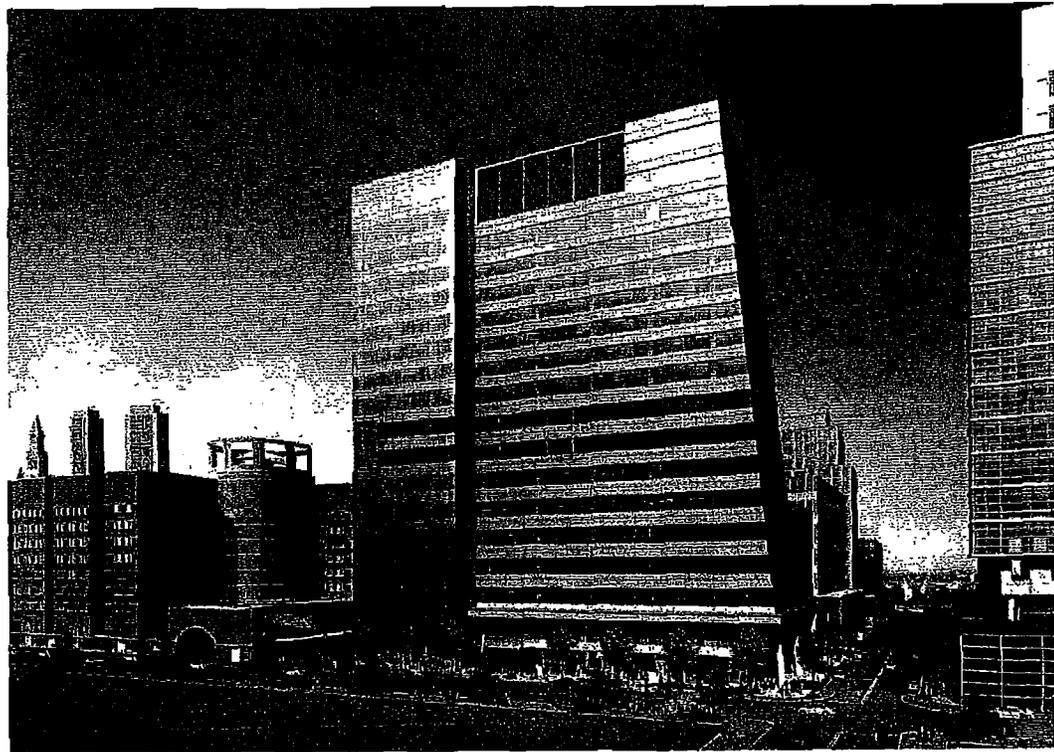
(the "Building B Lease," and together with the Building A Lease, the "Vertex Leases"), approximately 12,000 square feet of rentable area is available for day care use, and approximately 13,000 square feet of rentable area is available for lease for restaurants, cafes, services and various retail uses.

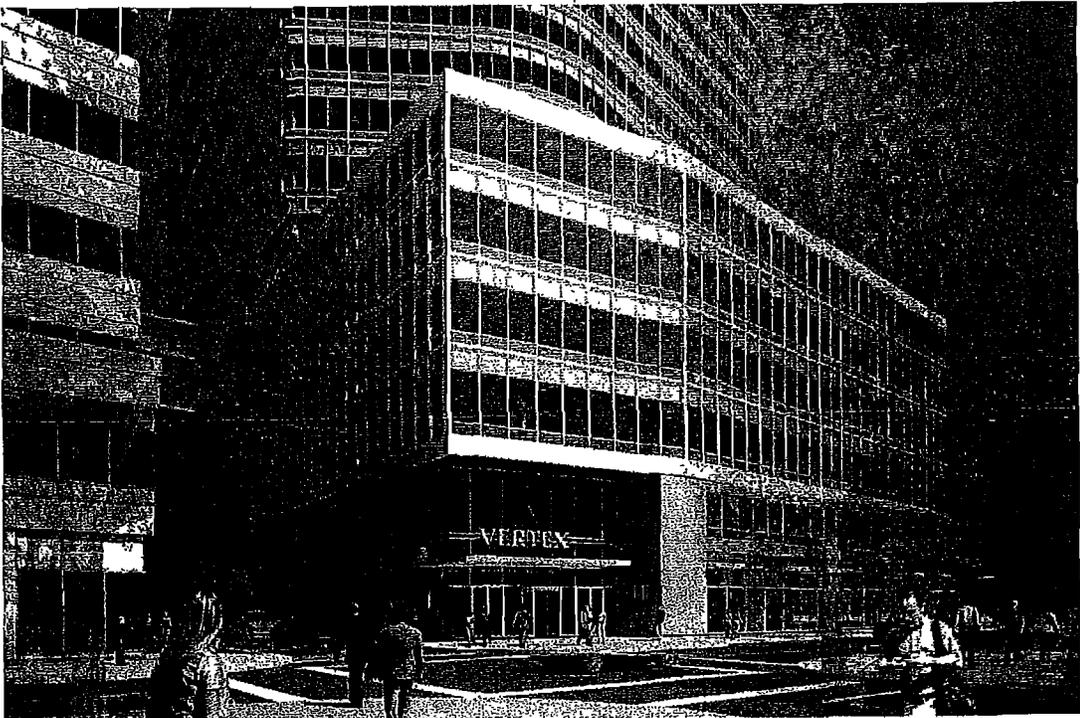
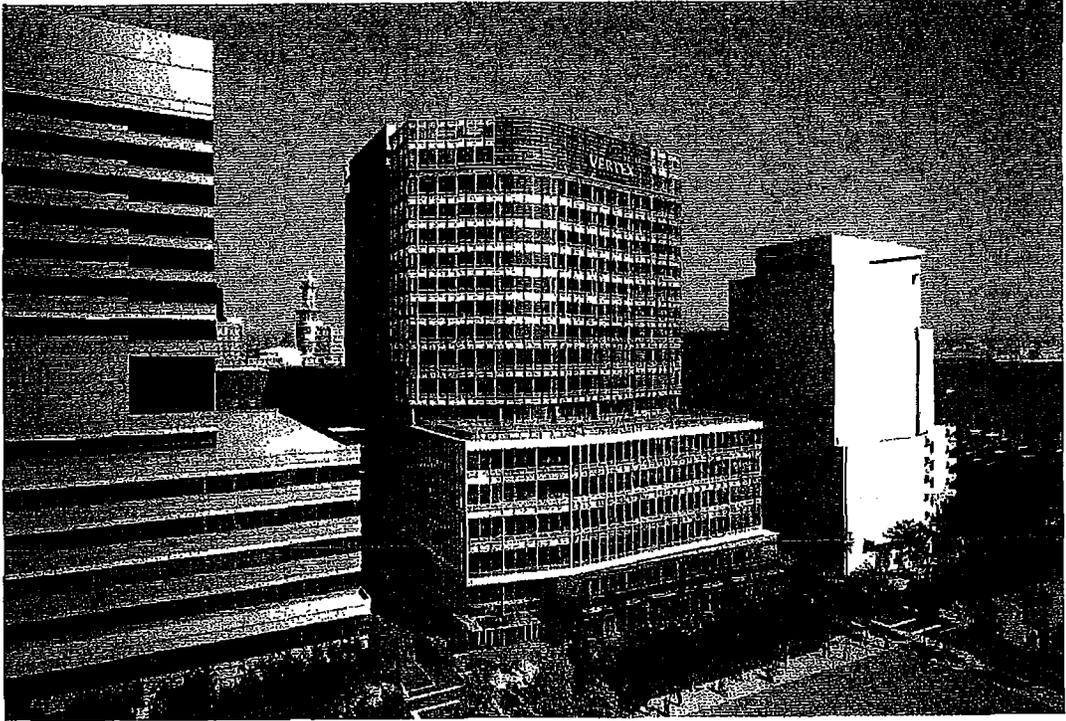
The building is designed for the large density of laboratory equipment in a research laboratory facility. The structural grid is laid out with long-span bays providing for flexibility in laboratory, laboratory support and office layout.

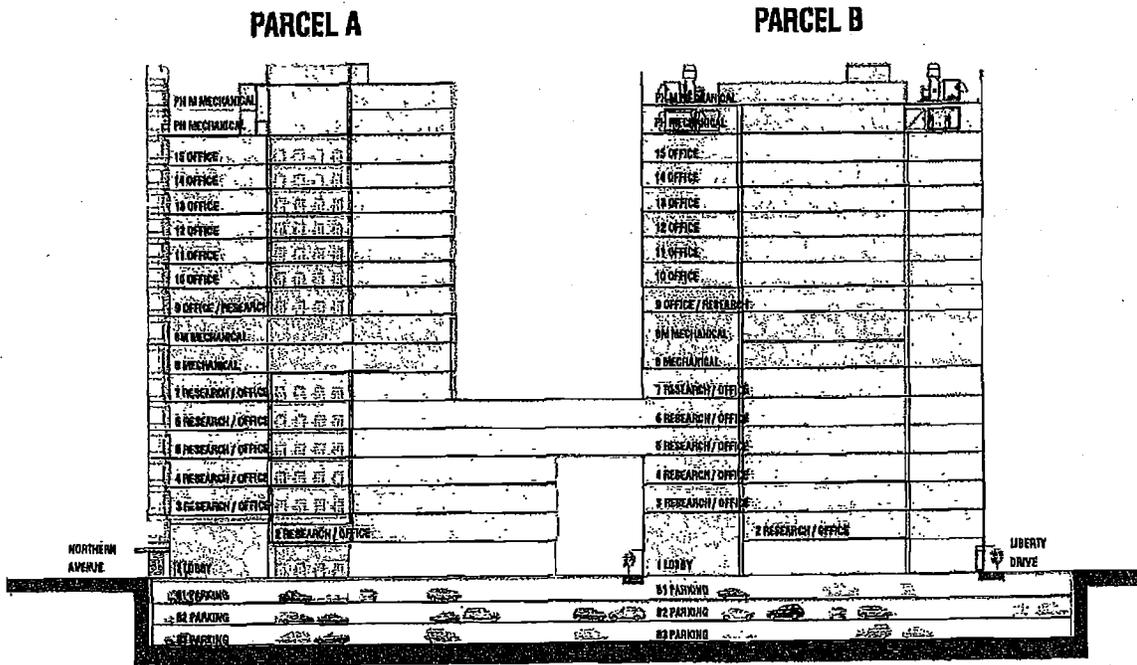
11 Fan Pier Boulevard is a companion building to the building to be constructed on Parcel A at Fan Pier, 50 Northern Avenue. Both of 50 Northern Avenue and 11 Fan Pier Boulevard will to be leased to Vertex for an initial term of fifteen years. Because of this common use, these two buildings will be interconnected by a two-story bridge spanning Bond Drive at the fifth and sixth stories, to be constructed as part of 11 Fan Pier Boulevard. This will allow the two buildings to function as one to facilitate scientific collaboration and the movement of laboratory materials.



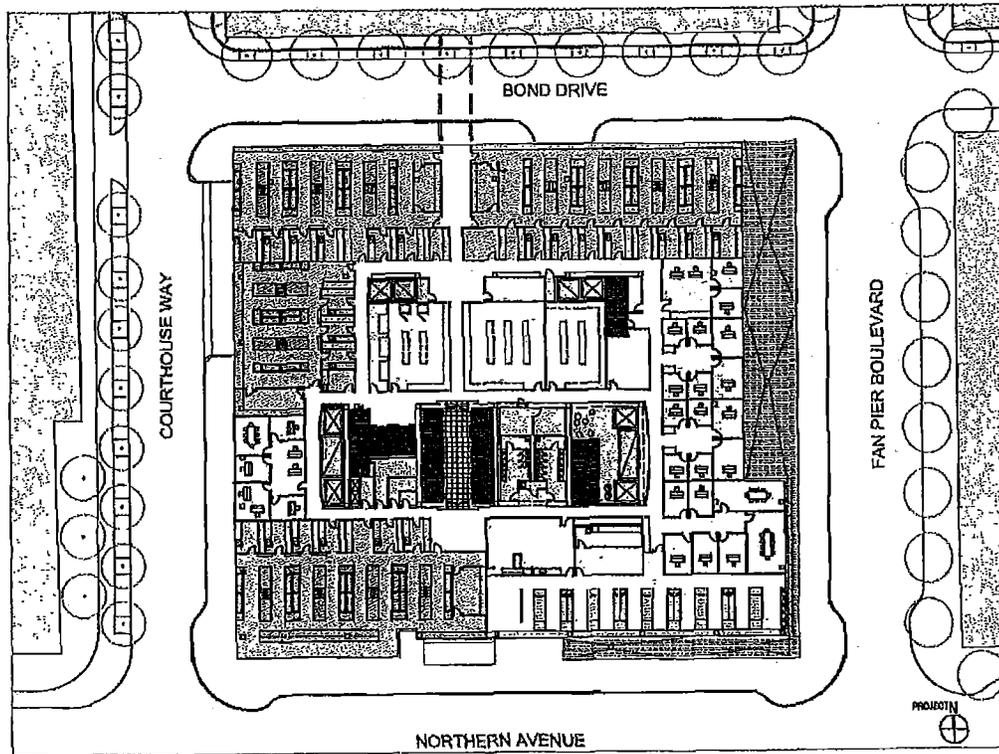
Vertex Project Plans & Renderings



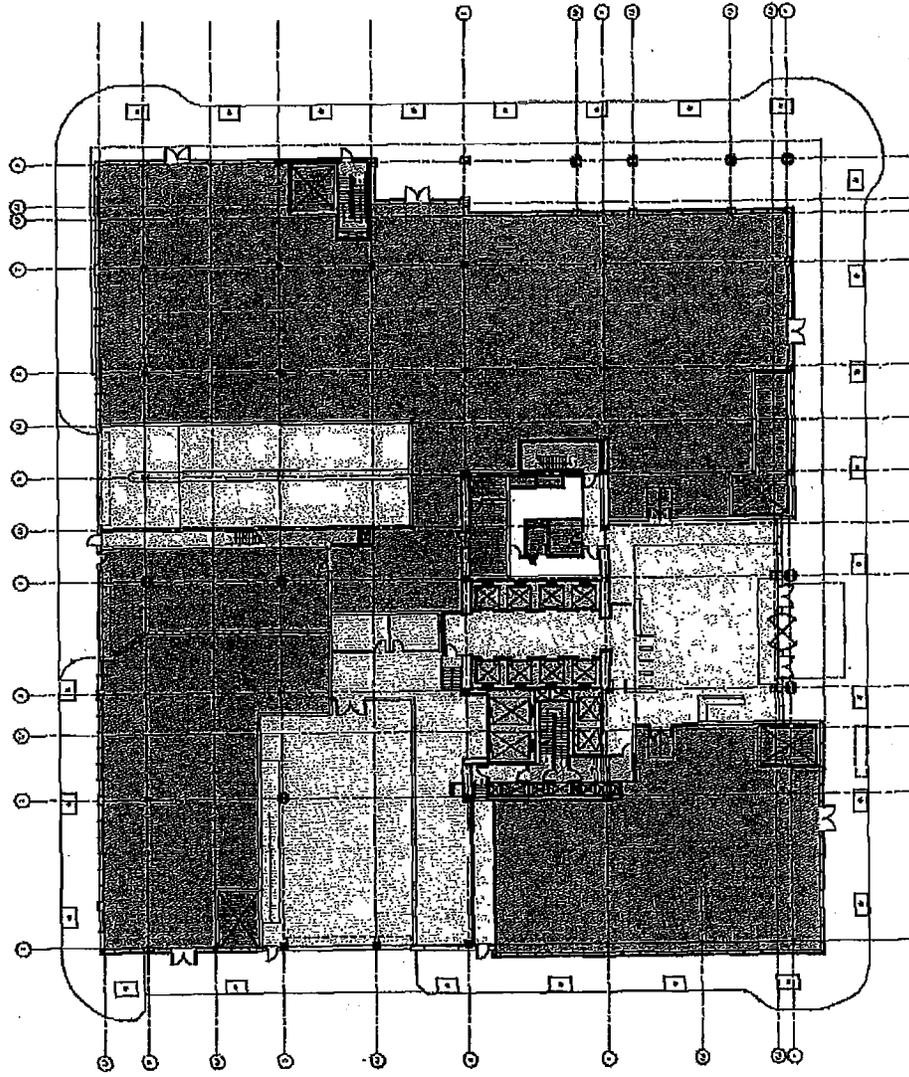




Sample Site/Floor Plan

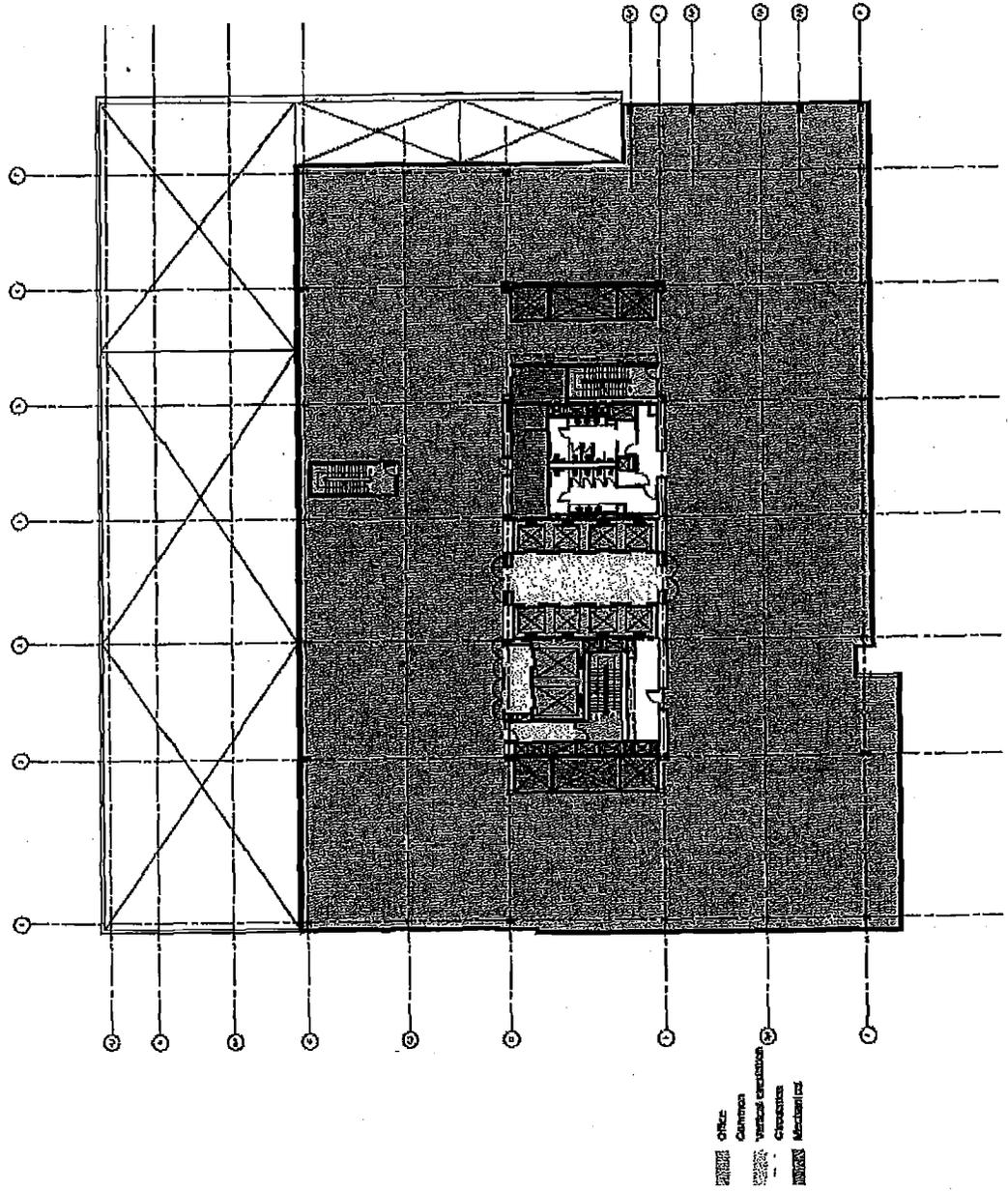


Floor Plans
First Level Floor Plan (Building A)

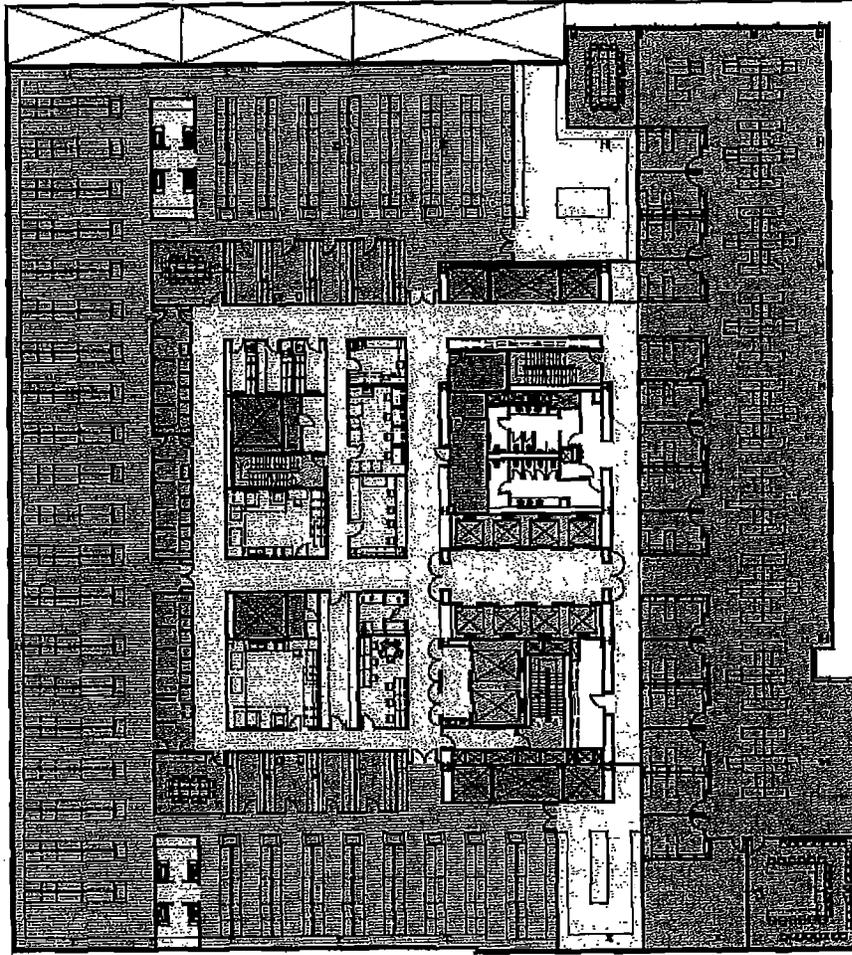


[Hatching Pattern] Masonry
 [Hatching Pattern] Concrete
 [Hatching Pattern] Steel
 [Hatching Pattern] Laboratory
 [Hatching Pattern] Floor
 [Hatching Pattern] Stairs
 [Hatching Pattern] Ceiling

Typical Office Floor Plan (Building A).

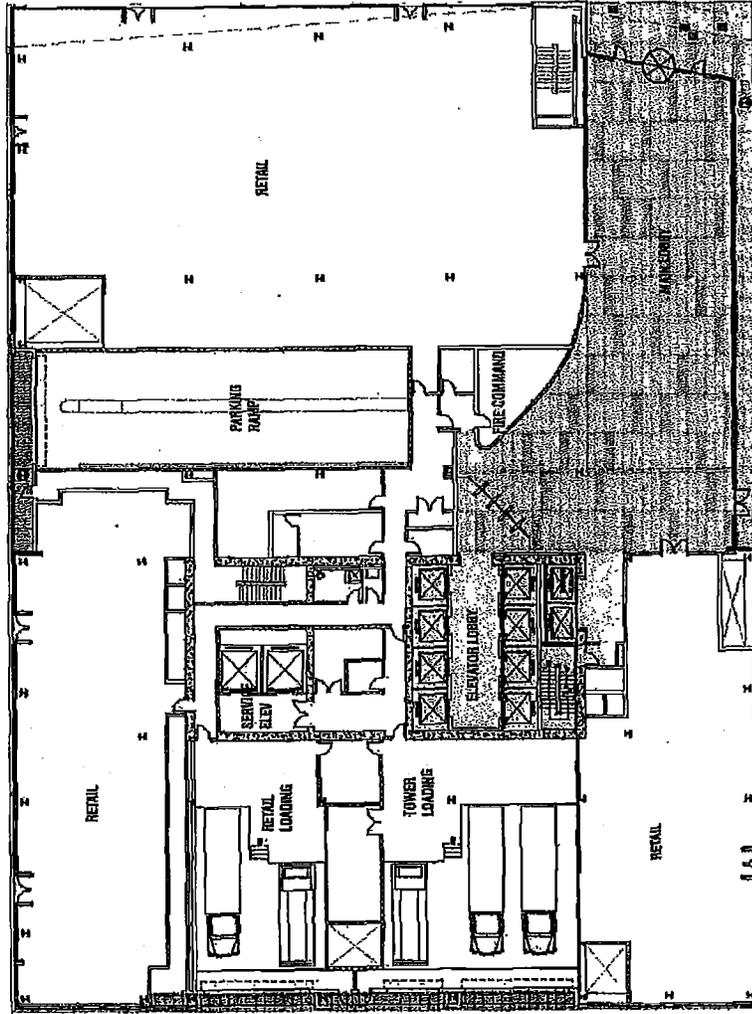


Lab Floor Plan (Building A)

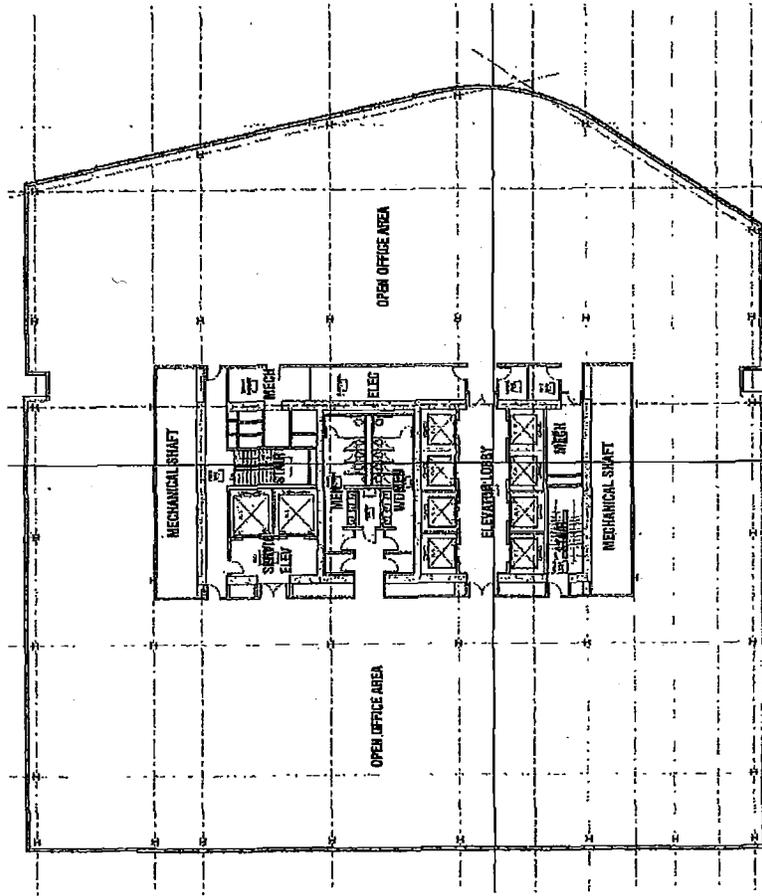


- STAIRS
- OFFICE
- LAB
- LAB SUPPORT
- COMMON
- MECH/ELECTRICAL
- PLUMBING
- MECHANICAL

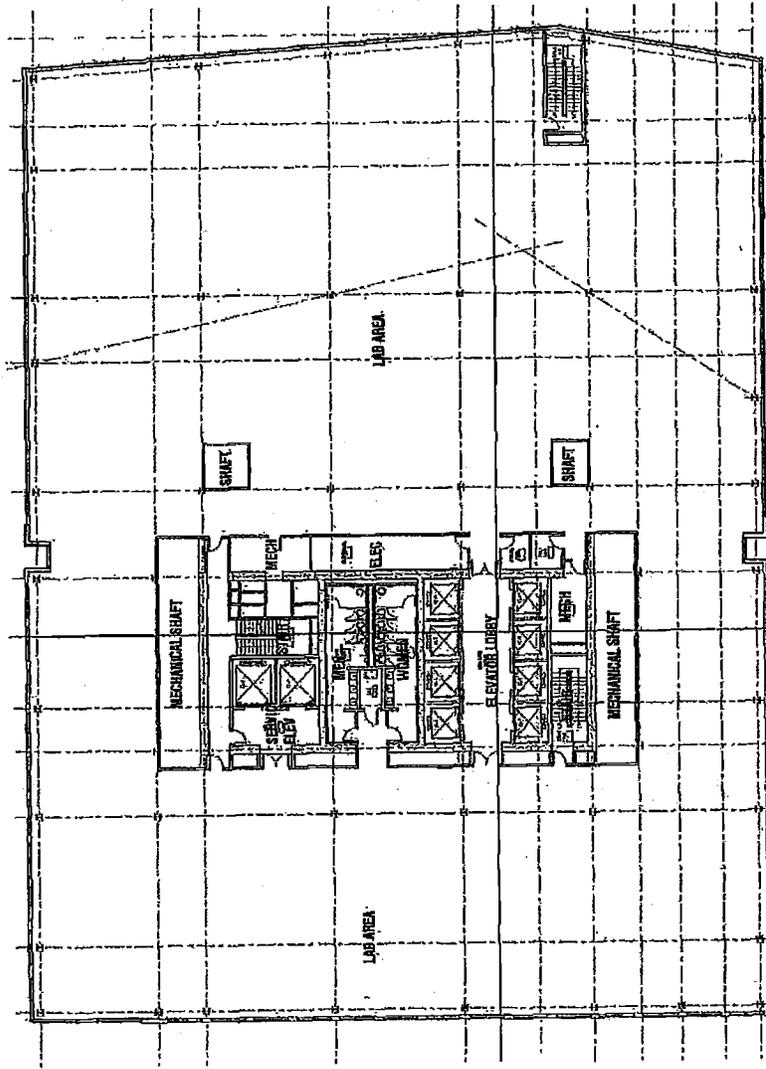
Ground Level Floor Plan (Building B)



Typical Office Floor Plan (Building B)



Lab Floor Plan (Building B)



(3) the number of condominium or apartment residential units to be included in any proposed residential facility, and the number of such units to be restricted as affordable to individuals and families with incomes at or below 80% of area-wide median income levels;

Four parcels on the Fan Pier Site – Parcel C; Parcel D; Parcel H; and Parcel I (partially residential, partially hotel) – are to be developed for residential use, which residential use will be comprised solely of condominium units. It is currently anticipated that the total number of residential units will be 575. The Fan Pier Development is subject to the requirements of the Executive Order of Mayor Thomas M. Menino dated February 29, 2000 entitled “An Order Relative to Affordable Housing” (the “Order”).

To meet the requirements of the Order, the Developer has entered into a written undertaking with the BRA pursuant to which 10 on-site condominium units will be sold as affordable units, and a cash contribution to the BRA’s affordable housing fund in the amount of \$13,500,000 will be made in three equal payments, two of which, totaling \$9,000,000, have already been made, and the last of which, in the amount of \$4,500,000, will be made on the earlier of (i) the date financing is obtained for the first residential building on Fan Pier, or (ii) December 18, 2012. If the number of residential units actually built or planned at the time of the payment of the third installment has increased or decreased above or below the 575 now contemplated, the amount of the third installment will be adjusted based upon the contribution formula of \$108,000 per unit, as set forth in the undertaking.

In addition to such on-site housing and cash contributions, and in accordance with Article 80 of the Boston Zoning Code, the Developer will be required to make Housing Exaction payments to the Neighborhood Housing Trust created under the authority of Chapter 371 of the Acts of 1987 and the laws of the Commonwealth of Massachusetts and administered pursuant to a Declaration of Trust dated September 3, 1987, and pursuant to an Ordinance Establishing The Neighborhood Housing Trust passed by the Boston City Council on May 21, 1986 and approved by the Mayor of Boston on June 6, 1986. The exaction payments are calculated at the rate of \$5.49 per square foot for each square foot of development on the Fan Pier Site dedicated to office, research laboratory, retail or hotel space. Such funds are to be dedicated to the creation of affordable housing for persons earning less than 80% of area-wide median income. The total contributions to the Neighborhood Housing Trust from the full development of the Fan Pier Site are estimated to be \$9,529,542.

(4) Public Infrastructure Improvements;

Please see Section (d)(5) above for a description of the Public Infrastructure Improvements.

(5) any zoning amendments or relief that will be required to carry out the Proposed Economic Development Project and the status thereof;

The Fan Pier Site 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”). The zoning district underlying the South Boston IPOD is the Fort Point Waterfront subdistrict of the Harborpark District established by Article 42 E of the Code. A 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 Boston Zoning Commission (the “Zoning Commission”) has received from the Boston Redevelopment Authority (“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, 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.

The approval of the Development Plan and the designation of the Fan Pier Site as a PDA established the zoning controls for the 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 requirements contained in the Development Plan applicable to the Fan Pier Project are as follows:

Use. Exhibit C to the Development Plan is a list of permitted uses. Parcels A and B will be used for office, research laboratory, retail, restaurant and day care center uses and below grade parking (the "Proposed Uses"). Exhibit C to the Development Plan includes, without limitation, all of the Proposed Uses.

Dimensional Requirements. The Development Plan limits the total allowable gross floor area in the Fan Pier Development, to 2,927,000 square feet of residential, office, research laboratory, hotel and retail space, and 107,000 square feet of civic/cultural space. This density limitation is not expressed as a floor area ratio limitation. It also imposes a building footprint limitation of 44% of the area of the Fan Pier Site, setback requirements from the water's edge, view corridor and design guidelines for streetwall heights of 75-85 feet, floorplate limitation and specific heights for each building. Buildings A and B have been designed to comply with such requirements.

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.

(6) any known environmental or other permitting that will be required to carry out the Project and the status thereof.

All of the major discretionary permit reviews for the Fan Pier Development, including the Public Infrastructure Improvements, such as environmental impact assessment under MEPA and Article 80 of the Code, Army Corps of Engineers, and Coastal Zone Management, are complete. Specific permitting for construction of 50 Northern Avenue and 11 Fan Pier Boulevard is in process, and their current status is set forth below. Similar permitting for subsequent development on Parcels C, D, E, H and I will be required.

Agency Permits and Approvals – Parcel A/50 Northern Avenue

| Federal Agency | Permit | Status |
|---|--|----------|
| Federal Aviation Administration | ♦ Determination of No Hazard to Air Navigation | Complete |
| Environmental Protection Agency | ♦ NPDES Construction Permit for Construction Dewatering / Storm Water | TBF |
| State Agency | Permit | Status |
| Department of Environmental Protection | ♦ Construction Dewatering Permit | TBF |
| | ♦ Chapter 91 Waterways License | Filed |
| | ♦ Boiler Emissions | TBF |
| | ♦ RAM Plan | TBF |
| | ♦ Emergency Generator Emissions | TBF |
| Exec. Office of Environmental Affairs | ♦ Final MEPA Certificate | Complete |
| Coastal Zone Management | ♦ Consistency Certification | Complete |
| Mass. Historical Comm. | ♦ Determination of No Adverse Effect | Complete |
| Local Agency | Permits | Status |
| Boston Redevelopment Authority | ♦ Article 80 Large Project Review | Complete |
| | Planned Development Area Plan Approval | Complete |
| | ♦ Recommendation re: Chapter 91 Licensing | Complete |
| | ♦ Certification of Consistency with PDA | Filed |
| Boston Civic Design Commission | ♦ Schematic Design Approval | Complete |
| Boston Conservation Commission | ♦ Wetlands Request for Determination of Applicability – add 48" outfall pipe to existing Order of Conditions | Complete |
| Boston Water and Sewer Commission | ♦ Site Plan Approval | Filed |
| | ♦ Site Storm Water and Groundwater Management Plan | TBF |
| Boston Public Improvements Commission | ♦ Approval for Curb Cuts, Line and Grade, Street Names, Tie Backs | Complete |
| Boston Air Pollution Control Commission | ♦ Parking Freeze Permit | Filed |
| Boston Transportation Department | ♦ Transportation Access Plan Agreement | TBF |
| | ♦ Construction Management Plan | Filed |
| Boston Inspectional Services Department | ♦ Building Permit | TBF |
| | ♦ Certificate of Occupancy | TBF |
| City of Boston Committee on Licenses | ♦ Flammable Storage Permit | TBF |
| | ♦ Garage Permit | TBF |

Agency Permits and Approvals – Parcel B/11 Fan Pier Boulevard

| Federal Agency | Permit | Status |
|--|--|----------|
| Federal Aviation Administration | ♦ Determination of No Hazard to Air Navigation | Complete |
| Environmental Protection Agency | ♦ NPDES Construction Permit for Construction Dewatering / Storm Water | TBF |
| State Agency | Permit | Status |
| Department of Environmental Protection | ♦ Construction Dewatering Permit | TBF |
| | ♦ Chapter 91 Waterways License | Filed |
| | ♦ Boiler Emissions | TBF |
| | ♦ RAM Plan | TBF |
| | ♦ Emergency Generator Emissions | TBF |
| Exec. Office of Environmental Affairs | ♦ Final MEPA Certificate | Complete |
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| Local Agency | Permits | Status |
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| | ♦ Site Storm Water and Groundwater Management Plan | TBF |
| Boston Public Improvements Commission | ♦ Approval for Curb Cuts, Line and Grade, Street Names, Tie Backs | Complete |

| | | | |
|---|---|--------------------------------------|-------|
| Boston Air Pollution Control Commission | ♦ | Parking Freeze Permit | Filed |
| Boston Transportation Department | ♦ | Transportation Access Plan Agreement | TBF |
| | ♦ | Construction Management Plan | Filed |
| Boston Inspectional Services Department | ♦ | Building Permit | TBF |
| | ♦ | Certificate of Occupancy | TBF |
| City of Boston Committee on Licenses | ♦ | Flammable Storage Permit | TBF |
| | | Garage Permit | TBF |

TBF – To Be Filed

Filed – Permit / Approval Application and/or Documentation Submitted. Awaiting Final Approval

Complete – Permit / Approval Received

(f) *detailed itemization of (a) the projected cost of each Project Component and the expected sources of financing available to fund such costs, and (b) the projected costs of each Public Infrastructure Improvement and the expected sources of financing available to fund such costs, including any funding being requested under St. 2006, c. 293 §§ 5 through 12. The itemization shall include financial statements or written financing commitments demonstrating that expected sources of financing are available for the project, or include a detailed explanation of the reasons any such financing sources have not yet been secured and the basis for believing they will be secured prior to the Secretary's approval of the Economic Development Proposal.*

- (1) The Vertex Buildings will be funded through a combination of equity and construction mortgage debt. Equity ("Developer's Equity") funded by MassMutual and Joseph F. Fallon of between 40% and 50% of Vertex Buildings costs (excluding tenant-funded improvements and furniture, fixtures and equipment) will be invested during the early construction periods until fully funded. Construction loan financing of between 50% and 60% of Vertex Buildings costs will be committed prior to the commencement of construction and will commence funding after Developer's Equity has been fully funded and continue through the end of the construction period. The Developer has received several offers for construction financing, and is currently evaluating which among such offers is most advantageous. Since construction of the Vertex Buildings is scheduled to commence prior to the Secretary's approval of the Economic Development Proposal, final commitments will be available in connection with such approval.

Set forth below is a detailed cost estimate for the Vertex Buildings.

ANTICIPATED COMBINED DEVELOPMENT BUDGET

Cost

| | |
|---|----------------------|
| Hard Costs | \$551,400,000 |
| Soft Costs | \$83,953,000 |
| Land, Financing Costs & General Contingency | \$184,767,000 |
| Total Vertex Buildings Costs | \$820,120,000 |

Notes and assumptions to cost estimate:

Hard Costs – Costs are estimates provided by Turner Construction Company using current design drawings and include tenant improvement costs.

Financing Costs – Includes interest carry and financing fees (lender fees, guarantee fees, and brokerage fees).

- (2) The actual soft costs incurred for the development of the In-Place Infrastructure Improvements (as hereinafter defined) are \$4,388,802, as detailed in **Appendix F**.

The value of the easement in the In-Place Infrastructure Improvements is \$[] based upon an [opinion of value] prepared by Pamela S. McKinney, MAI, CRE of Byrne McKinney & Associates, Inc. which is attached hereto as **Appendix G** (the "BMA Letter").

The following elements of the Public Infrastructure Improvements are to be constructed in conjunction with the Vertex Buildings (the "Vertex Buildings Infrastructure Improvements," and together with the In-Place Improvements, the "Initial Bond Phase Public Infrastructure Improvements"):

- Bond Drive from Courthouse Way to Fan Pier Boulevard
- 2/3 of the width of Fan Pier Boulevard from Bond Drive to Liberty Drive and 1/3 of the width of Fan Pier Boulevard from Northern Avenue to Bond Drive
- 2/3 of the width of Liberty Drive from Courthouse Way to Fan Pier Boulevard
- Construct water, sewer and drainage utilities in Courthouse Way; re-construct traveled way and construct sidewalks on the easterly side of Courthouse Way
- Construct water, sewer and drainage utilities in Northern Avenue from Fan Pier Boulevard to Courthouse Way; restore traveled way and construct sidewalks on northerly side of Northern Avenue
- Re-contouring (Dredging) of Fan Pier Cove
- Water Transportation Terminal

The projected soft and hard cost for the Vertex Buildings Infrastructure Improvements, based upon current hard cost estimates, are \$17,885,000, as detailed in **Appendix F**.

The value of the easement in the Vertex Buildings Infrastructure Improvements is \$[] based upon the BMA Letter.

The initial cost of the Vertex Buildings Infrastructure Improvements, prior to issuance of the Initial Bonds, will be funded in the manner described above for the Vertex Buildings.

- (3) All of the remaining Public Infrastructure Improvements (the "Additional Bond Phase Public Infrastructure Improvements") are as follows:

- Fan Pier Park and Pavilion
- 1/3 of the width of Fan Pier Boulevard from Bond Drive to Liberty Drive
- Liberty Drive from Fan Pier Boulevard to Marina Park Drive
- 1/3 of the width of Liberty Drive from Courthouse Way to Fan Pier Boulevard
- Fan Pier Boulevard from Liberty Drive to Water Side Avenue
- Marina Park Drive from Bond Drive to Water Side Avenue (including water, sewer and drainage utilities)
- Water Side Avenue (including water and drainage utilities)
- Harbor Shore Drive (including relocation of water, sewer and drainage serving Parcel J/ICA)
- Completion of Wave Attenuator
- Harborwalk/Seawall Repair to Support Harborwalk
- Completion of Public Green

The projected soft and hard cost for the Additional Bond Phase Public Infrastructure Improvements, based upon current hard cost estimates adjusted for inflation, are \$61,043,500, as detailed in Appendix F.

The value of the easement in the Additional Bond Phase Infrastructure Improvements is \$[_____] based upon the BMA Letter.

The initial cost of the Additional Bond Phase Public Infrastructure Improvements, prior to issuance of the Initial Bonds, will be funded by a combination of debt financing and Developer equity similar to that described above for the Vertex Buildings.

(g) A detailed timeline for approval and completion of the Economic Development Project, including:

(1) the expected date of municipal approval;

Municipal approval of this application is expected in May or June of 2011.

(2) the expected date of final approval by the Secretary and the Agency;

Final approval by the Secretary and the Agency is expected in August/September, 2011.

(3) the expected dates of commencement of construction and completion of each Project Component and the fiscal year Project Cost cash flows for each Project Component;

Construction of both Vertex Buildings will commence on or about June 1, 2011, and completion is anticipated to occur on or about December 31, 2013. The Vertex Buildings will become Occupied Project Components in fiscal year 2014.

(4) the expected dates of commencement of construction and completion of each Public Infrastructure Improvement and the fiscal year Project Cost cash flows for each Public Infrastructure Improvement; and

The following elements of the Public Infrastructure Improvements have been completed in the period from May 1, 2008 to date (the "In-Place Infrastructure Improvements")

1. 82% of the Public Green
2. Portions of the vehicle circulation roadways identified as Marina Park Drive from Northern Avenue to Bond Drive, Fan Pier Boulevard from Northern Avenue to Bond Drive and Bond Drive from Marina Park Drive to Fan Pier Boulevard;
3. The sidewalks which abut Parcel F/One Marina Park Drive where the circulation roadways have been completed as identified above;
4. Water, sewer, gas, storm drain, electric and telecommunications utilities beneath Marina Park Drive;
5. The "southerly" section of the permanent Harborwalk;
6. A 420 foot section of the Floating Wave Attenuator containing 9,600 square feet; and
7. The "westerly" Floating Dock.

The Vertex Buildings Infrastructure Improvements will be constructed in conjunction with the Vertex Buildings in the anticipated construction period of June 1, 2011 to December 31, 2013.

All of the Additional Bond Phase Public Infrastructure Improvements will be constructed in one or more subsequent phases in conjunction with further development on the Fan Pier Site and as required by the Consolidated Written Determination dated June 28, 2002 (final decision dated November 21, 2002) issued by DEP for the Fan Pier Development, as extended by letter from DEP dated April 18, 2007 (extending the term of such determination until November 21, 2012), annexed hereto as **Appendix H** (the "CWD").

(5) the expected dates of commencement and completion of any other construction-related activity to be undertaken in connection with the Economic Development Project. If the Developer is seeking approval of the Economic Development Project as a Phased Project, the detailed timeline must also clearly identify the different proposed phases of the Economic Development Project, including the Project Components and Public Infrastructure Improvements to be completed in each phase, and the expected dates of commencement and completion of each phase.

The Developer is not seeking approval of a Phased Project; the Project Components comprised of the Vertex Buildings will be constructed in one phase and will support the debt service for all of the Bonds. Only the Additional Bond Phase Public Infrastructure Improvements will be constructed in one or more subsequent phases. Construction of the Vertex Buildings will be a catalyst for further development of the five remaining development parcels on the Fan Pier Site. The following is the expected timeframe for such development:

- **Parcel C/One Liberty Drive:** A residential condominium with ground floor retail and restaurant space:
 - Start of construction: September, 2012
 - Completion: July, 2014

- **Parcel D/Three Liberty Drive:** A residential condominium with ground floor civic and cultural space, and retail and restaurant space:
 - Start of construction: June, 2021
 - Completion: April, 2023

- **Parcel E/10 Fan Pier Boulevard:** A 300,000 square foot Class A office property for which Vertex holds an option, exercisable on or before December 31, 2013. Assuming the exercise of such option on or about the expiration date of such option:
 - Start of construction: January, 2015
 - Completion: December, 2016

- **Parcel H/One Harbor Shore Drive:** A residential condominium with civic/cultural uses on the first and second floors:
 - Start of construction: June, 2016
 - Completion: April, 2018

- **Parcel I/Two Harbor Shore Drive:** A residential condominium above a five star hotel.
 - Start of construction: June, 2015
 - Completion: July, 2017

It must be emphasized that the ability of the Developer to undertake development on these parcels is dependent upon market conditions, both the market for specific use to which each parcel will be dedicated, and the financial markets, so the foregoing can at best be an estimate.

(h) Written evidence that the Economic Development Project would not happen or would not achieve the level of development, jobs or other economic activity contemplated by the Preliminary

Economic Development Proposal without the Public Infrastructure Improvements and without the financing of all or a portion of the Cost of such Public Infrastructure Improvements under St. 2006, c. 293 §§ 5 through 12

Though full of promise, some of which has been realized, the Fan Pier Site lies within an existing Economic Opportunity Area which has been found, as a whole, to meet the definitions of "blighted open area," "decadent area," or "substandard area" found in Section 1 of Chapter 121A and incorporated by reference into the definition of an Economic Opportunity Area in Section 3 of Chapter 23A of the Massachusetts General Laws.

The Fan Pier Site is a part of the land form commonly referred to as the "Fan Pier". The land mass now known as the South Boston waterfront, including the whole of the Fan Pier Site, was created by filling tidal flats in support of commercial activity. The Fan Pier Site itself was originally filled in the period from the 1870s through 1882 for railroad use and associated warehousing by a succession of railroads, starting with the Boston & Albany Railroad Company, and succeeded by the New York and New England Railroad Company. Deep slips were dredged between the piers. Goods arriving in the Port of Boston by ship at Fan Pier were moved inland from Fan Pier by rail. In the first half of the 20th century, after the substantial decline of shipping into the port of Boston, further filling was done to eliminate the deep slips (filling as late as 1969 and 1971) and the whole of the Fan Pier Site was used by a railroad as a freight terminus full of sidetracks and warehouses. However, over the last sixty years, the rails and working waterfront ceased to use Fan Pier. The rail lines and yards which once characterized the Fan Pier have been removed and replaced on the Fan Pier Site by acres of surface parking.

As previously indicated, all of the Fan Pier Site is filled tidelands. The fill ranges in depth from 12 feet to 54 feet. The geotechnical analysis of the soils indicates a layer of granular fill consisting of sand, gravel, asphalt, brick, concrete, ash, cinders, wood and glass ranging from 2 feet to 32 feet, over a layer of dredged fill - soft to hard clay or sandy silt - and organic deposits. Below the fill and organic deposits is sand, and way below these levels is Boston Blue Clay. The broad range of the depths of these layers is as a result of the deeply dredged and then refilled slips between the piers, one of which falls approximately in the path of Fan Pier Boulevard and impacts all of the Parcels lettered A through F, inclusive. Soil layers consisting of fill or organic materials lack bearing capacity suitable for major new buildings. Foundations must be designed to transfer structural loads below these layers.

To meet the parking needs of the redevelopment, and to conform to the City of Boston's planning principles that above grade parking is to be avoided, each building to be constructed on the Fan Pier Site will require the construction of a three-level below grade parking garage, to a depth of approximately 40 feet below grade. Construction of these garages will require excavation of all of the soil materials from approximately 53% of the total land area of the Fan Pier Site. Because the groundwater table is only 7 to 8 feet below the existing surface and is affected by the rise and fall of the tide in the abutting harbor, each excavation will require a costly interlocking steel sheet-pile cofferdam to establish a groundwater cutoff. The installation of these cofferdams also requires the removal, at great cost, of heavily reinforced concrete and granite seawalls which formed the edges of the piers and the deep slips.

The former industrial activities which occurred on the Fan Pier Site have left portions of the land within the Fan Pier Site contaminated with petroleum hydrocarbons (TPH) and hazardous materials such as lead and PCBs at levels in excess of those permitted under Massachusetts General Laws Chapter 21E. The filling activities also left a residue of polyaromatic hydrocarbons (PAH) at levels in excess of those permitted under Massachusetts General Laws Chapter 21E. Redevelopment of the Fan Pier Site requires precharacterization of soils during excavation, and all soils found to contain elevated levels of such contaminants will have to be transported for disposal at a lined landfill in accordance with the Commonwealth of Massachusetts Department of Environmental Protection Policy #COMM-97-001, Reuse and Disposal of Contaminated Soil

at Massachusetts Landfills. The transportation and disposal of contaminated soil adds premium costs to the already high cost of redevelopment.

Because of the historic industrial uses and ownership patterns, the Fan Pier Site is not divided into orderly city blocks bordered by streets and sidewalks. Redevelopment of the Fan Pier Site as an extension of the urban fabric of the City of Boston requires the creation of urban street platting by constructing the missing street infrastructure. The undertaking of the Fan Pier Development requires the construction of 6 new streets – totaling 7,420 lane feet (approximately 1.4 lane miles). Equally lacking on the Fan Pier Site is utility infrastructure to serve new development. Underground lines for sewer, water, gas, electricity, and telecommunications must also be installed at great expense.

The combination of these factors: the premium development costs associated with unsuitable soil conditions and contaminated soil; the high water table and the related need for costly cofferdams to waterproof structures; the cessation of former industrial and railroad operations and their replacement with an open area utilized only as surface parking; and the need to supply missing road and utility infrastructure, present conditions which make redevelopment of the Fan Pier Site extremely costly.

The tidelands status of the Fan Pier Site, and the extensive public benefits required under Massachusetts General Laws Chapter 91 (“Chapter 91”) and the regulations promulgated thereunder at 310 CMR 9.00 et seq. (the “Chapter 91 Regulations”) add to the burdens of the Fan Pier Site. These burdens are detailed in the CWD and in the Public Realm License. They mandate all of the Public Infrastructure Improvement, plus additional requirements and development limitations. For example:

1. Only 44% of the Fan Pier Site may be covered by building footprints; the balance must be open space;
2. Parcel J, which contains 38,363 square feet, has been leased to the Institute of Contemporary Art for \$1.00 for a term of 96 years to partially fulfill a requirement to provide space for civic/cultural uses; and
3. The Developer must also construct an additional 41,000 square feet of civic / cultural space and lease it for \$1.00 to non-profit organizations.

The combined costs of the site related and regulatory related burdens cannot be fully recovered through the rental rates or sales prices achievable from commercial or residential development on the Fan Pier Site. Therefore, the Economic Development Project would not happen or would not achieve the level of development, jobs or other economic activity contemplated by this Preliminary Economic Development Proposal without the Public Infrastructure Improvements and without the financing of all or a portion of the Cost of such Public Infrastructure Improvements under the I-Cubed Program.

While the Developer rightly believes that the Fan Pier Site offers a unique opportunity for the establishment of a new campus for Vertex, it is probably the case that the site and infrastructure burdens of the Fan Pier Site are not unique. Almost any site in the Commonwealth large enough to accommodate over a million square feet of new development, plus land area for future expansion, will have equivalent burdens.

If in an urban location, an alternative site would almost certainly be the redevelopment of land formerly dedicated to industrial use. Large former industrial sites would need on-site roads, sidewalks and utilities, and amenities, such as parks, to create an urban neighborhood. Remediation of the environmental conditions left by former industrial use would likely make the burden of infrastructure costs difficult to sustain.

If in a suburban location, an alternative site would need not only on-site roads, sidewalks and utilities and open space amenities, but also the off-site infrastructure to enable large scale development such as sewer extension, new or widened access roads, and perhaps a highway interchange.

Whether an alternative urban or suburban site, no site is as well served by public transportation and highway access as the Fan Pier Site. The costs of creating links to or extending public transportation, or of creating highway access, would surely be greater in almost any other feasible site for the creation of the Vertex campus.

Although the Fan Pier Site's location will help to reduce these transportation related costs, construction of the Vertex Buildings will also implicate the significant site and infrastructure burdens described above. As a result, the availability of bond proceeds under the I-Cubed Program to fund the Public Infrastructure Improvements is an essential element supporting the construction of the Vertex Buildings, and played a vital role in attracting Vertex to maintain its headquarters in Massachusetts.

(i) For each Project Component, the total number of jobs expected to be supported in each industry expected to be located at the Project Component and the expected average wage for each job in each such industry, the total retail sales activity by dollar volume and the total hotel rooms, projected room rates and projected daily occupancy levels, and the total number of construction jobs expected to be supported at each Project Component and for the Public Infrastructure Improvements, the expected average wage for each construction job and the amount expected to be spent for the purchase of construction materials in the Commonwealth for each Project Component and the Public Infrastructure Improvements, all with reference to recent government or industry sources used as the basis for the projections or to the actual experience, estimate or commitment of expected tenants or Owner of the Project Component.

The primary source of New State Tax Revenues relied upon in this application are income taxes from Vertex employees to be housed in the Vertex Buildings. The Vertex Buildings will house approximately 1,741 permanent Vertex jobs, all in the biotechnology/pharmaceutical industry, consisting of the retained Existing Permanent Jobs, the approximately 202 new permanent jobs to be created by Vertex in Massachusetts in anticipation of the completion of construction of the Vertex Buildings and the approximately 298 additional new permanent jobs to be created by Vertex after Vertex's occupancy of the Vertex Buildings.

The following chart provided by Vertex details the average wage for all such jobs.

JOB CREATION AND WORKFORCE ANALYSIS PLAN

|  | CURRENT EMPLOYMENT LEVEL IN MA | TOTAL, Projected New Permanent Jobs | New Jobs: Year One (2011) | New Jobs: Year Two (2012) | New Jobs: Year Three (2013) | New Jobs: Year Four (2014) | New Jobs: Year Five (2015) |
|---|--------------------------------|-------------------------------------|---------------------------|---------------------------|-----------------------------|----------------------------|----------------------------|
| # of Permanent Full-Time Employees at Certified Project Facility in Mass. | 0 | | | | | | |
| # of Permanent Full-Time Employees in Massachusetts at other sites. | 1241 | 0 | 0 | 0 | 0 | 0 | 0 |
| # of Permanent Full-Time Employees to be hired at Certified Project Facility | 1241 | 500 | 90 | 55 | 57 | 148 | 150 |
| # of Permanent Full-Time Employees at Certified Project Location who live in the ETA of the Certified Project | 149 | 60 | 11 | 7 | 7 | 18 | 17 |
| JOBS BY CLASSIFICATION | SALARY RANGE | TOTAL FULL-TIME | Year One | Year Two | Year Three | Year Four | Year Five |
| # of Management Positions | \$150,000 - \$225,000 | 72 | 13 | 7 | 8 | 22 | 22 |
| # of Professional Positions | \$80,000 - \$150,000 | 351 | 63 | 39 | 40 | 104 | 105 |
| # of Skilled Positions | \$45,000 - \$80,000 | 51 | 9 | 6 | 6 | 15 | 15 |
| # of Unskilled Positions | \$40,000 - \$70,000 | 26 | 5 | 3 | 3 | 7 | 8 |

Vertex Pharmaceuticals Incorporated

March 16, 2011

The job classifications and salary ranges of the Existing Permanent Jobs are as follows:

| Jobs By Classification | Salary Range | Total Full Time |
|------------------------|-----------------------|-----------------|
| Management Position | \$150,000 - \$225,000 | 189 |
| Professional Positions | \$80,000 - \$150,000 | 894 |
| Skilled Positions | \$45,000 - \$80,000 | 153 |
| Unskilled Positions | \$40,000 - \$70,000 | 5 |
| | | 1,241 |

In addition, based upon estimates provided by Turner Construction Company, the general contractor which will construct the Vertex Buildings and substantial portions of the Vertex Building Infrastructure Improvements, construction of the Vertex Buildings and portions of the Vertex Building Infrastructure Improvements will produce the following construction period state tax revenues:

| | | |
|-----------------------------------|-------|---------------|
| Income Tax and Sales Tax Estimate | | |
| Building A | | |
| Total Construction Cost | | \$249,758,937 |
| Material Cost | | \$112,391,522 |
| Sales Tax | 5.5%* | \$6,181,534 |
| Labor | | \$67,434,913 |
| State Income Tax | 4.5%* | \$3,034,571 |
| Building B | | |
| Total Construction Cost | | \$243,918,875 |
| Material Cost | | \$109,763,494 |
| Sales Tax | 5.5%* | \$6,036,992 |
| Labor | | \$65,858,096 |
| State Income Tax | 4.5%* | \$2,963,614 |
| Total Construction | | |
| Period Taxes | | \$18,216,711 |

*These represent effective tax rates.

Construction of the Additional Bond Phase Public Infrastructure Improvements will also generate income and sales taxes which will be New State Tax Revenues. Estimates of such construction period related taxes will be updated in connection with the undertaking of the Additional Bond Phase Public Infrastructure Improvements.

(j) The Developer's estimate of the appropriate Displacement Factors for each Project Component, together with any data or explanation the Developer can offer to support such estimate.

As previously described, this Preliminary Economic Development Proposal seeks a finding that all of the Existing Permanent Jobs, the approximately 202 new permanent jobs to be created by Vertex in Massachusetts in anticipation of the completion of construction of the Vertex Buildings and the approximately 298 additional new permanent jobs to be created by Vertex after Vertex's occupancy of the Vertex Buildings, are Eligible Jobs based upon compelling evidence that all of these jobs would have been relocated outside of the Commonwealth if the Economic Development Project were not carried out. Accordingly, no displacement factor is applicable to such jobs. Note that even if that were not the case, the biotechnology/pharmaceutical industry in Massachusetts is a growth industry for which a 0% displacement factor is appropriate. Please see the Biotechnology Industry Snapshot 2010 prepared by the Massachusetts Biotechnology Council attached hereto as Appendix I as support for a zero displacement factor.

(k) For each Project Component and based on 801 CMR 51.00, the DOR Guidance, the Commitments, and the Developer's estimate of the appropriate Displacement Factors for each Project Component, estimates of total state tax revenues, New Revenues and New State Tax Revenues to be generated from each Project Component of the Economic Development Project. For the purposes of these estimates, the Developer shall state the assumptions it is making with respect to the extent to which any portion of any Project Component for which the Developer does not yet have a Commitment will be leased or purchased by an entity that will or will not be relocating to the Economic Development District from elsewhere in the Commonwealth

Based upon the number of retained Vertex jobs and projected new Vertex jobs, using the average salary information provided by Vertex as set forth above, and an effective income tax rate of 4.5%, the Developer estimates annual New Revenues, all of which are New State Tax Revenues, from the relocation of Vertex to the Vertex Buildings as follows:

| | |
|-------------------------------|-------------|
| 1,241 Existing Permanent Jobs | \$6,233,513 |
| 202 Pre-Occupancy Jobs | \$1,057,388 |
| 298 Post-Occupancy Jobs | \$1,574,325 |
| Total New State Tax Revenue | \$8,865,226 |

(1) Projected Debt Service schedule for financing of the Public Infrastructure Improvements, both in the aggregate and segregated by allocable Project Component, which is structured based on the following assumptions and parameters:

- (1) the total principal amount shall be equal to the portion of the Cost of the Public Infrastructure Improvement requested to be funded under St. 2006, c. 293 §§ 5 through 12, plus estimated costs of issuance of the Bonds equal to 3% of said amount;*
- (2) assumed interest expense of 5%, payable semi-annually beginning in the fiscal year of the Commonwealth following the fiscal year in which the Bonds are issued;*
- (3) issuance date or dates not more than 3 years prior to the expected completion of the related Public Infrastructure Improvements or portions thereof being financed with proceeds of the Bonds;*
- (4) maximum term of 30 years from date of issuance;*
- (5) principal amortization which results in annual Debt Service payments allocable to each Project Component after completion of the related Project Component that are not less than the annual Debt Service payable with respect to such Project Component in any subsequent year; and*
- (6) annual Debt Service payments allocable to each Project Component in any year prior to completion of the related Project Component that is at least equal to the total interest due and payable on the Bonds allocable to such Project Component.*

The Developer seeks funding under the I-Cubed Program through the issuance of Bonds at two points in time: the first upon completion of the Vertex Buildings and related Vertex Buildings Infrastructure Improvements (the "Initial Bonds"), and the second upon completion of sufficient additional Public Infrastructure Improvements on the Fan Pier Site to qualify for the balance of the total of Fifty Million Dollars (\$50,000,000) sought in this application (the "Additional Bonds" and together with the Initial Bonds, the "Bonds"). Because issuance of the Bonds follows completion of the Vertex Buildings (the two Project Components), there is no interest in any year prior to completion.

The Initial Bonds will be in the principal amount of [Twenty Five Million Dollars (\$25,000,000)], which will reimburse the Developer for (i) soft costs incurred for the design of the In-Place Improvements, (ii) the soft and hard costs of the Vertex Buildings Infrastructure Improvements, (iii) the land value dedicated to the In-Place Improvements and the Vertex Buildings Infrastructure Improvements and (iii) 3% cost of issuance. The estimated issuance date of the Initial Bonds is January 15, 2014.

The Additional Bonds will be in the principal amount of [Twenty Five Million Dollars (\$25,000,000)], which will reimburse the Developer for (i) the soft and hard costs of Additional Bond Phase Public Infrastructure Improvements, (ii) the land value dedicated to the Additional Bond Phase Public Infrastructure Improvements and (iii) 3% cost of issuance. The estimated issuance date of the Additional Bonds is January 15, 2016.

Assuming that each of the Initial Bonds and the Additional Bonds would be in the amount of [Twenty Five Million Dollars (\$25,000,000)], the assumed Debt Service payments on each of the Initial Bonds and the Additional Bonds would be equal. Debt Service for each separate issuance is calculated as follows:

| | |
|-----------------------|--------------|
| Principal Amount | \$25,000,000 |
| Maturity | 30 Years |
| Debt Service Constant | 6.4707% |
| Annual Debt Service | \$1,617,675 |

Commencing from and after the issuance of the Additional Bonds, the total assumed annual Debt Service will be as follows:

| | |
|-----------------------|--------------|
| Principal Amount | \$50,000,000 |
| Maturity | 30 Years |
| Debt Service Constant | 6.4707% |
| Annual Debt Service | \$3,235,350 |

As is readily apparent, the New State Tax Revenues from the Existing Permanent Jobs produce a Debt Service Coverage Ratio for the Initial Bonds of over 3.8, without allocation of any portion of the construction period state tax revenues. If those construction period revenues of \$18,216,711 are allocated to the 30 year term of the Initial Bonds, the Debt Service Coverage Ratio is approximately 4.2; if allocated only to first ten years of the Initial Bonds, the Debt Service Coverage Ratio increases to approximately 4.9.

Once the Additional Bonds are issued, and the additional 500 Vertex Eligible Jobs are created, the total New State Tax Revenues from 1,741 Vertex Eligible Jobs produces a Debt Service Coverage Ratio of over 2.7, without allocation of any portion of the construction period state tax revenues. If those construction period revenues of \$18,216,711 are allocated to the 30 year term of the Bonds, the Debt Service Coverage Ratio is approximately 2.9; if allocated to only first ten years of the Bonds, the Debt Service Coverage Ratio increases to approximately 3.3.

The Developer recognizes that the increased Vertex employment which this application anticipates will be a material element of the Secretary's evaluation of this application. Accordingly, notwithstanding the fact that such increased employment is not necessary to support the Additional Bonds, the Developer suggests that the achievement by Vertex of its proposed increased employment be a condition precedent to the issuance of the Additional Bonds. Specifically, the Developer proposes that the Infrastructure Development Assistance Agreement condition the issuance of the Additional Bonds on Vertex adding at least 500 Eligible Jobs beyond the Existing Permanent Jobs.

(m) Any Commitments for any of the Project Components, together with a written statement as to whether any of the prospective tenants or purchasers making such Commitments are relocating jobs or commercial activity from elsewhere in the Commonwealth and whether any jobs being relocated from elsewhere within the Commonwealth to the Economic Development District would be relocated outside of the Commonwealth if the Economic Development Project were not carried out, including any compelling evidence supporting such an assertion that the Developer is able to provide. The Developer shall also produce a written description of the Developer's marketing efforts and the status of any active negotiations with potential tenants or purchasers.

As previously stated, the Developer and Vertex have entered into a letter of intent dated January 25, 2011 pursuant to which Vertex will lease all of the space in the Vertex Buildings, other than spaces dedicated to day care and to ground floor retail and restaurant use, for a term of fifteen years from completion of the Vertex

Buildings. The form of lease for each of the Vertex Buildings has been negotiated, and it is expected that the leases will be executed in April or May of 2011. Commencement of construction of the Vertex Buildings is dependent upon the issuance by United States Food and Drug Administration (the "FDA") of an "approval letter" upon Vertex's application to the FDA for approval of telaprevir as a "listed drug" ("Telaprevir Approval"). The FDA has committed to respond to such application by May 23, 2011.

Upon completion of construction of the Vertex Buildings, Vertex will relocate to the Vertex Buildings from multiple buildings it currently occupies in Cambridge, Massachusetts. Approximately 1,241 existing permanent employees currently employed, and the approximately 202 additional new permanent jobs to be created during the construction period in anticipation of Vertex's relocation, will be relocated in such move.

Negotiation and planning for the development of the Vertex Buildings began in 2007. In conjunction with those negotiations, in 2008, the Developer and Vertex began discussions with the Secretary and the office of the Secretary of Housing and Economic Development (the "Economic Development Secretary") regarding bond financing under the I-Cubed Program to finance Public Infrastructure Improvements on the Fan Pier Site supported by projected New State Tax Revenues to be generated by increased employment by Vertex in the Vertex Buildings. While pursuing those negotiations, Vertex was also investigating opportunities to relocate outside of Massachusetts, and received offers of governmental incentives from other states, including Rhode Island. The offer received by Vertex from Rhode Island is attached as **Appendix J**.

In May, 2008 the Commonwealth confirmed the availability to Vertex, in connection with the development of the Vertex Buildings, of Massachusetts governmental incentives, including under the I-Cubed Program, in order to assure that Vertex retained its then existing employment base in Massachusetts and would grow in the Commonwealth.

Following and in reliance upon that commitment, the Developer and Vertex entered into a letter of intent regarding construction and leasing of the Vertex Buildings, signaling Vertex's commitment to stay and grow in the Commonwealth. However, in September, 2008 the financial markets collapsed, and financing for construction of the Vertex Buildings collapsed with it. It is universally recognized that at least two years were "lost" in the development business because of that collapse.

As the financial markets began to recover, in mid-2010 the Developer and Vertex resumed their planning for the Vertex Buildings. The difficulties with the financial markets did not end Vertex's need for a long term space solution as it neared the end of the lease term on several Cambridge leases and needed expansion space to accommodate its anticipated growth as telaprevir neared market. Vertex entered into relatively short term extensions of its Cambridge leases and continued discussions with the Developer regarding the potential for relocation to Fan Pier. In January, 2011 once again entered into a letter of intent regarding construction and leasing of the Vertex Buildings. As before, the anticipated availability of bond proceeds under the I-Cubed Program to fund Public Infrastructure Improvements, supported by the New State Tax Revenue generated by increased Vertex employment in the Commonwealth since its commitment to stay and grow here made in May, 2008, is key to the ability of the Developer to offer Vertex a more competitive lease arrangement than would be the case without the I-Cubed funding.

True to its commitment made to the Commonwealth in May, 2008, Vertex has retained the level of employment which it had in Massachusetts in May, 2008, and employed an additional 450 persons in Massachusetts since then, resulting in a current Massachusetts employee headcount of approximately 1,241 permanent jobs.

Therefore, this Preliminary Economic Development Proposal seeks a finding that all of the Existing Permanent Jobs in Massachusetts, the approximately 202 new permanent jobs to be created by Vertex in Massachusetts in anticipation of the completion of construction of the Vertex Buildings and the approximately 298 additional new permanent jobs to be created by Vertex after Vertex's occupancy of the

Vertex Buildings, are Eligible New Jobs based upon compelling evidence that all of these jobs would have been relocated outside of the Commonwealth if the Economic Development Project were not carried out.

(n) Written description of the proposed transfer of property interests in the Public Infrastructure Improvements after they have been completed. If the Public Infrastructure Improvements are expected to be conveyed to a governmental entity other than the Municipality, a vote of the legislative body or governing board of the governmental entity with the power to accept property on behalf of the governmental entity authorizing the acceptance of the Public Infrastructure Improvements and of responsibility for maintaining the same in the event that the Economic Development Proposal is approved by the Secretary.

As phases of the Public Infrastructure Improvements are completed, the Developer intends to grant an easement for public access (i) to the City of Boston acting by and through its Public Improvement Commission over all of the portions of Public Infrastructure Improvements consisting of streets and sidewalks, and (ii) to the Boston Redevelopment Authority over all of the portions of Public Infrastructure Improvements consisting of open spaces and Harborwalk for which I-Cubed funding is provided. With respect to the portions of any easement area built above underground garages, such easement will be in areas above elevation 15.67 Boston City Base. Such easements will be subject to Chapter 91 and the licenses for the Fan Pier Site issued thereunder, including without limitation the Public Realm License and the FPOC Charter Documents (as hereinafter defined). Such easements will impose no maintenance obligations upon the grantee. A draft form of street and sidewalk easement and a draft form of open space/Harborwalk easement are annexed hereto as **Appendix K**.

These easements will supplement the rights already granted to the public through various governmental actions and requirements. Primary among such requirements are the CWD and the Public Realm License which establish a scheme by which the DEP retains control over the Public Infrastructure Improvements. Those documents require that the Developer transfer the Public Infrastructure Improvements from time to time upon completion of construction thereof to Fan Pier Owners Corporation, a Massachusetts not-for-profit corporation ("FPOC") which was established in accordance with the CWD. The Articles of Organization and By-Laws of FPOC are annexed hereto as **Appendix L**.

The Developer and FPOC have entered into a Declaration of Covenants, Easements and Restrictions dated January 31, 2008 and recorded with the Suffolk County Registry of Deeds in Book 43059, Page 1, as the same may be amended from time to time (the "Declaration," and together with the Articles of Organization and By-Laws of FPOC, the "FPOC Charter Documents"), a copy of which is annexed hereto as **Appendix M**. The FPOC Charter Documents set out the means by which the FPOC, the Common Area Entity required by the CWD, will manage, operate and maintain control over the Public Infrastructure Improvements. The Public Realm License requires that FPOC, pursuant to the Declaration, shall maintain in good repair all fill, structures, facilities, and landscaping constituting the Public Infrastructure Improvements which are licensed by the Public Realm License.

Pursuant to the Declaration, FPOC is fully responsible for the implementation, management, and control of all publicly accessible Public Infrastructure Improvements (the "Public Realm") and for compliance with the requirements of the CWD and the Public Realm License. It is required to prepare and periodically update a Public Realm Management Plan ("PRMP") in accordance with the CWD which must, at a minimum, include the following elements:

- a. A description and accompanying plan identifying all exterior areas subject to the PRMP, the nature of the ownership of these areas, and the means by which FPOC will maintain control over the areas (ownership, easements, or other binding legal agreements);
- b. Consistent with all relevant requirements in the CWD, a description of the proposed signage, maintenance schedules and standards, hours of operation and rules and regulations for all areas of the Public Realm;

- c. Job descriptions for director of public events programming and dockmaster;
- d. Consistent with all relevant requirements of the CWD, a detailed management plan, including fees, for the water transportation dock, marina and other watersheet activities (such as transient berthing, touch and go dock, pumpout facilities);
- e. Any other information required in the CWD regarding specific aspects of individual licenses.

The FPOC Charter Documents establish an advisory committee consisting of representatives of the on-site civic and cultural institutions, the City of Boston, neighborhood groups, and other organizations, which is to meet regularly until all buildings and Public Infrastructure Improvements components on the Fan Pier Site are constructed, and at least once per year thereafter. Meeting of the advisory committee are open to the public, and public notice is published in a newspaper of general circulation prior to each meeting. The advisory committee reviews plans of the Public Realm before final plans are submitted to DEP, pursuant to Section 4(B)(1) of the CWD, and reviews the PRMP and amendments thereto before the PRMP is submitted to DEP pursuant to Section 4(D) of the CWD and the Public Realm License.

DEP, through the Public Realm License, exercises strict control over the Public Infrastructure Improvements. The Public Realm License mandates that "exterior sidewalks, plazas, open space, wave attenuator, docks, Harborwalk, and other exterior spaces which it licenses shall be open to the public, at no charge, 24 hours a day." Further, "No gates, fences or other structures may be placed in any area open to public access that impedes or discourages the free flow of pedestrian movement." Only reasonable measures to discourage unlawful activities by users of the area(s) intended for public passage, including but not limited to trespassing on the adjacent private areas and deposit of refuse of any kind or nature in the water or on the shore, are permitted. All reasonable rules for use of these areas for the protection of public health and safety and private property, and to ensure public use and enjoyment by minimizing conflicts between user groups, are subject to prior review and written approval by DEP. Please see the Public Realm License for a complete listing of all conditions.

In addition to the exercise of control over the Public Infrastructure Improvements by DEP as described, all of the streets on the Fan Pier Site will be legally constituted as private ways open to public travel by vote of the Public Improvement Commission of the City of Boston ("PIC"). Those portions of the vehicle circulation roadways identified as Marina Park Drive from Northern Avenue to Bond Drive, Fan Pier Boulevard from Northern Avenue to Bond Drive, and Bond Drive from Marina Park Drive to Fan Pier Boulevard have been so approved by vote of the PIC on October 25, 2007, and the line and grade of those portions of the vehicle circulation roadways identified as Bond Drive from Courthouse Way to Fan Pier Boulevard, Fan Pier Boulevard from Bond Drive to Liberty Drive, and Liberty Drive from Courthouse Way to Fan Pier Boulevard were approved by PIC as private ways open to public travel on March 23, 2011.

Also with respect to the streets, ownership of certain of the water, sewer and drainage facilities to be constructed beneath streets on the Fan Pier Site (Marina Park Drive and Water Side Drive) will belong to the Boston Water and Sewer Commission, a governmental entity, under the terms of a Grant of Easement and Easement Agreement between the Developer and the Boston Water and Sewer Commission dated February 28, 2008, recorded with the Suffolk Registry of Deeds in Book 43294, Page 257 and Plan Book 2008, page 178. Such easement agreement is annexed hereto as **Appendix N**.

(o) Written statement of interest from the Municipal Officers confirming their preliminary support for the proposed Economic Development Project and their preliminary interest in pursuing the approval of the Economic Development Project by the Secretary, the Agency and the Municipality.

Please see letter from the City of Boston attached as **Appendix O**.

(p) Certification of the Developer confirming that

- (1) *the proposed Economic Development Project was not approved by the Municipality prior to September 7, 2006, and*

Although many approvals by the City of Boston have been granted for the Fan Pier Development, the City approvals necessary for the Economic Development Program had not been granted prior to September 21, 2006. It should also be noted that the I-Cubed Program defines approval by the Municipality as approval by the "governing body." In the City of Boston, that would mean the mayor and city council. No approval by the Boston City Council for any aspect of the Fan Pier Development has ever been granted.

- (2) *the Developer has not received or applied for, and will not apply for, any public assistance for the project prohibited under St. 2006, c. 293 §11(b), and*

The Developer has not received or applied for, and will not apply for, any public assistance for the project prohibited under St. 2006, c. 293 §11(b). It should be stated that, as permitted by 801 CMR 51.03(4), Vertex has submitted an application for approval of a Tax Increment Financing Plan to the City of Boston (the "TIF Application") solely with respect to its leased premises in the Vertex Buildings under the Vertex Leases; no portion of any benefit for approval of such plan will inure to the Developer. Such TIF Application is a "Local Tax Incentive Only Project," and does not seek any state investment tax credits.

Because Vertex is seeking approval of a Tax Increment Financing Plan, which requires approval by the Boston City Council, and because this Application also requires approval by the Boston City Council, the Developer, the City of Boston, and Vertex request that the approval process for this Application be accelerated to meet the schedule prepared by the City of Boston set forth in **Appendix P**, recognizing that the Secretary would have to waive provisions of 801 CMR 51:00 in order to accomplish that result.

- (3) *following the effective date of 801 CMR 51.00, the Developer has not applied and will not apply for any other public assistance funded by the Commonwealth for infrastructure improvements within the Economic Development District until any Bonds issued for Public Infrastructure Improvements therein are no longer outstanding, unless the Secretary approves of the Developer's applying for such other state infrastructure assistance*

The Developer has not applied and will not apply for any other public assistance funded by the Commonwealth for infrastructure improvements within the Economic Development District until any Bonds issued for Public Infrastructure Improvements therein are no longer outstanding, unless the Secretary approves of the Developer's applying for such other state infrastructure assistance.

- (g) *A description of each of the commercial establishments and residential facilities located within the proposed Economic Development District during the fiscal year prior to the application for funding under St. 2006, c. 293 §§ 5 through 12, and, if the Developer owns all or a portion of the property within the district, in the fiscal year prior to the Developer's acquisition of such property, whether any of such establishments or facilities are expected to remain within the district following the proposed Economic Development Project and the plans for relocating any of such establishments or the place of relocation of any of such establishments that have already been relocated, and the estimated amount of any state tax revenue generated from each of such commercial establishments in the prior fiscal year and in the fiscal year prior to the Developer's acquisition of such property, if applicable, together with the basis for such estimates.*

At the date of this application, the Fan Pier Site is occupied by the following commercial establishments and activities:

- **Parcel F/One Marina Park Drive (existing):** An 18-story, approximately 500,000 square foot Class A office property with 20,000 square feet of space for retail and restaurant use. This building is

partially occupied by two law firms, the corporate offices of The Fallon Company and Strega Waterfront restaurant.

- **Parcel J/Institute of Contemporary Art:** A 66,000 cultural space including art museum and performance space (*existing*).
- **Parcel D/ Louis:** An approximately 21,000 square foot temporary retail building has been constructed on Parcel D, as part of the Developer's efforts to animate the waterfront and encourage public use of the new amenities at Fan Pier. The building is leased to Louis, Inc., and is used as a high fashion clothing store, restaurant, and salon. This temporary building is required to be removed not later than July, 2020.
- **Balance of Fan Pier Site:** All other parcels, including Parcels A and B upon which the Vertex Buildings will be constructed, are vacant land used only as surface parking and not for any more productive commercial or industrial businesses.

The Developer acquired the Fan Pier Site in September, 2005. In the fiscal year prior to such acquisition, the entire Fan Pier Site was vacant land used only as surface parking and not for any more productive commercial or industrial businesses.

The construction of the Vertex Buildings will displace only surface parking, which does not generate substantial state tax revenue.

(r) Written evidence that the Economic Development Project shall conform to the general plan for the Municipality as a whole and any master plan for all or any portion of the Economic Development District, and an opinion of counsel to the Developer confirming that the Economic Development Project shall conform with all applicable zoning, planning, land use, environmental and other laws and regulations of the Commonwealth and of the Municipality.

The area of South Boston in which the Fan Pier Site is located has been the subject of multiple planning studies by the City of Boston/Boston Redevelopment Authority and the Massachusetts Port Authority. The most recent such study is the South Boston Waterfront District Municipal Harbor Plan submitted by the City of Boston and the Boston Redevelopment Authority to the Secretary of the Executive Office of Environmental Affairs ("the EOEA Secretary") in July, 2000; Decision on the City of Boston's South Boston Waterfront District Municipal Harbor Plan issued by the EOEA Secretary on December 6, 2000; Amendment to the City of Boston's South Boston Waterfront District Municipal Harbor Plan submitted by the City of Boston and the Boston Redevelopment Authority to the Secretary in November, 2002; and Decision on the City of Boston's South Boston Waterfront District Municipal Harbor Plan Amendment issued by the EOEA Secretary on December 31, 2002 (as so amended and approved, the "South Boston MHP"). Through a municipal harbor plan, the use and dimensional limitations set out in the Chapter 91 Regulations, such as the use of ground floor space, size and configuration of open space and maximum height restrictions, may be varied.

The Fan Pier Site consists entirely of Tidelands as defined under Chapter 91. Accordingly, each building to be constructed on the Fan Pier Site requires the issuance of a parcel specific Chapter 91 License by DEP. The CWD requires that as a condition to the issuance of each such Chapter 91 license, the Developer must demonstrate compliance with the South Boston MHP. In addition, the South Boston MHP requires that as a condition to the reliance upon substitutions authorized therein, the City of Boston must adopt permanent zoning regulations which codify and implement the provisions of the South Boston MHP. As set forth above, the Development Plan expressly provides that it is the permanent zoning codification of the South Boston MHP for the Fan Pier Development

(s) A description of the methodology for the allocation of Debt Service to each Assessment Parcel and for the calculation of any infrastructure assessments to be levied by the Municipality

upon each Assessment Parcel in the Economic Development Project, or the manner of determining such methodology. The methodology may include allocation by length of frontage, or type of Project Component, including classification of Assessment Parcels among residential, commercial, industrial and open space uses, or by square footage of an Assessment Parcel or an Economic Development Project, or according to the value of the Assessment Parcel as determined by the assessor or assessors, or by such other method as the assessor or assessors of the Municipality determine will fairly allocate the Costs of the Public Infrastructure Improvements financed by the Bonds to the real estate in the Economic Development District, which may also include allocating Debt Service and assessing in proportion to the New State Tax Revenue projected to be generated from the Assessment Parcel. Prior to the Secretary's issuance of a Preliminary Letter of Approval, the Secretary must also receive written evidence of the Municipal Officers' and the Municipality's assessor's or assessors' approval of the proposed methodology for the allocation of Debt Service to each Assessment Parcel and, if necessary, of the aforesaid determination of the assessor or assessors of the Municipality. In the event that the methodology proposed requires the aforesaid determination of the assessor or assessors of the Municipality, the Secretary shall not issue a Preliminary Approval Letter until receiving written evidence of such determination by the assessor or assessors.

The two Vertex Buildings on Parcel A and Parcel B, respectively, are the "Project Components," and Parcel A and Parcel B are the only Assessment Parcels.

Parcel A/50 Northern Avenue will contain approximately 51% of both the aggregate rentable area of the Vertex Buildings and of the premises to be leased to Vertex; Parcel B/11 Fan Pier Boulevard will contain approximately 49% of both the aggregate rentable area of the Vertex Buildings and of the premises to be leased to Vertex.

Accordingly, the Developer proposes that the methodology for the allocation of Debt Service to each of these Assessment Parcels be 51% to Parcel A/50 Northern Avenue and 49% to Parcel B/11 Fan Pier Boulevard.

(t) A statement as to whether the Developer will agree to have Assessment Parcels assessed to reimburse the Municipality for all or any portion of any Local Development Infrastructure Assistance payments the Municipality is required to make to the Commonwealth with respect to any Shortfall between Debt Service and New State Tax Revenues after the related Project Component has become an Occupied Project Component.

The Owners will so agree. The Owners will also fund the Municipal Liquidity Reserve. Since the Bonds are to be issued in two phases, the Developer requests that the Municipal Liquidity Reserve also be funded in phases, in connection with the issuance of the Initial Bonds and the Additional Bonds, respectively. These undertakings will be fully documented in the Infrastructure Development Assistance Agreement.

By such agreement, and by the deferral of the requested issuance of the Initial Bonds to the completion of the Vertex Buildings and Vertex Buildings Infrastructure Improvements, the Developer has eliminated the risks to the Commonwealth associated with the issuance of the Bonds and materially mitigated such risks to the City of Boston. In consideration of this approach, the Developer requests that the Secretary and the Commissioner agree, and that the Infrastructure Development Assistance Agreement provide, that all New State Tax Revenues from Vertex Eligible New Jobs accruing from and after the later to occur of (i) Final Approval of the Developer's application pursuant to 801 CMR 51.16 or (ii) the execution and delivery of the Vertex Leases constitute a surplus for the commercial Project Components notwithstanding that the commercial Project Components are not yet Occupied Project Components. The accrual of such surplus will substantially reduce the perceived risk of Shortfall which could result in a lien superior to the construction mortgage financing for the Vertex Buildings. This is an important consideration in securing construction

financing on commercially reasonable terms in a construction lending environment which is still in "recovery" after the recent global financial collapse.

This request is consistent with the requirements of the Act. "New state tax revenues" are defined in the Act as "any new revenue, less any dedicated revenue, collected by the commonwealth from the commercial components of a certified economic development project..." The definition clearly includes any new revenue and certainly does not exclude revenues collected prior to the time commercial components are occupancy project components. The Act further defines "new revenue" as "revenue derived from a commercial component of an economic development project by the creation of any eligible new jobs or by new commercial activity that would otherwise not have taken place in the commonwealth on said commercial component as each may be more fully described by any rules, regulations or guidelines promulgated by the secretary or the commissioner." The definitions of "commercial component" and "economic development project" are very broad and clearly include Parcels A and B prior to the time the Vertex Buildings are Occupied Project Components.

(u) A written description of the extent to which the Economic Development Proposal is consistent with the Sustainable Development Principles.

The Fan Pier Development embodies the Commonwealth's Sustainable Development Principles in the following ways:

Concentrate Development and Mix Uses. The Fan Pier Development is a mixed use project incorporating all of the major urban property types: office, laboratory, residential, hotel, retail, restaurant, and civic/cultural uses.

Advance Equity. The Fan Pier Development will advance the equitable sharing of the benefits and burdens of development in multiple ways.

- Compliance with the Boston Residents Construction Employment Plan requires best efforts to employ minorities, women and Boston residents in construction jobs;
- Through a Memorandum of Understanding and First Source Agreement with the City of Boston Office of Jobs and Community Services, permanent jobs are targeted to Boston residents;
- In accordance with Article 80 of the Boston Zoning Code, the Developer will be required to make (i) Housing Exaction payments to the Neighborhood Housing Trust for the creation of affordable housing and (ii) Jobs Exaction payments to the Neighborhood Jobs Trust for job training for all future commercial development on the Fan Pier Site, including without limitation the Vertex Buildings;
- In addition, the Developer will make an aggregate contribution to the BRA's affordable housing fund in the amount of \$13,500,000.

Protect Land and Ecosystems. More than 50% of the Fan Pier Site will be developed as open space, including without limitation the Public Green, Fan Pier Park and the Harborwalk.

Expand Housing Opportunities. Approximately 575 multifamily residential units will be developed on the Fan Pier Site, near jobs, transit and where services are available. Through on site affordable housing and affordable housing contributions, housing opportunities for all income levels will be created.

Provide Transportation Choice. Development on the Fan Pier Site will have proximate access to the MBTA Silver Line, is a short walk to South Station and will include an on-site Water Transportation Terminal for regularly schedule commuter vessels and water taxis. An on-site shared bicycle facility will be provided, and shower facilities are to be provided in the pavilion in Fan Pier Park for the use of bicycle riders.

Increase Job and Business Opportunities. The Fan Pier Development will attract businesses and jobs to locations near housing, infrastructure, and transportation options, promote economic development in industry clusters, expand access to education, training, and entrepreneurial opportunities and support the growth of local businesses, including sustainable natural resource-based businesses such as agriculture, forestry, clean energy technology and fisheries.

(v) A statement as to whether the proposed Economic Development Project is located in an Economically Distressed Municipality or a Growth District, and, if it is, any supporting information or evidence thereof.

The City of Boston is an Economically Distressed Area, and the Fan Pier Site lies within the Crosstown/South Boston Economic Opportunity Area. Please see the maps attached hereto as **Appendix Q**.

(w) A written description of the Developer's proposed competitive process for selecting a contractor or contractors for the construction of the Public Infrastructure Improvements to ensure timely and quality construction and cost effectiveness.

The Developer has selected Turner Construction Company as the general contractor for the Vertex Buildings and the Vertex Buildings Infrastructure Improvements after a competitive bid process. Turner Construction Company, in turn, will undertake a competitive bid process to select the subcontractors for the Vertex Buildings and the Vertex Buildings Infrastructure Improvements, which process is expected to be completed during the months of April and May, 2011.

(x) A written statement, together with supporting information or evidence, as to whether:

(1) the Developer is committed to make each Project Component at least LEED certifiable;

The Developer has registered the Vertex Buildings to qualify for Leadership in Energy and Environmental Design ("LEED") Core & Shell status as established by the U.S. Green Council based on the LEED Core & Shell standards in effect as of the date of such registration. The Developer intends to achieve at least LEED Silver status for the Vertex Buildings. The leases for the Vertex Buildings will require that any work performed by Vertex must comply with the standards necessary to maintain the applicable LEED Core & Shell certification of the Vertex Buildings. It should also be noted the Parcel F/One Marina Park Drive has achieved LEED Gold certification.

(2) any of the Public Infrastructure Improvements have been previously contemplated and designed by the Commonwealth or any of its agencies; or

As previously described in this application, the Public Infrastructure Improvements are described in the CWD and the Public Realm Licenses, but none have been designed by the Commonwealth or any of its agencies.

(3) any of the Public Infrastructure Improvements are reasonably likely to make other sites available for economic development projects.

The construction of the Vertex Buildings facilitated by I-Cubed Program funding for Public Infrastructure Improvements will be a catalyst for an additional approximately \$1.5 billion of construction activity on the Fan Pier Site as more fully described above.

(y) A written description of the Developer's plan to secure the obligations of its selected contractor or contractors to complete each of the Project Components and the Public Infrastructure Improvements with payment, performance and lien bonds which, in the case of the Public Infrastructure Improvements being funded in whole or in part from the proceeds of the Bonds, provide for the Developer and the Agency to be co-obligees under such bonds, and to secure its own obligation to complete the portion of the Public Infrastructure Improvements not funded by Bonds under St. 2006, c. 293 §§ 5 through 12, or to provide other security satisfactory to the Secretary.

The Developer does not propose to require that Turner Construction Company provide payment, performance and lien bonds in connection with construction of the Vertex Buildings Infrastructure Improvements. Rather, major subcontractors will be required to provide payment, performance and lien bonds. The determination of the contract amount which will be deemed "major" has not been determined for the Vertex Buildings and related Vertex Buildings Infrastructure Improvements, but it is likely that a contract amount of \$500,000 will be considered major. Since all of the Additional Bond Phase Public Infrastructure will be constructed in conjunction with other multi-million dollar residential or commercial buildings on the Fan Pier Site, the Developer will follow the same pattern for securing construction of the Additional Bond Phase Public Infrastructure. Furthermore, payment, performance and lien bonds serve no purpose in this context because the Developer has eliminated any construction risk to the City and the Commonwealth by deferring the issuance of the Initial Bonds until the completion of the Vertex Buildings and the Vertex Buildings Infrastructure Improvements and deferring the issuance of the Additional Bonds until the completion of the Additional Bonds Infrastructure Improvements.

(z) If all or any portion of the proposed Economic Development Project is located in a Convention Center District, a written statement of preliminary support for the proposed Economic Development Project from the Executive Director of the Massachusetts Convention Center Authority and confirmation of his preliminary support for transferring the New State Tax Revenues deposited in the Convention Center Fund to the General Fund in accordance with St. 1997, c. 152 §10(c) (vi).

The proposed Economic Development Project is located in the Convention Center District. However, the Developer does not rely on any Dedicated Revenues for the Convention Center District to support this application, and will not ask for support for the transfer of New State Tax Revenues deposited in the Convention Center Fund to the General Fund.

Appendices:

- Appendix A: Plan Showing the Proposed Economic Development District Plan (Fan Pier Site)
- Appendix B: Fan Pier Site Legal Description
- Appendix C: Subdivision Plan of Land, Parcel F
- Appendix D: Subdivision Plan of Land, Fan Pier
- Appendix E: Public Realm License
- Appendix F: Infrastructure Improvements Cost Estimates
- Appendix G: Opinion of Value
- Appendix H: Consolidated Written Determination
- Appendix I: Biotechnology Industry Snapshot
- Appendix J: Vertex Rhode Island Offer
- Appendix K: Draft Form of Street and Sidewalk Easement; Draft Form of Open Space/Harborwalk Easement
- Appendix L: Fan Pier Owners Corporation Articles of Organization and Bylaws

- Appendix M: Declaration of Covenants, Easements and Restrictions
- Appendix N: BWSC Easement
- Appendix O: City of Boston Support Letter
- Appendix P: Fan Pier I-Cubed & Municipal TIF Approval Schedule & Goals
- Appendix Q: Maps of Crosstown/South Boston Economic Opportunity Area and Massachusetts Economically Distressed Areas