



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

November 24, 2010

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith for your approval an Order to approve the issuance of a tax-exempt industrial development revenue bond(s) in a principal amount not to exceed \$55,000,000.00. The Boston Industrial Development Financing Authority's (BIDFA) Board of Directors, acting pursuant to the provisions of Chapter 40D of the Massachusetts General Laws, adopted a favorable resolution with respect to the financing or refinancing of costs of, or the reimbursement of funds, advanced by 800 Huntington Avenue LLC ("the Borrower"), to finance:

(i) the acquisition of land and building and the renovation of the existing building at 800 Huntington Avenue, Boston, Massachusetts 02115, such facility to be operated as a medical office and clinical outpatient facility and to include office, administrative, clinical and retail/café spaces (the "Medical Facility");

(ii) the acquisition of land and building and the demolition of the existing building at 10 Mission Street, Boston, Massachusetts 02115, the construction thereon of a structured parking facility (the "Parking Facility") and the construction of an additional structure that will span the Medical Facility and the Parking Facility; all such facilities to be initially owned, operated or managed by the Borrower; and

(iii) the payment of capitalized interest and costs of issuance (the "Project")

It is proposed that the City approve the acquisition of the land and building and the renovation of the existing building at 800 Huntington Avenue, Boston, Massachusetts 02115, such facility to be operated as a medical office and clinical outpatient facility and to include office, administrative, clinical and retail/café spaces (the "Medical Facility") and the acquisition of land and building and the demolition of the existing building at 10 Mission Street, Boston, Massachusetts 02115, the construction thereon of a structured parking facility (the "Parking Facility").



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

I urge your Honorable Body to pass this Order as expeditiously as possible so that this important project may proceed as described.

Sincerely,

Thomas M. Menino
Mayor of Boston



CITY OF BOSTON
IN CITY COUNCIL

**ORDER APPROVING INDUSTRIAL DEVELOPMENT PROJECT OF 800
HUNTINGTON AVENUE LLC**

ORDERED: That the Mayor, acting by and through the Boston Industrial Development Financing Authority (the “Authority”) and pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, following a public hearing conducted by the Authority, hereby approve the issuance by the City, of the issue of bonds described in the notice of such public hearing attached hereto and incorporated herein.

Section 1 Declarations. The City of Boston (the “City”) declares as follows:

1.1. The City acting by and through its Industrial Development Financing Authority (the “Authority”) is empowered to assist in the financing of industrial development facilities through the issuance of Recovery Zone Facility Bonds pursuant to Massachusetts General Laws Chapter 40D, as amended (the “Act”)

1.2. 800 Huntington Avenue LLC (the “Borrower,” which term includes in this order any parent, subsidiary or other affiliate of 800 Huntington Avenue LLC) has proposed the financing by the City of certain industrial development facilities (the “Project”) consisting generally of (i) the acquisition of land and building and the renovation of the existing building at 800 Huntington Avenue, Boston, Massachusetts 02115, such facility to be operated as a medical office and clinical outpatient facility and to include office, administrative, clinical and retail/café spaces (the “Medical Facility”); and (ii) the acquisition of land and building and the demolition of the existing building at 10 Mission Street, Boston, Massachusetts 02115, the construction thereon of a structured parking facility (the “Parking Facility”) and the construction of an additional structure that will span the Medical Facility and the Parking Facility; all such facilities to be initially owned, operated or managed by the Borrower.

1.3. The Borrower has represented that the estimated cost of the Project is approximately Sixty One Million Five Hundred Ninety Seven Thousand Seven Hundred Eighty Three Dollars (\$61,597,783.00) and has requested the City to issue not more than Fifty Five Million Dollars (\$55,000,000.00) of Recovery Zone Facility Bonds under the Act to finance the Project.

1.4. The Borrower has indicated its willingness to finance any costs of the Project in excess of Fifty Five Million Dollars (\$55,000,000.00).

1.5. The Authority has approved the Project and the estimated cost thereof and has recommended that the City finance the Project by Recovery Zone Facility Bonds issued pursuant to the Act.

CITY OF BOSTON
IN CITY COUNCIL

1.6. The financing of the Project under the provisions of the Act appears feasible

1.7. A public hearing relating to the proposed issuance of revenue bonds was held on November 19, 2010, pursuant to a notice published in The Boston Globe on November 4, 2010.

Section 2. Approval. In accordance with Section 12(1) of the Act the City approves the Project, the estimated cost thereof and the financing thereof by Recovery Zone Facility Bonds to be issued by the City pursuant to the Act. Such bonds shall not constitute a general obligation of the City or the Authority nor a pledge of the faith and credit of the City or the Authority but shall be payable solely from the revenues pledged for their payment in accordance with the Act

Section 3 Effective Date. This resolution shall take effect upon its adoption

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



WILLIAM F. SINNOTT
CORPORATION COUNSEL *CK*

**BOSTON INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY
PROJECT REVIEW/CREDIT ANALYSIS MEMORANDUM**

DATE:	JUNE 21, 2010
PROGRAM(S):	RECOVERY ZONE FACILITY BOND (RZFB)
BOARD VOTE:	OFFICIAL ACTION (PRELIMINARY APPROVAL)
CLASSIFICATION:	COMMERCIAL ENTERPRISE -- COMMERCIAL LEASING
STAFF PERSON:	FRANCESCO C. IOCCI
STAFF RECOMMENDATION:	APPROVAL

800 HUNTINGTON AVENUE LLC

1. NATURE OF REQUEST:

To assist in the acquisition, rehab and new construction of a new state of the art medical office/outpatient clinic to be located at 800 Huntington Avenue, Jamaica Plain, MA , that will be the Medical Office/Clinic for the Mass Eye and Ear Infirmary.

2. BORROWER(S):

800 Huntington Avenue, LLC

3. PRESENT ADDRESS:

C/O the Beal Companies, LLP
177 Milk Street
Boston, MA 02109

4. PROJECT LOCATION:

800 Huntington Avenue
Jamaica Plain, MA

5. PROJECT:

800 Huntington Avenue, LLC is proposing to renovate and expand 800 Huntington Avenue Jamaica Plain to accommodate a new state of the art medical office and outpatient clinic for the Mass Eye and Ear Infirmary that will serve the Mission Hill neighborhood and the greater Boston area.

The project site is comprised of 800 Huntington Avenue and 10 Mission Street, together comprising approximately 1 acre which fronts primarily on Huntington Avenue.

The current building is a two story concrete building that is approximately 50 years old.

The building most recently served as the home for the Immune Disease Institute which was also known as the Center for Blood Research Institute. The building is approximately 45,000 square feet with 66 surface parking spaces.

The project will consist of the complete renovation of the existing building and the construction of a new structured parking facility located primarily at or below the average mean grade of the site and the construction of an additional story that will span the existing building and new parking structure. The 10 Mission Street multifamily structure will be removed as well as the bill board currently on the roof of 800 Huntington. The final building will be three stories fronting Huntington Avenue with approximately 83,000 s.f. of space and contain approximately 175-200 parking spaces. There will be no surface parking.

Retail and food service uses related to and servicing the proposed medical offices and outpatient clinic will occupy a portion of the first floor. Medical and general offices, outpatient medical clinic space and related administrative uses will occupy the remaining portion of the first floor, and the entire second and third floors. Figure B reflects the preliminary floors plans.

The completed building will contain approximately 36,000 s.f. of general, administrative and medical offices, 32,000 s.f. of clinic space, and 2,000 s.f. of retail/cafe space. In accordance with the City of Boston Zoning Code (the "Code"), approximately 13,000 s.f. of the parking structure is counted as gross floor area of the 83,000 s.f.

The proposed agency or professional office use and retail use are allowed uses under Article 59, Table B of the Code. Clinic use is a Conditional Use under Article 59, Table B of the Code, requiring issuance of a Conditional Use Permit by the Board of Appeal pursuant to Article 6 of the Code. A cafe/restaurant use is a Conditional Use under Article 59, Table B of the Code, requiring issuance of a Conditional Use Permit by the Board of Appeal pursuant to Article 6 of the Code. Accessory parking as proposed is an allowed use under Article 59, Table B of the Code. Accessory parking above the first story is a Conditional Use under Article 59, Table B of the Code, requiring a Conditional Use Permit by the Board of Appeal pursuant to Article 6 of the Code.

Construction start is anticipated for January 2011 with a 15 month construction period and 6 month fit-out. COO is estimated to be issued by Oct/Nov 2012.

The new facility will employ approximately 70 full-time equivalent (FTE) positions. The positions will range from low skilled jobs to professional positions. It is estimated that out of the 70 FTE jobs, approximately 63 will be new ranging from janitorial positions to clerical and professional. Lastly, the project is projected to create approximately 200 construction jobs.

Lastly, I received permission from the Director of the BRA to commence the BIDFA application process even though Article 80 is not finalized.

PROJECT COST:
SOURCES AND USES OF FUNDS*

SOURCES:

Tax Exempt RZFB	<i>48,875,000</i>
Equity	<i>12,722,783</i>
TOTAL SOURCES	<u><u>61,597,783</u></u>

USES:

Acquisition	<i>16,950,000</i>
Predevelopment Costs	<i>2,400,000</i>
Development Costs, Engineering, Design (soft Costs)	<i>10,925,465</i>
Construction, demo, rehab, etc (Hard Costs)	<i>31,322,318</i>
TOTAL USES	<u><u>61,597,783</u></u>

* Estimated

7. BOND AMOUNT(S):

Recovery Zone Facility Bond (RZFB)	48,875,000
---	-------------------

8. EMPLOYMENT:

	F/T	%	P/T	%
Boston Residents		#DIV/0!		#DIV/0!
Minority Employees		#DIV/0!		#DIV/0!
Minority Boston Residents		#DIV/0!		#DIV/0!
Female Employees		#DIV/0!		#DIV/0!
Female Boston Residents		#DIV/0!		#DIV/0!
TOTAL EMPLOYEES	<u>0</u>		<u>0</u>	

9. INSTITUTION:

800 Huntington Avenue LLC is a joint venture between an affiliate of The Beal Companies, LLP and the New Mexico State Investment Council. The Beal Companies serves as the managing member of 800 Huntington Avenue LLC and is responsible for all day to day activities of the company. Beal is a closely-held company located in Boston that owns, develops and manages commercial property in all segments of the

real estate industry. Founded in 1888, Beal is a full service real estate firm with an enviable reputation in Boston and throughout the United States. Beal currently owns and manages over 3 million s.f. of commercial real estate in the greater Boston area, including, by way of example, One Kendall Square, a 650,000 s.f. life science, office and retail complex in Cambridge, Waltham Corporate Center, a medical and office complex in Waltham, The Seaport Center in Boston and Ledgemont Research Park in Lexington. Beal, together with its partner The Related Companies, recently completed development of The Clarendon, a highly acclaimed 33-story mixed-use building in Boston's Back Bay consisting of 103 luxury condominiums, 178 apartments, the USPS Back Bay postal annex, a restaurant and market. Beal's executive management team includes its Bruce A. Beal, Chairman, Robert L. Beal, President, and Stephen Faber, Senior Vice President, Michael Manzo, Senior Vice President, and Peter Spellios, Senior Vice President.

10. PUBLIC PURPOSE BENEFIT:

The acquisition, rehab and new construction of the new state of the art medical office/clinic for the Mass Eye and Ear Infirmary will provide increased employment opportunities and medical care to City of Boston residents.

11. PRINCIPALS:

PERCENTAGE OWNERSHIP

Beal SIC Holdings, LLC

100%

**12. PROJECT CONTACT &
TELEPHONE NUMBER:**

Peter A. Spellios
B: 617.451.2100 x 211
Fax: 617.451.18901
E-Mail Address: pspellios@bealco.com

**13. PRICING/ TERMS: PROPOSED –
NOT FINALIZED**

Tax-Exempt Bond(s):	Coupon Rate:	Terms:
RZFB	5.35*	23 year

* Average Coupon Rate

14. REPAYMENT SOURCE:

Cash Flow

15. VALUATION:

TBD

16. ASSESSED VALUE/TAXES:

Parcel ID: **Assessed Value:** -0- **Tax:** 0.00

**17. DEVELOPMENT REVIEW STATUS:
PROJECT MANAGER: ERICO LOPEZ**

PNF submitted October 13, 2010 (Article 80E - Small Project Review)

18. EQUITY:

No less than 15% Exact amount TBD

19. CO-MAKERS/GUARANTORS:

None

20. BOND PURCHASER:

TBD

21. TRUSTEE:

TBD

**22. UNDERWRITER/PLACEMENT
AGENT/BANK:**

TBD

**23. BANK LETTER OF CREDIT/
MTG GUARANTOR:**

N/A

24. BOND COUNSEL:

TBD

25. UNDERWRITER/PLACEMENT
AGENT'S/BANK'S COUNSEL:

TBD

26. PURCHASER'S COUNSEL:

TBD

27. TRUSTEE'S COUNSEL:

TBD

28. BORROWER'S COUNSEL:

TBD

SECTIONS 29 & 30 FOR EMPOWERMENT ZONE BONDS ONLY

29. PROJECT BENEFITS
ANALYSIS:

Construction Jobs: N/A

Permanent Jobs: N/A

Anchor Projects: N/A

Blight/Underutilization: N/A

Employee Benefits: N/A

Job Training: N/A

Preference to Zone Business Vendor Services: N/A

Generation of Tax Revenue: N/A

30. FINANCING BENCHMARKS:

<u>Program:</u>		<u>Project:</u>	
Loan to value:	N/A	Loan to Value:	N/A
Minimum Owner's Equity:	N/A	Owner's Equity:	N/A
Minimum CDSR:	N/A	Debt Service Ratio:	N/A

31. FINANCIAL SUMMARY:

CASH FLOW PROJECTIONS

FISCAL YEAR	Projected 2013	Projected 2014	Projected 2015	Projected 2016
Total Revenues (000's)	3,829,557	5,164,127	5,269,855	5,377,757
Total Operating Expenses ¹	890,508	908,420	926,589	945,120
Net Income	2,939,049	4,255,707	4,343,266	4,432,637
Depreciation and amortization				
Interest Expense				
Total funds available for debt service:	2,939,049	4,255,707	4,343,266	4,432,637
Debt Service:*	2,595,775	3,420,775	3,489,525	3,557,775
Debt Service Coverage Ratio ² :	1.13	1.24	1.24	1.25

Footnotes/Comments:

** Interest only the first year.*

Debt service based on a bond of 48,875,000.

First year's revenues is reduced by 4 months free rent.

**32. TAX EXEMPT NEEDS
EVALUATION:**

ONLY as a RZFB is 800 Huntington Avenue LLC eligible for tax exempt bond financing. The ability to secure a fixed interest rate for a term of 20 years or greater with the possibility of a slightly lower rate than conventional debt will result in stronger debt service ratios throughout the lease period thereby ensuring the success of the project to provide employment opportunities for Boston's residents.

**33. TAX EXEMPT FINANCING
BENEFITS*:**

<u>Financing Expense – Tax Exempt Debt for Seven (7) year period</u>	<u>Financing Expense – Conventional Debt for Seven (7) year period</u>	<u>Savings</u>
		N/A

The major benefit of utilizing a tax exempt bond issue vs. traditional debt is ability to secure a 20 year or more fixed rate.

34. RECOMMENDATION:

I recommend that the board grant Preliminary Approval (Official Action) to 800 Huntington Avenue, LLC, or nominee for the issuance of up to an amount not to exceed \$55,000,000 in Tax Exempt Recovery Zone Facility Bonds for the acquisition, rehab and new construction of a new state of the art medical office/outpatient clinic to be located at 800 Huntington Avenue, Jamaica Plain, MA, that will be the Medical Office/Clinic for the Mass Eye and Ear Infirmary.