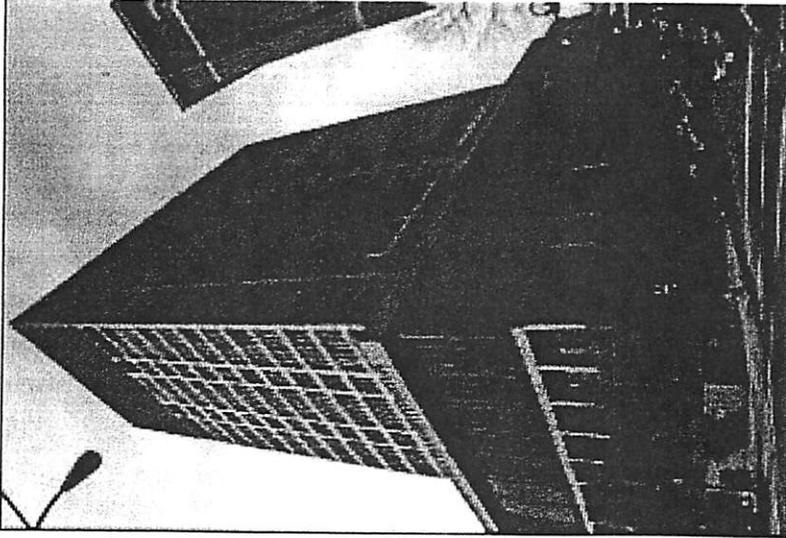


REDEVELOPMENT OPPORTUNITY

MIDDLESEX COUNTY

EDWARD J. SULLIVAN
COURTHOUSE



AGENDA

1. Legislation / Property Description
2. RFP – Sale Closing Timeline
3. Construction Timeline
4. Jail Relocation Issues
5. Transaction Issues
6. Political / Community Notice Strategy
7. Real Estate / Capital Markets Outlook

PROPERTY DESCRIPTION – EDWARD J. SULLIVAN COURTHOUSE

SITE DATA AND EVALUATION

Address	40 Thorndike Street, Cambridge aka Superior District Court Building; EJS
Zoning	Business B
FAR	2.75 / 3.00 300 square feet per dwelling unit 80 feet height Allowed uses include most types of residential dwellings, most institutional, office, laboratories, and most retail uses.
Land Area	1.37 acres, or 59,880 square feet
Gross Building Area	595,000 square feet
Openings	38,328 square feet
Net Gross Above Basement: B2 and B3	480,688 square feet 76,097 square feet
Actual FAR	8.67 (518,926 sf)
No. of Stories	22 plus mezzanine plus 3 basement levels
Height:	275 feet
Constructed	1974
Renovated	No
Historic Designation	No
Inspected	6/28/07
Highest and Best Use	<p>The prime attraction of this building is the size and height (22 plus stories above grade levels) that provides protected 360° distant views above the 5th floor. It would not be allowed to be built at this location today, nor would such a building be allowed on any adjacent blocks. It is a unique and large building envelope.</p> <p>Redevelopment possibilities include office, residential, long-term stay or suite-style hotel, mixed use and higher education/graduate housing. In all scenarios environmental remediation, building façade replacement, MEP and telecommunications systems upgrades, vertical transportation upgrades, and improved ADA accessibility are required.</p>

SECTION 19. To meet the expenditures necessary in carrying out section 2D, the state treasurer shall, upon request of the governor, issue and sell bonds of the commonwealth in an amount to be specified by the governor from time to time but not exceeding, in the aggregate, \$560,000,000. All such bonds issued by the commonwealth shall be designated on their face, Capital Improvement Act of 2008, and shall be issued for a maximum term of years, not exceeding 30 years, as the governor may recommend to the general court under section 3 of Article LXII of the Amendments to the Constitution. The bonds shall be payable not later than June 30, 2048. All interest and payments on account of principal on these obligations shall be payable from the General Fund. Bonds and interest thereon issued under this section shall, notwithstanding any other provisions of this act, be general obligations of the commonwealth.

SECTION 20. (a) In order to facilitate the reuse of the properties identified in subsection (b), upon a determination by the commissioner that no state agency or executive office has a current or foreseeable need for the real property, the commissioner of capital asset management and maintenance may: (1) subject to sections 40E to 40F½, inclusive, and sections 40I and 40J of chapter 7 of the General Laws, convey, lease for a term not to exceed 99 years, transfer or otherwise dispose of any facility or real property identified in subsection (b) to the host municipality for a direct public use as defined in section 40F of the General Laws; provided, however, that said host municipality shall have no less than 90 days to accept the commissioner's offer to acquire the property; or (2) upon a refusal of the host municipality of the commissioner's offer pursuant to clause 1 and subject to sections 40E to 40F½, inclusive, and sections 40H to 40J, inclusive, of chapter 7 of the General Laws, the commissioner of the division of capital asset management and maintenance may convey, lease for a term not to exceed 99 years, transfer or otherwise dispose of any facility or real property identified in subsection (b).

(b) This section shall apply to the following properties:— (i) any court facilities vacated and determined to be surplus by the commissioner of capital asset management and maintenance and the chief justice for administration and management as a result of or in anticipation of the construction of new court facilities or the consolidation of court facilities in the city of Lowell, but the transfer, sale, lease or other disposition shall be in accordance with chapter 290 of the acts of 2004 as amended by sections 59 through 70 of chapter 122 of the acts of 2006; (ii) any court facilities vacated and determined to be surplus by the commissioner of capital asset management and maintenance and the chief justice for administration and management as a result of or in anticipation of the construction of new court facilities or the consolidation of court facilities in the city of Cambridge; (iii) any court facilities vacated and determined to be surplus by the commissioner of capital asset management and maintenance and the chief justice for administration and management as a result of or in anticipation of the construction of new court facilities or the consolidation of court facilities in the city of Worcester; and (iv) any court facilities vacated and determined to be surplus by the commissioner of capital asset management and maintenance and the chief justice for administration and management as a result of or in anticipation of the construction of new court facilities or the consolidation of court facilities in the city of Salem.

The exact boundaries of each parcel conveyed, leased, transferred or otherwise disposed of pursuant to this section shall be determined by the commissioner of the division of capital asset management and maintenance after completion of a survey. The consideration for said conveyance, lease transfer or other disposition shall be the full and fair market value of said parcel as determined by the commissioner of the division of capital asset management and maintenance pursuant to 1 or more independent professional appraisals. This parcel shall be conveyed by deed without warranties or representations by the commonwealth.

(c) Notwithstanding any general or special law to the contrary, the grantee or lessee of any property identified in subsection (b) shall be responsible for all costs and expenses, including but not limited to, costs associated with any engineering, surveys, appraisals, and deed preparation related to the conveyance authorized pursuant to this act as such costs may be determined by the commissioner of the division of capital asset management and maintenance.

(d) Notwithstanding any general or special law to the contrary, the inspector general shall review and approve the appraisal required pursuant to subsection (b). The inspector general shall prepare a report of his review of the methodology utilized for the appraisal and shall file the report with the commissioner of the division of capital asset management and maintenance, the house and senate committees on ways and means and the joint committee on bonding, capital expenditures and state assets. The commissioner of the division of capital asset management and maintenance shall, 30 days before the execution of any conveyance, lease, transfer or other disposition pursuant to this section, or any subsequent amendment thereto, submit the proposed conveyance, lease, transfer or other disposition or amendment and a report thereon to the inspector general for his review and comment. The inspector general shall issue his review and comment within 15 days of receipt of the proposed conveyance or amendment. The commissioner of the division of capital asset management and maintenance shall submit the proposed conveyance or amendment, and the reports and the comments of the inspector general, if any, to the house and senate committees on ways and means and the joint committee on bonding, capital expenditures and state assets at least 15 days before execution of the conveyance.

(e) Notwithstanding any general or special law to the contrary, the net cash proceeds of the sale, lease, transfer or other disposition of any court facility identified in subsection (b) shall be deposited into the Courts Capital Project Fund established pursuant to section 2YYY of chapter 29 of the General Laws. For purposes of this paragraph, the term "net cash proceeds" shall mean all payments made to the commonwealth as and when paid, less any transaction-related expenses and expenses

incurred in connection with the custody of the property by the division of capital asset management and maintenance including, but not limited to, costs associated with the disposal or pre-development of the property from which the funds originated including, but not limited to, appraisals, surveys, site evaluation, site preparation, plans, recordings, smart growth review and feasibility and other marketing studies and any other expenses relating to the disposal or project management services in connection with any reuse or redevelopment of the property.

SECTION 21. (a) To carry out the purposes of items 1102-2008, 1102-5600, 4000-2020, 8000-4900 and 8500-1000 of section 4 and item 8900-8500 of section 5, the commissioner of capital asset management and maintenance may, notwithstanding sections 40E to 40I, inclusive, of chapter 7 of the General Laws or any other general or special law to the contrary, but subject to this subsection, acquire, by purchase, lease or leaseback for a term, including any extensions, not to exceed 50 years, gift or other transfer, or by eminent domain under chapter 79 of the General Laws, any interests in land and buildings considered necessary by the commissioner to carry out the purposes of this act including, but not limited to, easements for drainage, access, utilities and environmental mitigation and may grant and retain such easements and interests as considered necessary by the commissioner to carry out the purposes of this act.

(b) The commissioner shall solicit proposals for any facility acquisition through requests for proposals. Each request for proposals shall, at a minimum, include: (1) a description of the facility for which proposals are sought; (2) a statement as to whether the commissioner seeks to purchase or lease the facilities; (3) a statement as to whether the commissioner seeks to acquire improved or unimproved land, buildings and interests therein; (4) a statement as to whether the selected proposer shall be required to undertake the design, construction, reovation, reconstruction, alteration, improvement, demolition, expansion or management of a new or existing facility; (5) the proposed contractual terms and conditions, some of which may be considered mandatory or nonnegotiable, (6) the evaluation criteria that will be utilized by the commissioner; (7) the time and date for receipt of proposals; (8) the address of the office to which proposals shall be delivered; and (8) such other matters as may be determined by the commissioner. Public notice of each request for proposals shall be published at least 3 weeks before the time specified in the notice for the receipt of proposals in the central register published by the state secretary. At the opening of the proposals, the commissioner shall prepare a register of proposals which shall include the name of each proposer. The register of proposals shall be open for public inspection. Notwithstanding any general or special law to the contrary, until the completion of the selection process, the contents of the proposals and the selection process shall not be disclosed to competing proposers and shall not be public documents.

(c) Any design, construction, renovation, reconstruction, alteration, improvement, demolition, expansion or management of a facility undertaken under this section shall be subject to chapters 7, 30 and 149 of the General Laws and any other general or special law or regulation governing the design, construction, renovation, reconstruction, alteration, improvement, demolition, expansion or management of real or personal property by the commonwealth.

SECTION 22. The information technology division, in consultation with the operational services division, shall require that the procurement of services and equipment funded under item 1790-3000 of section 3 shall comply with the procurement policies filed by the state comptroller under section 13 of chapter 27 of the acts of 2007 to ensure an open and fair competitive process. Executive agencies that have or seek funding under said item 1790-3000 shall submit to the information technology division, at intervals to be determined by the division, documentation and deliverables necessary to enable it to oversee, ascertain and evaluate project management, status, progress, performance and expenditures. The information technology division shall specify this documentation and deliverables, which may include, without limitation, project management plans and methodology, technology designs and specifications, accountings of amounts expended or to be expended for all goods and services including, without limitation, hardware, software, consultant services and personnel, an assessment of whether the project is within budget and on schedule for completion, an explanation of any deviations in completion schedules and funding needs from those that were originally established for the projects, project plans and other document deliverables. The information technology division may make funding or continued funding for executive department agency projects contingent upon its approval of these documentation and deliverables.

SECTION 23. Notwithstanding any general or special law to the contrary, the unexpended and unencumbered balances of the bond-funded authorizations in the following accounts shall cease to be available for expenditure: 1102-8819, 5011-8841, 5011-8842, 8200-8842, 9300-3905, 1100-9101, 1102-7886, 1102-7887, 1102-7888, 1102-8880, 1102-8883, 1102-8888, 4238-8871, 5095-8870, 5095-8872, 9300-3909, 0330-8890, 0330-8891, 1102-6896, 1102-7891, 1102-7893, 1102-7894, 1102-7896, 1102-7897, 1102-8869, 1102-8890, 1102-8894, 4180-7890, 4180-7891, 4536-7890, 4537-7891, 4010-8831, 1599-8000, 4000-8000, 4000-8100, 5500-8300, 5500-8400, 5500-8500, 5500-8893, 5500-9000, 5500-9100, 5500-9220, 5800-8100, 5800-8120, 5800-8300, 5800-8810, 5800-9000, 8000-7950, 0330-8968, 8195-8968, 8995-8968, 1102-1960, 1102-8968, 1102-8969, 1102-9980, 4200-8968, 8199-7966, 8199-7967, 8900-7967, 1100-7982, 1102-7977, 1102-7979, 1102-9981, 1599-3914, 0330-2204, 0330-2206, 0330-2208, 0330-2209, 0526-8998, 8900-1981, 0526-0101, 0526-0111, 1102-1991, 1102-1992, 1102-2992, 1102-4994, 1102-5996, 7066-0013, 1102-7943, 1102-7944, 1102-7947, 1102-7948, 1102-8245, 1102-8940, 1102-8944, 1102-8945, 1102-8947, 1102-8981, 1599-1999, 4180-0013, 8000-0018, 8000-0019, 8100-9961, 1102-2204, 1102-4940, 1102-7949, 1102-7960, 1102-8949, 1102-9960, 0330-9010, 0333-0010, 1102-2010,

JAIL RELOCATION ISSUES

1. LEGAL ISSUES

- Court Order
 - Issued late 1990's pursuant to action brought by prisoner's rights groups.
 - Caps on pre-trial detainees.
 - No commingling of Pre-trial detainees and convicted inmates.
 - AG will seek relief in court: Billerica House of Correction and Middlesex County Courthouse (EJS) are currently in violation.

2. TOWN OF BILLERICA RELATIONS

- Maintain good rapport and relations with Town Officials and Community.

TRANSACTION ISSUES

- a) **Parking Capacity Special Permit**
- b) **Payments in lieu of taxes (PILOT)**

POLITICAL / COMMUNITY NOTICE STRATEGY

City of Cambridge

- Mayor, David P. Maher
- **City Council:**
- Mayor, David P. Maher
- Vice Mayor, Henrietta Davis
- Leland Cheung
- Marjorie C. Decker
- Craig A. Kelley
- Kenneth E. Reeves
- Sam Seidel
- E. Denise Simmons
- Timothy J. Toomey, Jr.

- City Manager, Robert W. Healy

Commonwealth of Massachusetts

- Sen. Anthony Petruccelli
- Sen. Sal N. DiDomenico
- Rep. Jonathan Hecht
- Rep. Alice K. Wolf
- Rep. William N. Brownsberger
- Rep. Timothy J. Toomey, Jr.
- Rep. Martha M. Walz

United States of America

- U.S. Rep. Michael E. Capuano

CAMBRIDGE LABORATORY & OFFICE REPORT

3Q11

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WWW.CUSHWAKE.COM/KNOWLEDGE

Economic Overview

The unemployment rate in Massachusetts fell to 7.4% in August 2011, after seven consecutive months of decline, and continues to trend below the national rate of 9.1% announced for August. This is the lowest statewide unemployment rate recorded since February 2009. Year-to-date, total employment increased by 41,800 jobs with the largest gains in the Trade, Transportation and Utilities sector during the month of August. Private sector jobs are up 52,900 over the year representing a growth rate of 1.9%. However, Financial and Professional Services, Education, Health Services and Leisure and Hospitality lost a total of 5,000 jobs during the month, demonstrating a cooling-off in those sectors brought about by psychological effects of the gloomy national debt discussions from the early summer months.

Forecasts from Moody's Analytics suggest that office-using jobs lost in the downturn will be recovered by the end of 2013. If this forecast holds true, it will take at least another two years to reach pre-recessionary office-using employment levels. Sentiment within the Greater Boston market remains cautiously optimistic for both landlords and occupiers. As overall year-to-date absorption indicated during the third quarter, it appears that job growth is beginning to boost demand for office space in core markets in the overall Greater Boston area, albeit slightly positive at nearly 50,000 square feet (sf).

Opportunities for Laboratory Space

The overall vacancy rate grew to 18.5% in the Cambridge laboratory market, a 1.0 of a percentage point increase from last quarter and 2.4 percentage points higher than this time last year. However, this is 0.9 percentage points below the last peak of 19.4% recorded in the fourth quarter 2008. New opportunity lies in class A laboratory space in the Kendall Square/East Cambridge submarket posting a nearly 6.0%

decline in asking rents to end the quarter at \$56.22 per square foot (psf), triple net. Also during the quarter, The Broad Institute leased 250,000 sf at 7 Cambridge Center and Pfizer leased 184,000 sf at 610 Main Street.

Continued Growth in Office

Cambridge office market fundamentals are healthy. Overall vacancy stands at 9.7%, 2.8 percentage points below last quarter and 5.4 percentage points below year over year. Kendall Square/East Cambridge leasing activity is up to 1.2 million square feet (msf) year-to-date, which is nearly double the level reported this time last year. The largest lease of the quarter in the Greater Boston area was signed by Biogen for 497,000 sf total consisting of 307,000 sf at 225 Binney Street and 190,000 sf at 17 Cambridge Center. Cambridge office year-to-date absorption grew by 316%, more than tripling, since last quarter to over 602,614 sf. Forrester Research occupied its new 200,000-sf headquarters at Cambridge Discovery Park.

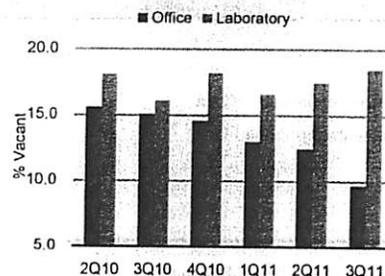
Outlook

The outlook for the Cambridge office and laboratory property sectors continues to be positive. Job growth has been driving requirements for space. The 800,000 sf of space being vacated by Vertex Pharmaceuticals in late 2013 will potentially boost vacancy in second and third generation laboratory space by 11.0 percentage points, but with strengthened demand by major innovators and thought leaders for a location in this cluster market the effect is not expected to be long term.

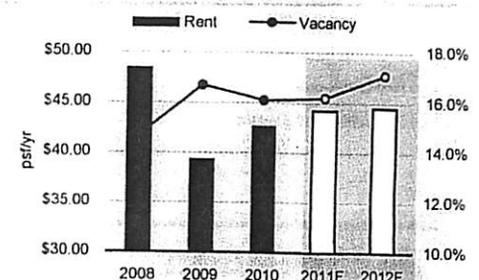
Cambridge Stats on the Go

	3Q10	3Q11	Y-o-Y change	12 month Forecast
Overall Vacancy	15.5%	13.5%	-2.0 pp	▼
YTD Leasing Activity (sf)	1,082,921	1,981,363	83.0%	▲
YTD Overall Absorption (sf)	118,952	514,826	532.8%	▲

Overall Vacancy Office vs. Laboratory



Cambridge Overall Rental vs. Vacancy Rates



Market/Submarket Statistics

Market / Submarket	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	YTD Overall Absorption	Overall/Ytd Avg. All Classes Gross Rental Rate
Alewife/Fresh Pond	1,804,024	21.1%	20.3%	26,455	0	200,000	175,913	160,821	\$28.05
Mass. Ave./Harvard Square	2,101,734	5.0%	4.6%	98,713	0	0	17,764	26,812	\$35.24
Kendall Square/E. Cambridge	6,065,318	8.0%	6.3%	1,119,914	497,000	0	363,914	414,981	\$41.53
CAMBRIDGE OFFICE	9,971,076	9.7%	8.5%	1,245,082	497,000	200,000	557,591	602,614	\$35.56
Alewife/Fresh Pond Lab	522,263	17.1%	12.6%	47,532	0		30,787	7,187	\$33.88
Mass. Ave./Harvard Square Lab	3,104,195	14.7%	14.3%	155,697	0	0	(6,062)	29,540	\$49.39
Kendall Square/E. Cambridge Lab	3,834,322	21.8%	15.3%	533,052	184,000	0	(16,498)	(124,515)	\$56.40
CAMBRIDGE LAB	7,460,780	18.5%	14.7%	736,281	184,000	0	8,227	(87,788)	\$52.62
CAMBRIDGE TOTAL	17,431,856	13.5%	11.1%	1,981,363	681,000	200,000	565,818	514,826	\$45.58

* Rental rates reflect asking \$psf/year. (Office rents are quoted as Gross, net of electricity. Laboratory rents are quoted as NNN)

Market Highlights

SIGNIFICANT 3Q11 LEASE TRANSACTIONS

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BUILDING CLASS
225 Binney Street	Kendall Square/East Cambridge	Biogen	307,000	A
17 Cambridge Center	Kendall Square/East Cambridge	Biogen	190,000	A
7 Cambridge Center Expansion	Kendall Square/East Cambridge Lab	The Broad Institute	250,000	A
610 Main Street	Kendall Square/East Cambridge	Pfizer	184,000	A
1 Rogers Street	Kendall Square/East Cambridge	Pegasy stems	143,028	A

* Renewal - not included in leasing activity statistics

SIGNIFICANT 3Q11 SALE TRANSACTIONS

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
22 Cottage Park Avenue	Alewife/Fresh Pond	The Beantown Companies	36,365	\$2,700,000

SIGNIFICANT 3Q11 CONSTRUCTION COMPLETIONS

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Cambridge Discovery Park - Bldg. 200	Alewife/Fresh Pond	Forrester Research	200,000	3Q11

SIGNIFICANT PROJECTS UNDER CONSTRUCTION/INNOVATION

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
225 Binney Street	Kendall Square/East Cambridge Lab	Biogen	307,000	4Q13
17 Cambridge Center	Kendall Square/East Cambridge Lab	Biogen	190,000	3Q13
610 Main Street	Kendall Square/East Cambridge Lab	Pfizer	250,000	3Q13
400 Technology Square	Kendall Square/East Cambridge Lab	TBD	213,000	2Q12



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