

## Demonstration Project Application — Seaport Square -- Block L4 Project

February 26, 2018

This Demonstration Project Application (this “**Application**”) is submitted to the Boston Redevelopment Authority, a public body politic and corporate created pursuant to Chapter 121B of the Massachusetts General Laws, as amended, and acting in its capacity as the planning board for the City of Boston (the “**City**”) pursuant to Chapter 652 of the Acts of 1960, as amended, d/b/a Boston Planning & Development Agency, and having a principal place of business at One City Hall Square, Boston, Massachusetts 02201-1007 (the “**BPDA**”), by Seaport L Title Holder LLC, a Delaware limited liability company, with an address c/o WS Asset Management, Inc., 33 Boylston Street, Suite 3000, Chestnut Hill, MA 02467 (together with its successors, assigns and transferees, the “**Applicant**”), as the applicant, pursuant to the provisions of Massachusetts General Laws Chapter 121B, Section 46(f), as amended. The Applicant requests the BPDA’s approval of this Application and the Demonstration Project Plan (the “**Plan**”) set forth herein, in connection with a proposed PILOT Agreement among the Applicant, the Tenant (as defined below), the City of Boston, and the BPDA and the construction of the Applicant’s new office building in the City (the “**Project**”), as discussed below.

### A. Background

Amazon.com Services, Inc., a Delaware Corporation (“**Amazon**” or the “**Tenant**”) including each entity controlling, controlled by, or under common control with the Tenant (each an “**Affiliate**,” and collectively, “**Affiliates**”), has expressed an interest in the possibility of expanding its employment in the City to accommodate the company’s growth.

Amazon is currently negotiating a lease with the Applicant of approximately 430,000 square feet of commercial office space, comprising substantially all of the office space within the L4 Building (as defined below) to be constructed on Block L4 (the “**Project Site**”, as more fully described on Exhibit A) of the Seaport Square Project. The office space will occupy floors 3 through 17 of the L4 Building, and such floors are referred to herein as the “**Office Component**”. As more fully described below, floors 1 and 2 of the L4 Building will be occupied by retail and other uses open to the public. The Project Site is located within Planned Development Area No. 78, the Seaport Square Project, which was originally approved by the BPDA in 2010, with an Amended and Restated Development Plan approved by the BPDA on November 16, 2017 and adopted on December 13, 2017 (as so amended and restated, the “**PDA Plan**”).

The Project Site and the L4 Building are conceptually depicted on the site plan attached hereto as Exhibit B.

### B. Existing Conditions — Project Site

The Project Site presently comprises a portion of a large open surface parking lot owned by the Applicant, within the PDA Plan area, and is substantially the area shown as Block L4 on the PDA Plan. For much of its history, the Project Site was the location of rail lines that were part of a 19<sup>th</sup> and early 20<sup>th</sup> century transportation plan to move goods from Fan Pier and adjacent docks to rail cars, adjacent warehouses and, ultimately, for distribution across the state and country. With changing transportation patterns, the rise of trucking, the decline of the port of Boston as a

major freight point of entry, and the bankruptcy of the major railroads, this rail network became obsolete, and the railroad, freight and transportation uses – for which this area was specifically and uniquely designed and used for many decades – were abandoned. For many decades, the Project Site was part of unused rail yards, and the land was essentially fallow for much of that period. In the 1990s, the Project Site was taken by the Central Artery/Third Harbor Tunnel project for use as a temporary soil staging and stockpiling facility. Since approximately 2000, the Project Site has been used as commercial surface parking lot.

The entire Project Site consists of filled landlocked tidelands, and thus the soil is unsuitable for the support of modern, commercially viable buildings without extensive and expensive foundation systems. In addition, because of the high water table extant in the area, extensive water proofing measures are needed to enable the construction and operation of the subsurface parking structures required in conjunction with a first class commercial office building. The presence of numerous existing utility lines, public roadways, and privately-owned structures in close proximity to the Project Site requires the use of extensive and expensive excavation support systems during construction on the Project Site to construct such foundations.

An of-record Activity and Use Limitation (AUL) resulting from pre-existing environmental conditions on the Project Site applies to the Project Site. The contaminated conditions that required this AUL will be remediated in connection with the development of the L4 Building on the Project Site, which will entail unduly expensive excavation and disposal of contaminated soils.

Most notably, due to the increase, and the anticipated continuing increase, in sea level, and the increased severity and frequency of storms predicted due to global climate change, additional and costly improvements are needed to prevent the flooding of the proposed structures and ensure that the proposed structure and its systems are appropriately protected from the effects of global climate change and flooding from sea level rise. The specific measures required to protect the Block L4 Building from flooding due to sea level rise and global climate change represent significant cost premiums over conventional construction and include measures such as: built-up ground floor elevation and ramp/building entry configurations; upper-level placement of the building's electric utility vault, requiring expensive structural, HVAC, and life safety systems, location of major building systems on upper floors and/or the roof of the building, requiring longer runs of main utility services, the installation of enhanced emergency building systems designed to increase resiliency and survivability, and the installation of rapidly-deployable flood barriers around the building in the event of a storm event.

In addition, extensive and costly public infrastructure and surrounding public realm improvements serving the Seaport Square Project needs to be constructed by the Applicant and its affiliates in order to facilitate the development of the Block L4 site, generally as described in the PDA Plan.

The Project Site is located in an area that was generally planned for development following the completion of the Central Artery/Tunnel project, as generally shown in the 1999 South Boston Waterfront Public Realm Plan, and the L4 Building conforms to the general plan for development of the South Boston Waterfront area. For the reasons enumerated above, and others, the Project

Site has long been underutilized, and the ordinary operations of private enterprise have not alone resulted in its development.

A photograph of the existing conditions of the Project Site is attached hereto as Exhibit C.

The PDA Plan was formulated as the culmination of an extensive public consultation process with community residents, public officials, public agencies, and other stakeholders, and envisions the creation of a contemporary mixed-use neighborhood with a mix of residential, office, retail/entertainment, civic/cultural, and open space uses, including new streets and public open spaces. The development of the Project Site and the surrounding public realm will be an important step in implementing that district-wide master plan that will create over 9 acres of public open space and create new public access to Boston Harbor from Summer Street, South Station, and the South Boston residential neighborhood.

### C. Block L4 Project

The Applicant proposes to construct on the Project Site an 18-story building of exceptional architectural quality that will contain approximately 81,000 square feet of retail uses leased to various retail, restaurant, and other neighborhood amenity tenants, and approximately 430,000 square feet of office uses (collectively, the “**L4 Building**”). The Office Component will be leased entirely to Amazon. The entire ground and second floor of the L4 Building will be populated with active publicly-accessible uses that will contribute to the street life and vibrancy of the entire Seaport neighborhood. A mid-block pedestrian way will be created through the L4 Building at the ground floor to enhance pedestrian connectivity through the site. The L4 Building construction will also include the construction of a portion of Harbor Way and Harbor Square Park, which is planned as a 1.5 acre public open space that will be built out as part of the Seaport Square Project for the benefit of neighborhood residents, employees, and visitors. Overall, the construction of the L4 Building will dramatically enhance the quality of the public realm in the vicinity of the Project Site and will mark an important step in the overall master plan objective of creating a continuous North-South pedestrian connection from Summer Street to the edge of Boston Harbor.

The grade of the L4 Building will be elevated to be over 2 feet above the 500-year floodplain to maximize resiliency and adaptability to climate change and sea level rise. Key electrical, mechanical, and other building infrastructure will be located above the ground level to further enhance the building’s resiliency. The L4 Building will also include numerous other environmentally sustainable features, including rainwater harvesting, a high-performance exterior façade, and high-efficiency HVAC and other building systems; a LEED v4 Silver rating will be targeted for the L4 Building. All of these aspects of the L4 Building’s design add substantial cost to the construction of the building’s structure and systems.

Construction of the L4 Building is scheduled to begin in the 3<sup>rd</sup> quarter of 2018 and be completed in 2021. Upon full occupancy, the L4 Building is anticipated to house approximately 2,000 Amazon employees. In connection with this Application and starting from the date thereof, Amazon will (i) create a minimum of 2,000 net new jobs in or within 25 miles of the City area, but all within the Commonwealth of Massachusetts by January 1, 2025 (the “**Job Creation**”), and (ii) retain 2,000 jobs at the L4 Building commencing no later than January 1, 2025 until the earlier

of the expiration of its lease or 15 years as further specified in the PILOT Agreement (referenced below).

As a condition to agreeing to enter into a lease of the Office Unit (as defined below), the Tenant will be granted an option (the “**L5 Option**”) to lease additional space in a building (the “**L5 Building**”) projected to be constructed on an adjacent parcel (the “**L5 Parcel**”). The L5 Option is a material inducement to the Tenant’s entering into the lease of the Office Unit in the L4 Building. In support of that inducement and to increase the probability that the Tenant will further expand in the City by the future exercise of the L5 Option, the BPDA will extend its finding with respect to site conditions for the L5 Parcel (existing conditions on the L5 Parcel are also as described in Section B, above), conditioned only on the Tenant (i) exercising the L5 Option on or before December 31, 2020, and (ii) committing to create a minimum of 2,000 additional net new jobs in or within 25 miles of the City area, but all within the Commonwealth of Massachusetts. As with the L4 Building, 2,000 jobs will be located at the L5 Building commencing no later than December 31<sup>st</sup> of the year that is the second anniversary of the certificate of occupancy date for the L5 Building, and ending on the earlier of the expiration of its lease for the L5 Building or 15 years as further specified in a future agreement for the payment of PILOTs pursuant to which a reduction in property taxes would be provided specific to the L5 Building in the total amount of \$5 million, in equal amounts each year over the initial L5 Building lease term, not to exceed 15 years, with the schedule of such reduction remaining subject to confirmation by the City of Boston Assessing Department in the applicable PILOT agreement. By way of example, if the certificate of occupancy is September 1, 2024, then the date by which the L5 Building must have 2,000 jobs is December 31, 2026.

D. Zoning

The PDA Plan authorizes the construction of a building such as the L4 Building on the Project Site, and authorizes the use of such building for office, retail and other purposes. The L4 Building is consistent with PDA Development Plan No. 78 for Seaport Square. The L4 Building will be subject to the BPDA Design Review procedures. The zoning envelope for the L4 Building is shown on Exhibit D.

E. Proposed PILOT Agreement

The Applicant and Amazon anticipate entering into a payment in lieu of taxes agreement with the City, acting by and through its Assessing Department, and the BPDA (the “**PILOT Agreement**”), pursuant to which a reduction in property taxes will be provided in the total amount of \$5 million in equal amounts each year over a term of 15 years, exclusively with respect to the Office Component, with the schedule of such reduction remaining subject to confirmation by the City of Boston Assessing Department in the PILOT Agreement. Such reduction in real estate taxes will be provided by the City, conditioned on Amazon meeting the Job Creation within the schedule specified in the PILOT Agreement. The benefit of such relief will be passed through to the Tenant, as an incentive to cause the Tenant to meet the Job Creation, and make major investments in capital improvements within the L4 Building.

This Application is being submitted to the BPDA in order to facilitate the execution and delivery of the PILOT Agreement by the BPDA. The Applicant anticipates that, prior to

commencement of construction, a plan will be recorded to create the Project Site as a separate lot of record. The Applicant will grant an interest in the Project Site to the BPDA for the term of the PILOT Agreement. Upon completion of construction of the L4 Building, the Applicant will cause the L4 Building and the Project Site to be submitted to a condominium by the filing of a master deed pursuant to M.G.L. 183A. The Office Component shall become a separate unit (the “Office Unit”) of such condominium, and from and after the filing of the master deed, the PILOT Agreement and BPDA’s interest in the Project Site shall apply solely to the Office Unit. As a condition to the commencement of the reduction in property taxes provided in the PILOT Agreement, the Applicant will grant an interest in the Project Site, then upon creation of the Office Unit, the interest in the Project Site will apply only to the Office Unit, to the BPDA for the term of the PILOT Agreement, in form and substance as provided in the PILOT Agreement. The Project will not require the BPDA to take any property by eminent domain.

F. Public Benefits of Block L4 Project

In addition to major public realm and community amenity improvements that will be achieved through the completion of the L4 Building, the following major public benefits will also be delivered in conjunction with the construction of the L4 Building:

- Construction of the L4 Building will generate approximately 800 construction jobs over the approximately two-year construction period.
- The L4 Building will generate significantly greater real estate tax revenues to the City of Boston than the current surface parking use.
- The L4 Building will generate approximately \$4.4 million of funding for affordable housing creation and approximately \$875,000 of funding for job training in the City of Boston; the City of Boston Office of Workforce Development will work with Amazon to develop programs focused on preparing city residents for jobs in the technology sector using such funds.
- The development of the L4 Building will also deliver a critical phase of a multi-phase, master-planned network of public open spaces that ultimately will create a new pedestrian connection from Summer Street to the south to the edge of Boston Harbor to the north, which will benefit residents, visitors, and local employees alike.
- The Applicant will locate at the L4 Building (and the L5 Building if a PILOT Agreement is entered into for such component) at least one of the retail spaces set aside for local small businesses and retail entrepreneurs that are to be provided in accordance with Section XVI(c)(ii) of the PDA Plan and will work to provide such retail space to local small business and retail entrepreneurs at below market economics.
- The development of the L4 Building is anticipated to be accompanied by the construction of \$20 million of public infrastructure improvements within Seaport Square, including a new Massachusetts Bay Transportation Authority Silver Line headhouse at Courthouse Square Station, new protected bicycle infrastructure along Summer Street and Boston Wharf Road, and new roadway and streetscape improvements on East Service Road, Congress Street, and Boston Wharf Road that

will significantly improve district wide mobility and the quality of the pedestrian environment in the South Boston Waterfront district.

G. Summary

The Applicant requests the following BPDA actions: (1) the adoption by the BPDA of the Plan set forth herein for the BPDA's acquisition of certain interests in the Project Site as part of a demonstration project under Massachusetts General Laws Chapter 121B, Section 46(f), as amended, and (2) the approval of the BPDA's acquisition of certain interests in the Project Site pursuant to said Plan to effectuate the construction of Amazon's new office space and the BPDA's execution of the PILOT Agreement in connection therewith.

Attachments:

- Exhibit A: Description of Project Site
- Exhibit B: Site Plan
- Exhibit C: Photograph of Existing Conditions
- Exhibit D: Zoning Envelope for Block L4 from PDA Development Plan No. 78

## Exhibit A

### DESCRIPTION OF THE PROJECT SITE

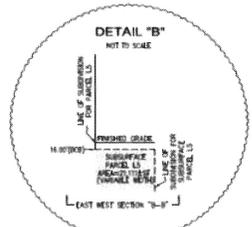
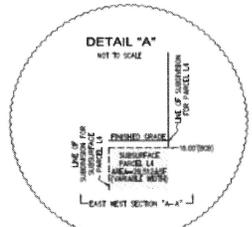
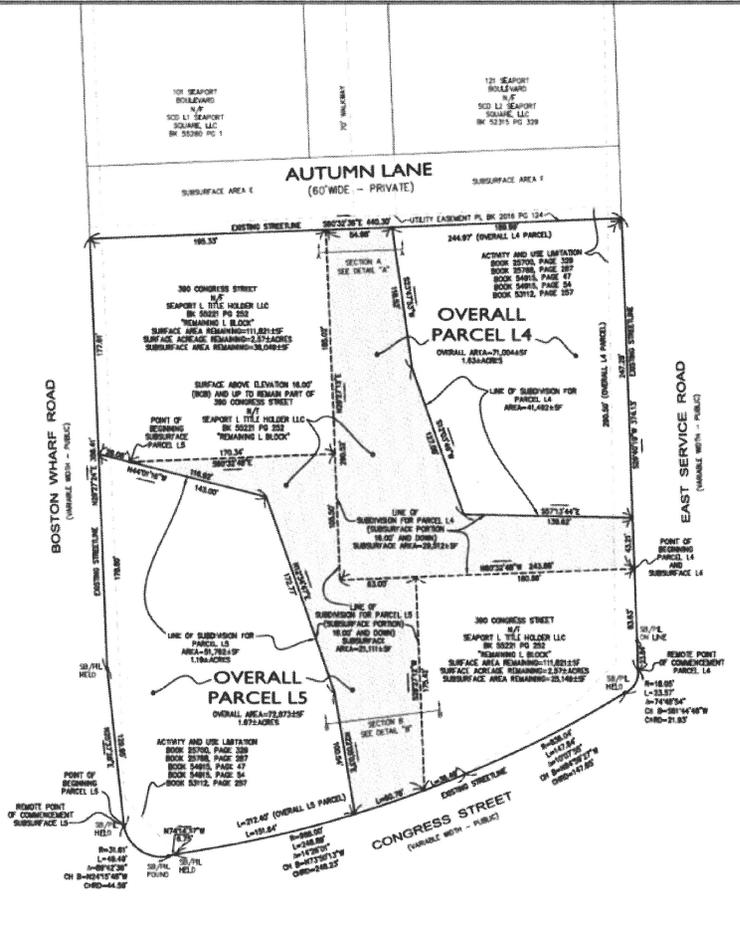
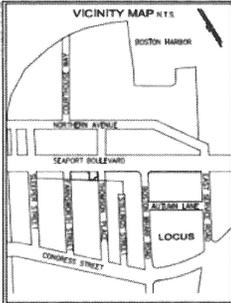
The Project Site consists generally of the area shown as Block L4 on the PDA Plan, as the same may be expanded, reduced or modified as design of the L4 Building progresses. The Project Site is currently estimated to have an approximate area of 41,500 square feet, provided that the area may increase or decrease as the design of the L4 Building progresses. Prior to the Effective Date (as defined in the PILOT Agreement), a plan shall be recorded creating the Project Site as a separate legal lot (the "**L4 Subdivision Plan**"). Upon delivery by the Applicant to the BPDA of an as-recorded copy of the L4 Subdivision Plan, the Project Site shall be the lot shown on such plan.

**Exhibit B**

SITE PLAN

[See attached]

*The surface boundary of the L4 Parcel is the current conceptual footprint of the L4 Building.*



**REFERENCES**

- PLAN BOOK 2007 PAGE 28
- PLAN BOOK 2010 PAGE 817
- PLAN BOOK 2011 PAGE 382
- PLAN BOOK 2012 PAGE 103
- PLAN BOOK 2012 PAGE 340
- PLAN BOOK 2012 PAGE 414
- PLAN BOOK 2013 PAGE 374
- PLAN BOOK 2013 PAGE 325
- PLAN BOOK 2014 PAGE 314
- PLAN BOOK 2014 PAGE 344
- PLAN BOOK 2014 PAGE 345
- PLAN BOOK 2014 PAGE 385
- PLAN BOOK 2016 PAGE 124
- PLAN BOOK 2016 PAGE 175

**NOTES**

- 1) OVERALL PARCEL L4 - INCLUDES A PORTION THAT IS SUBSURFACE ONLY
- 2) OVERALL PARCEL L5 - INCLUDES A PORTION THAT IS SUBSURFACE ONLY
- 3) THE SURFACE ABOVE SUBSURFACE PARCEL L4 AND SUBSURFACE PARCEL L5 IS PART OF THE "REMAINING L BLOCK PARCEL"



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- Transportation Engineering
- Sustainable Site Consulting
- Planning
- GIS

PROJECT #	12330				
FILE	12330 Sub L4, L5, Remaining L				
SCALE	AS SHOWN				
DATE	JANUARY 2018				
PROJECT MANAGER	ROM				
TITLE BLOCK	3/2				
DRAFTED BY	ROM	REV.		CORRECT'S	DATE
CHECKED BY	ROM			REVISED	

**VOLUMETRIC SUBDIVISION PLAN**  
SEAPORT BLOCK L  
CONGRESS STREET, BOSTON, MA  
PREPARED FOR:  
**SEAPORT L TITLE HOLDER LLC**  
33 BOYLSTON STREET, CHESTNUT HILL, MA 02047

**SUB1**

**Exhibit C**

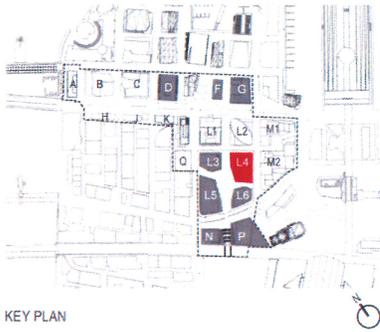
**PHOTOGRAPH OF EXISTING CONDITIONS**

[See attached]



## Exhibit D

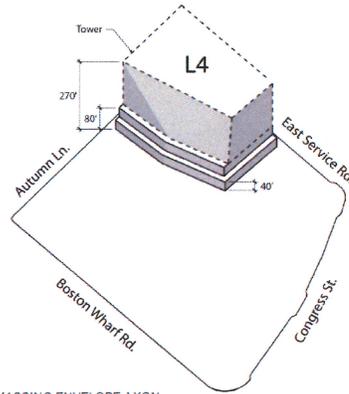
### ZONING ENVELOPE FOR BLOCK L4 FROM PDA DEVELOPMENT PLAN NO. 78



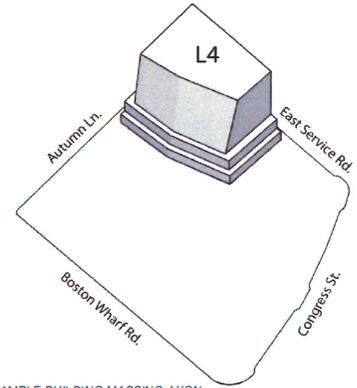
KEY PLAN

BLOCK "L4"		
PROPOSED MAX. GFA	STREET WALL HEIGHTS	MAX. BUILDING HEIGHT
Block "L4": 523,540	40' - 270'	270'

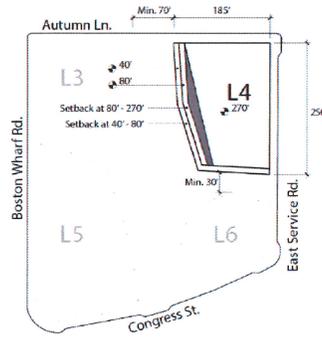
\* MAX. BUILDING HEIGHT IS MEASURED FROM GRADE



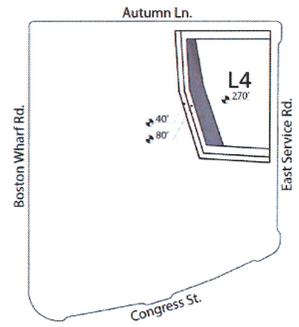
MASSING ENVELOPE AXON



SAMPLE BUILDING MASSING AXON



MASSING ENVELOPE PLAN



SAMPLE BUILDING MASSING PLAN

EXHIBIT D - BLOCK "L4" | BOSTON SEAPORT