

Summary
of
Financial Presentation
made to the
Quincy City Council
by W-ZHA, LLC
on
November 9, 2010

Disclaimer: This Presentation is not a part of the Land Disposition Agreement or any other contractual document negotiated between the City and the Redeveloper. The carefully negotiated terms of those contractual documents, not this Presentation, are the operative terms of the Agreement. This Presentation is for review purposes and has been prepared solely as an overview of certain terms of the LDA and does not modify in any respect the LDA itself. To the extent of any inconsistencies between this Presentation and the LDA, the provisions of the LDA govern.

Flow of Money and Business Deal

Step 1 Example

Period:

LDA Execution

Between LDA Execution and Step 1 Financial Submission

Step 1 Financial Submission

Between Step 1 Financial Submission and Land Disposition

City Sells Ross Garage

Between Ross Garage Sale and Step 1 Substantial Completion

Purchase of Step 1 Infrastructure

Purchase of Step 1 Parking

Principle:

Keep The Redeveloper In Front of
City Regarding Money and Risk

Step 1 LDA Execution

Time: Say January 1, 2011

Result: Schedule Commences, City Bond Authorization

Financial Transaction
<ul style="list-style-type: none">• \$100,000 non-refundable deposit for land paid to the City [1.04]• Within 10 Days, Redeveloper deposits \$250,000 into Consultant Escrow Account [4.05(b)]

*** The Consultant Escrow Account is replenished whenever the balance is below \$50,000. This pays City consultant costs.*

From LDA to Financial Submission

Result: Permits and Federal Funding

Time: 16 months [Exhibit G]...April 2012

Private

- Schematic Design and Permitting of **Core** Public Improvements [Exhibit G]- 2/1/2011 [4.04]
- Schematic Design, Design Development Drawings and Permitting of **Implementing** Public Improvements [Exhibit G]
- Schematic Design, Design Development Drawings and Permitting of Private Uses [Exhibit G]
- MEPA Approval [Exhibit G]
- COC - \$500,000 deposit @ Filing [1.04(b)] – 1 yr from LDA [Exhibit G]
- Land Assembly (“Control”)
- Marketing Step 1 Opportunity

Public

- Cooperate in Approval Process
- Town Brook Funding (by 1/1/2012 [4.04])
- Hancock Common & Cliveden Bridge Extension Funding (by 6/30/2012 [4.04])
- Construction Documents Core Public Improvements

Step 1 Financial Submission

Result: Preconditions Require City Approval Before Submission

Preconditions to Submission by Redeveloper [4.06(a)(i)]

- Discretionary Permits Issued
- MEPA Complete
- COC Issued for Step 1 in accordance with URDP /¹
- \$500,000 Deposit @ COC Application [1.04(b)]

- City Consultants Approval:
 - Parking Projected Revenues are Conservative
 - Bond Financing Assumptions
 - Bond Calculation Consistent w/LDA
 - Design Standards and Operational Design Standards [4.05(c)]
 - Construction Bidding Process

- Mayor/Director of Urban Redevelopment (DUR) Approval:
 - Parking Management Plan
 - Interim Parking Plan
 - Construction Mgmt Plan (traffic, etc.)

1. As part of COC process, the Mayor/DUR & Redeveloper will determine performance bonds or other security acceptable to the City to assure that the public improvements, once commenced, are completed or restored to prior condition [4.06(c)].

Step 1 Financial Submission

Result: Final Program & Reimbursement Budget for Step Presented

Time: Approx. 16 Months After LDA Execution

Submission Requirements [4.06(a)(iii)]

- Reimbursement Budget and Exhibits [4.06(a)(ii)]
- 20% Redeveloper Equity Total Step Cost
- Construction Cost Limitations on Implementing Public Improvements
 - Development Fee $\leq 3\%$
 - Soft Costs $\leq 22\%$
 - No interest cost to City for equity investment or related party loans
 - Hard and soft cost contingencies $\leq 10\%$
 - Construction management fee consistent with fees charged for similar large-scale projects in Metro Boston
- 4:1 Ratio of Private and Public Costs
- Allocable Land Cost

Additional Submission Req [4.06(a)(iv)]

- Sources of State and Federal Funding
- 121A Payment Schedule
- Draft 121A Agreements
- Evidence that Redeveloper Owns/Controls All Property for Step
- Anticipated Revenue Stream Sufficient to Cover Reimbursement Budget – Bond Calculation
- Reconciliation of Public Improvement Costs and Anticipated Public Funding
- Additional Development Opportunity
 - projected 121A payments
 - corresponding Reimbursement Amount
- \$500,000 Deposit

Financial Submission: City Review [4.06(b)]

Time: 60 days to review...June 2012

Result: Final Program & Reimbursement Budget for Step Established

City Failure To Approve Based On:

- Proposed Reimbursement Budget Fails to Comply w/ Requirements
- Adverse Findings In Design Assessment or the Construction Bidding Assessment
- A 121A Default in Prior Step
- Redeveloper Not in Compliance with All of its Other Obligations under LDA and No Default has Occurred

Financial Submission to Ross Garage Purchase

Result: Detailed Design and Town Brook Restoration

Time: Approximately 16 months

Private

- Convey Non-City Town Brook parcels - 6/1/2012 [4.04]
- Town Brook Permits 6/1/2012 [4.04]
- Construction Drawings of Implementing Public Improvements (14 mos from Financial Submission approval)
- Construction Drawings of Private Uses (14 mos from Financial Submission approval)

Public

- Start Town Brook Restoration by 9/1/2012
- As Federal/State \$ available, contract for construction of Hancock Commons and Cliveden Bridge Extension

Step 1 Ross Garage Sale

Timing: Latest date Sept 15, 2013 or w/ \$250K additional deposit 9/15/2014

Result: Final Reimbursement Budget, Land Sale and Benchmarks for Completion of Construction

Pre-Conditions ^{/1} to City's Obligation to Close [6.01(a)]	Pre-Conditions to Redeveloper's Obligation to Close [6.01(b)]
<ul style="list-style-type: none">• Redeveloper Owns All Property• Executed 121A Agreements• Construction Contracts for Step• Evidence of 4:1 Ratio• 20% Equity• 65% Preleased• Performance Bond or Other Security for Public Improvements• Updated Final Reimbursement Budget – Not to Exceed Amt• \$10M Community Benefits, \$30M Additional Payment, Remaining Purchase Price	<ul style="list-style-type: none">• Substantially Complete:<ul style="list-style-type: none">• Town Brook Relocation• Concourse• Fed/State \$ for Hancock Commons & Cliveden Bridge Extension

1. Not entire list.

Step 1 Ross Garage Sale

Financial Transaction At Closing

- Remaining Prorata Purchase Price After Deposits
- Community Benefits Account: \$10M
- Additional Pmt (Concourse): \$30M
- Affordable Housing Pmt@ \$10K /Unit
- All Private Land Purchased

Land Sale to Purchase of Public Infrastructure

Timing: Target: 4 yrs from purchase Sept. 2017...Req: 6 yrs [Exhibit D]

Result: Construction, Interim Payments to City, 121A Payments

Private

- Commence Construction within 150 Days of City Land Sale [4.06(b)]
- Commence Construction by 1/2015 – “drop dead date” [4.04]
- Construct Implementing Public Improvements
- Construct Private Improvements
- For all properties in the Step, pay what the City was getting in property and personal property taxes [4.03(b)]
- Pay the net revenues the Ross Garage would have generated to the City [4.03(b)]
- Pay 121A when buildings substantially complete or within 36 months of land sale, whichever is earlier [4.03(b)]

Public

- Finish Construction of Hancock Common and Cliveden Bridge Extension
- Between land closing and 121A payments, City collects payments for redevelopment property’s real estate taxes, personal property taxes and net parking revenues to remain “whole”
- Collect 121A Payments
- Credit Building Permit Application Fees in the amount the Redeveloper Contributed to the Consultant Escrow Account [4.04(b)]

Step 1 City Purchase of Infrastructure

Result: City now owns and maintains infrastructure

Preconditions to City Purchase [4.06(d)]

- Infrastructure 100% Complete (except punchlist, which must be 150% funded or bonded prior to City purchase)
- Temporary Certificates of Occupancy on All Buildings In Step 1
- 100% of 121A Payments “flowing” for 2 quarters

Step 1 City Purchase of Infrastructure

Financial Transaction

- Reimbursement Amount is Lesser of the Final Reimbursement Budget or Actual Cost [4.06(c)]
- City General Obligation Bonds
- 121A Revenues and Land Sale Proceeds from Step 1 Land Uses Pay For Infrastructure
- DIF Maintenance Fund payments commence [4.03(e)]

Step 1 City Purchase of Parking

Preconditions to City Purchase [4.06(e)]

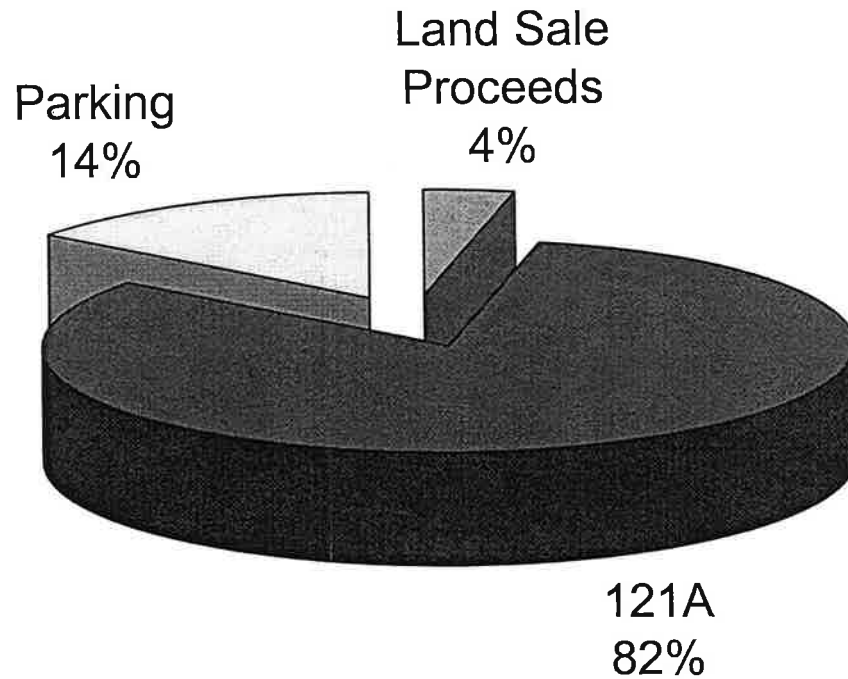
- Parking is substantially complete
- Land uses are built and each building [Exhibit F]
 - Hotel and education facilities are open for business
 - Office, wellness and medical uses 75% leased and occupied
 - Retail, restaurant, health and entertainment 75% leased and open for business
 - Residential temporary certificates of occupancy and rental units 75% occupied in each building
- 121A Payments flowing for at least 2 quarters prior

Step 1 City Purchase of Parking

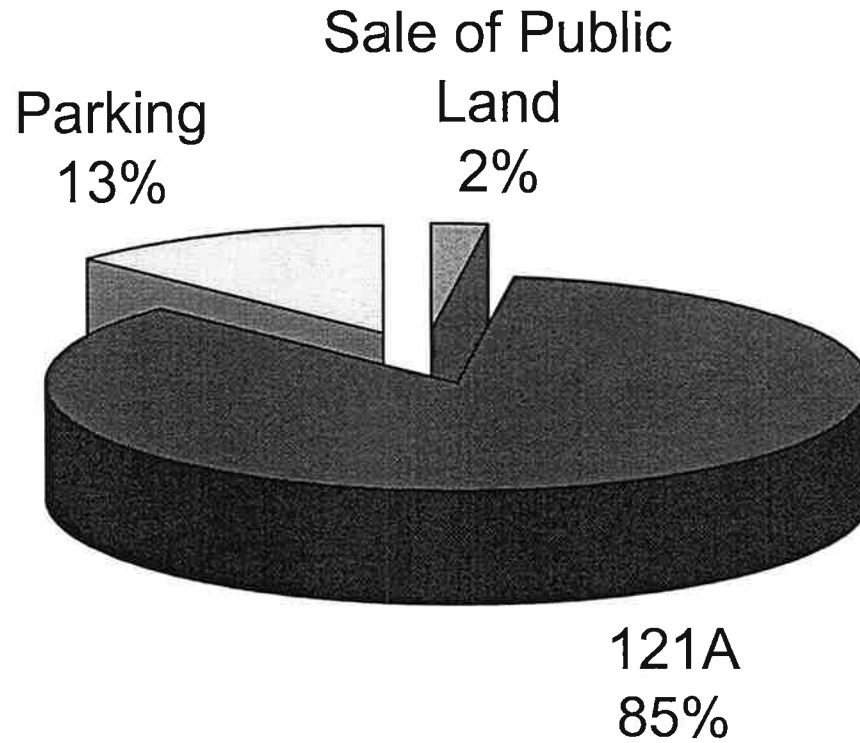
Financial Transaction

- City General Obligation Bonds
- 121A Revenues from Step 1
- Land sale proceeds
- Parking Garage Net Operating Income from Step 1

Projected Sources of City Funding Step 1



Projected Sources of City Funding Total Project



Principle:
Minimize the City's Risk On The Public
Parking Garages

Important Deal Fundamentals

Computation of City Bonds [Exhibit B, Sheet 12]

Step 1 Example		
		121A
Net Present Value		\$52,202,000
Bond Size Discount	1.2	\$43,502,000
Issuance Costs	3%	(\$1,305,000)
Bond Size Net of Issuance Costs		\$42,197,000
Debt Service Reserve		(\$3,618,000)
Supportable Bond		\$38,579,000

Important Deal Fundamentals

Computation of City Bonds [Exhibit B, Sheet 12]

Step 1 Example				
		121A	121A Without Discount	Difference
Net Present Value		\$52,202,000	\$52,202,000	
Bond Size Discount	1.2	\$43,502,000	\$52,202,000	
Issuance Costs	3%	(\$1,305,000)	(\$1,566,000)	
Bond Size Net of Issuance Costs		\$42,197,000	\$50,636,000	
Debt Service Reserve		(\$3,618,000)	(\$4,342,000)	
Supportable Bond		\$38,579,000	\$46,294,000	\$7,715,000

Important Deal Fundamentals

Computation of City Bonds [Exhibit B, Sheet 12]

Implication on Financing Public Parking				
	With Discount		Without Discount	
Residual Land Sale Proceeds	\$0	0%	\$0	0%
Bond from 121A Payments	\$20,817,000	76%	\$27,555,000	100%
Bond from Garage Net Operating Income	\$6,738,000	24%	\$0	0%
Reimburse Parking Cost <small>Step 1</small>	\$27,555,000	100%	\$27,555,000	100%

Bond methodology mitigates the risk of parking operations

Important Deal Fundamentals

Business Terms to Reduce Parking Risk

- Supportable bond calculation methodology [4.06(a)(iv)]
- 121A structure provides the City with annual income for use at its discretion [4.03(d)(i)(3)]
- City obligations supported by parking revenues represent only 13% of City funding commitment
- For Steps 2, 3, 4 Parking Management Plan is informed by the operating experience in prior Step [4.06(a)(i)(6)]
- Parking Management Plan deemed acceptable to City parking consultant [4.06(a)(i)(6)]
- Conservative parking revenue assumptions [4.06(a)(i)(6)]
- 65% of Step Pre-Leased at Closing [6.01(a)(13)]
- Private uses must satisfy occupancy level thresholds before public parking purchased [Exhibit F]
- Additional Development Opportunity-related parking revenues are not eligible for supportable bond calculation [2.04]

Principle:
City Gets What It Is Promised

Important Deal Fundamentals: Getting What Is Promised

Development Program: Major & Minor Changes [2.02]

- Minor Changes ^{/1} – Mayor & Director of Urban Redevelopment Discretion
 - Total Step Square Feet Reduced by < 5%
 - A Reduction in a Land Use's Sq Ft < 50%
 - <5% Increase in City Cost for a Step
 - A Second Big Box If Consistent w/ Design Standards
 - <120 units of Assisted Living (None in Step 1)
 - Any changes the Mayor and Director of Urban Redevelopment determine are not materially inconsistent
- Major Changes Go Back To Council

1. Not the entire list.

Important Deal Fundamentals:

Other Business Terms Getting What Is Promised

- Benchmark Schedules [Exhibit D & G] Keep It Moving
- Design Standards [Exhibit C] Maintain Quality
- Development Plan [Exhibit B] Establish Minimum Program
- \$4 Private to \$1 City Ratio [4.06(a)(iii)(3)] Balanced Risk
- Acceptable Performance Bond or Other Security for Public Improvements at Land Disposition [4.06(c)]

Principle:
**Equitable Public/Private Business
Arrangement**

Important Deal Fundamentals: Equitable Deal

- Provisions Keep the City “Whole” from a General Fund Standpoint [4.03(d)(i)(2) & 4.03(b)]
- \$4 Private to \$1 City Ratio [4.06(a)(iii)(3)]
- Financial Submission Rejection if Any Redeveloper Default – “Lookback Provisions” [4.06(b)]
- 121A Payment Amount May Never Be Less Than 75% of What the Property Taxes Would Be for the Proposed Land Use [4.03(d)]

Principle:
City Does Not Sell All Its Land At
Once/Preserve Hancock Lot

Important Deal Fundamentals: City Land Business Deal Provisions

- Project In Steps [Exhibit B]
- Closing Dates [Exhibit D]
 - Step 1: No Later than November, 2013 or for \$250K Sept., 2014
(Drop Dead Date 1/1/2015)
 - Step 2: No Later than 2 Yrs from Substantial Completion of Step 1
 - Step 3: No Later than 2 Yrs from Substantial Completion of Step 2
 - Step 4: No Later that 2 Years from Substantial Completion of Step 3
Not earlier than Step 1 Completion
- Significant Conditions To Sale of City Land [6.01]
- Step 2 Only After Step 1 Is Substantially Complete w/ Temporary Certificates of Occupancy, 121A's Flowing, No Default under Agreement [6.02]

Principle:
Concourse Gets Paid For

Important Deal Fundamentals

\$30 Million Pmt/Additional Development Opportunity

- \$30 million payment “...to be applied to the repayment of a like amount of outstanding bond anticipation notes issued by the City to finance the development of the Concourse.” [1.03]
- Approval for 750,000 square feet of additional land use in the New Quincy Center Area [2.04]
- ADO happens in Step 1 and/or Step 2 [2.04]
- ADO 121A payments apply to
 - Reimbursement of \$30M repayment [1.03]
 - Up to \$11.35M in additional public parking [2.04]
 - The City receives all parking revenue from ADO spaces [2.04]

Protect General Fund
Project Pays for Itself

Important Deal Fundamentals: No General Fund Business Deal Provisions

- Projected 87% of City Funds Paid for Through Secure Revenue Sources (121A & Land Sale Proceeds)
- 121A provisions provide the City with money for general purposes above existing property taxes. This is projected to be \$3.6 million at build-out
- Prescribed City bond calculation methodology builds in City protection of ~ 20%
- Parking garage operating risks are reduced by conservative assumptions, land use occupancy levels, and lookback provisions