

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT
REVIEW

SUBJECT: VERTEX PHARMACEUTICALS INCORPORATED
50 NORTHERN AVENUE AND 11 FAN PIER BOULEVARD
FAN PIER, SOUTH BOSTON

SUMMARY: This Memorandum seeks authorization for the Boston Redevelopment Authority (“BRA”) to authorize the Director to execute an Easement Agreement by and between the BRA and Fan Pier Development LLC for the open space areas in the Fan Pier Project for which I-Cubed financing is provided.

BACKGROUND

Vertex Pharmaceuticals Incorporated (“Vertex”) is a publicly traded global biotechnology company that aims to discover, develop and commercialize innovative therapies for people with serious diseases. Vertex’s need for a centralized campus to relocate its headquarters and other operations from its various Cambridge locations as well as to provide more space for future growth led to its lease of space at the Fan Pier Project in South Boston. In connection with such relocation, Fifty Northern Avenue LLC and Eleven Fan Pier Boulevard LLC, the owners of the land on which the Vertex Project is being constructed (the “Owners”), together with their affiliate Fan Pier Development LLC (the “Developer”), sought and received approval from the Commonwealth for certain infrastructure financing under the Commonwealth’s “I-Cubed” program. The Developer intends to grant an easement for public access to the BRA over certain portions of the Fan Pier Project that have been financed with funds to be received through the I-Cubed program.

LOCATION AND DESCRIPTION OF THE VERTEX PROJECT

The Vertex Project consists of the relocation by Vertex, as tenant, to substantially all of the space in two new build-to-suit buildings on Parcels A and B of the Fan Pier Project (other than space dedicated to retail, restaurant, civic/cultural or day care use) being constructed for its use by the Owners, and the growth of Vertex’s business in this new

location. The Fan Pier Project is approximately 21 acres and is generally bounded by the Boston Inner Harbor to the north, Moakley Federal Courthouse to the west, Northern Avenue to the south and Pier 4 to the east. The Fan Pier Project will eventually include approval of nine buildings, including the already constructed Institute of Contemporary Art and One Marina Park Drive and the two Vertex buildings on Parcels A and B. In November 2001, the Fan Pier Project was approved by the BRA and, in February 2002, a Development Plan for the Fan Pier Planned Development Area No. 54 ("Fan Pier PDA") was approved for the Fan Pier Project in accordance with Article 80C of the Boston Zoning Code. In December 2007, the BRA approved an amendment to the Fan Pier PDA, which allowed Research Center Use at the Fan Pier Project. The amendment was approved by the Boston Zoning Commission and became effective on January 30, 2008. Pursuant to the Fan Pier PDA, as amended, the area leased to Vertex may be used for office, research and other uses proposed in conjunction with the Vertex Project. Although permitting and zoning for the Fan Pier Project has been approved since 2002, a large portion of the site had previously been underutilized due to market conditions and lack of financing. The Vertex Project has been a catalyst for significant development and investment at the Fan Pier Project, which has and will continue to be a catalyst for other proposed projects in the South Boston Innovation District.

PARCEL A

The building being constructed on Parcel A will have an address of 50 Northern Avenue and will be a class A office, research laboratory, retail/restaurant and daycare building. It will contain 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 290 parking spaces. The building is anticipated to contain approximately 490,201 square feet of gross floor area (as defined in the Boston Zoning Code (the "Code")), of which approximately 12,000 square feet is to be dedicated to daycare uses, and 585,456 square feet of rentable area. The building is approximately 225.5 feet in height (approximately 261 feet with the mechanical penthouse). The building's ground floor is designed to accommodate restaurants, cafes, services, daycare and various retail uses on Northern Avenue, Bond Drive and Fan Pier Boulevard.

On Parcel A, approximately 556,105 square feet of rentable area has been leased to Vertex for office and research laboratory use, approximately 12,000 square feet of rentable area is available for day care use, and approximately 17,351 square feet of rentable area is available for lease to other parties for restaurants, cafes, services and various retail uses.

PARCEL B

The building being constructed on Parcel B will have an address of 11 Fan Pier Boulevard and will be a class A office, research laboratory and retail/restaurant building. It will contain 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 450 parking spaces. The building is anticipated to contain approximately 439,194 square feet of gross floor area as defined in the Code and 546,714 square feet of rentable area. 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, civic-cultural uses and various retail uses on Bond Drive, Liberty Drive and Fan Pier Boulevard.

On Parcel B, approximately 526,312 square feet of rentable area has been leased to Vertex for office and research laboratory use and approximately 20,402 square feet of rentable area is available for lease to other parties for restaurants, cafes, services and various retail uses.

The two buildings on Parcels A and B are companion buildings. The space in both buildings will be leased to Vertex for an initial term of fifteen years. Because of this common use, the 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, thus allowing the two buildings to function as one to facilitate scientific collaboration and the movement of laboratory materials.

INVESTMENT AND JOB COMMITMENTS

The projected development cost for the project, including the construction of the two buildings, tenant improvements for Vertex and associated infrastructure improvements, is well over \$800 million. Successful completion of the Vertex Project will permit Vertex to retain 1,241 permanent jobs within Massachusetts and create approximately 500 new jobs by 2015.

COMMUNITY BENEFITS

The Vertex Project has and will continue to significantly advance development of the Fan Pier Project. Construction of the Vertex Project has significantly advanced the development of public infrastructure at the Fan Pier Project, including streets, sidewalks, a marina and public open spaces. As to the Vertex Project, these improvements include expansion of the street grid and the construction of a water transportation facility in Fan Pier Cove (including dredging for the depth required for water transportation vessels). Future improvements at the remaining Fan Pier Project

will include the completion of the balance of the Public Green, creation of the 1½ acre public park to be known as Fan Pier Park, completion of the street grid and expansion and completion of the Harborwalk.

I-CUBED PROCESS

The Commonwealth of Massachusetts is authorized by Sections 5 through 12A of Chapter 293 of the Acts of 2006 of the Commonwealth, as amended by Chapter 129 of the Acts of 2008 (together, the “Act”) to provide State Infrastructure Development Assistance (as defined in the Act) to the Massachusetts Development Finance Agency (“MassDevelopment”) to secure and pay the debt service payable on and with respect to bonds issued by MassDevelopment to finance costs of public infrastructure improvements (the “Public Infrastructure Improvements”) that are part of economic development projects approved by the Secretary of the Commonwealth of Massachusetts Executive Office for Administration and Finance (“I-Cubed Program”). The Owners, the Developer and the City of Boston submitted an Economic Development Proposal for the designation of the Fan Pier Development as a certified Economic Development Project pursuant to the Act, receiving final approval from the Commonwealth on October 5, 2011. Subsequent to the final approval and as required by the Act, the Commonwealth, the City of Boston, MassDevelopment, the Developer and the Owners entered into that certain Amended and Restated Infrastructure Development Assistance Agreement dated as of August 12, 2013 (the “IDAA”). Pursuant to the IDAA, the Developer is required to grant an easement for public access to the BRA over all of the portions of Public Infrastructure Improvements consisting of open spaces and Harborwalk for which I-Cubed funding is provided. In order to assist with the issuance of the I-Cubed bonds, BRA staff recommends that the BRA accept an easement for public access over all of the portions of Public Infrastructure Improvements consisting of open spaces and Harborwalk for which I-Cubed funding is to be provided.

RECOMMENDATION

Based on the foregoing, BRA staff recommends that the Director be authorized to execute an Easement Agreement by and between the BRA and Fan Pier Development LLC for the open space areas in the Fan Pier Project for which I-Cubed financing is provided.

An appropriate vote follows:

VOTED: That the Director of the Boston Redevelopment Authority (“BRA”) be, and hereby is, authorized to execute an Easement Agreement by and between the BRA and Fan Pier Development LLC for the open space areas within the Fan Pier Project for which I-Cubed financing is provided, and any and all other documents that the Director deems necessary and appropriate in connection with the I-Cubed financing, all upon terms and conditions determined by the Director to be in the best interest of the BRA.