

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PETER MEADE, DIRECTOR

FROM: HEATHER CAMPISANO, DEPUTY DIRECTOR FOR DEVELOPMENT
REVIEW

SUBJECT: MILLENNIUM TOWER AND BURNHAM BUILDING
REDEVELOPMENT (f/k/a THE ONE FRANKLIN/FILENE'S
REDEVELOPMENT) PROJECT, LOCATED IN THE MIDTOWN
CULTURAL DISTRICT

SUMMARY: This Memorandum requests that the Boston Redevelopment Authority ("BRA") take the following actions related to the Millennium Tower and Burnham Building Redevelopment (f/k/a The One Franklin/Filene's Redevelopment) Project (the "Project") located at 10 Summer Street and 1 Franklin Street (f/k/a 426 Washington Street) in the Midtown Cultural District: (1) adopt certain findings relating to the Demonstration Project; (2) adopt a Demonstration Project Plan under Massachusetts General Laws Chapter 121B, Section 46(f), as amended, for the Project; (3) adopt Orders of Taking for certain property interests within the Project site, relating to the Project; (4) authorize the Director to enter into Payment in Lieu of Taxes ("PILOT") Agreements for the Project and take certain actions related thereto; and (5) authorize the Director to enter into any and all other agreements and documents that the Director deems appropriate and necessary.

PROJECT SITE

The Project site is located in the Midtown Cultural District and the Restricted Parking District in the block bounded by Washington Street, Franklin Street, Hawley Street and Summer Street and consists of (i) a lot of approximately 33,421 square feet located at 10 Summer Street (together with all improvements from time to time located thereon, the "Burnham Property") and (ii) a lot of approximately 30,149 square feet located at 1 Franklin Street (together with all improvements from time to time located thereon, the "Tower Property"), for a total site area of approximately 63,569 square feet of privately-owned land area, as well as adjacent sidewalks and certain public space commonly known as Shopper's Park (collectively, the "Project Site").

PROJECT BACKGROUND

On November 16, 2006, the BRA approved a Development Plan for the One Franklin/Filene's Redevelopment Project, Planned Development Area No. 72 (the "Original Development Plan"), proposed by 426 Washington Street Owner LLC, a joint venture of Vornado Realty Trust and Gale International, LLC (the "Previous Developer"), concerning the Previous Developer's proposed development of the Project Site (the "Original Project"). The Original Development Plan was approved by the Boston Zoning Commission on December 6, 2006. A Project Notification Form ("2006 PNF") was filed by the Previous Developer with the BRA on November 14, 2006 for the Original Project. A Draft Project Impact Report ("DPIR") was filed with the BRA on April 27, 2007. On August 14, 2007, the BRA Board approved an Amended and Restated Development Plan for the One Franklin/Filene's Redevelopment Project, Planned Development Area No. 72 (the "First Amended Development Plan"), and the Boston Zoning Commission approved the First Amended Development Plan on October 31, 2007.

Demolition and excavation of a portion of the Project Site began in late 2007 and ended in 2008, leaving the existing building (the "Burnham Building") and a portion of the façade of another building on the Project Site.

On November 17, 2010, the Director of the BRA sent, pursuant to Article 80A-6 of the Boston Zoning Code ("Code"), a letter determination to the Previous Developer stating the delay in construction of the Original Project significantly increased the impacts of the Original Project and that the BRA would require additional filings and submissions under Article 80 of the Code for a project on the Project Site.

CURRENTLY PROPOSED PROJECT

On July 27, 2012, MP Franklin LLC filed the Second Amended Development Plan for the Millennium Tower and Burnham Building Redevelopment (f/k/a One Franklin/Filene's Redevelopment) Project, Planned Development Area No. 72 (the "Second Amended Development Plan"), and on August 6, 2012, MP Franklin LLC filed a Notice of Project Change ("2012 NPC") describing the improvements to be made on the Project Site.

In the 2012 NPC, MP Franklin LLC proposed an approximately 1,185,000 square-foot mixed-use project containing residential uses, office uses, retail, restaurant, entertainment and services uses, recreational, community and health club/spa uses, hotel uses, underground parking and accessory uses. As currently envisioned, the Project will contain approximately 784,000 to 800,000 square feet of residential space, approximately 122,000 to 231,000 square feet of retail space, approximately 125,000 to 218,000 square feet of office space, approximately 35,000 square feet of health club/spa

space, approximately 10,000 square feet of restaurant space and a below-grade parking garage with parking for up to 550 vehicles.

The Project includes the preservation of, and renovations to, the Burnham Building and the development of a new mixed use residential building with a zoning height of up to 625 feet (the "Tower"). A new, multi-story podium containing residential, fitness, and retail functions will be located along the property lines on Washington, Franklin, and Hawley Streets. Above the podium, the massing of the Tower is set close to the Franklin Street/ Shopper's Park side of the Project Site to create maximum separation from the Burnham Building. The Burnham Building will contain approximately 100,000 square feet of retail space on the ground floor and first basement level. Above the retail floors will be approximately 185,000 square feet of office space. Retail entryways, coupled with display windows, will be located along at least three sides of the entire block: on Summer and Washington Streets in the Burnham Building, and in the new Tower podium along Washington Street and facing Shopper's Park on Franklin Street. The office lobby will be on Summer Street. The residential lobbies will be located on Franklin Street. Access to service entrances and vehicular access to below grade parking will be from Hawley Street. The parking garage will extend below the Tower Property and the Burnham Property, including the use of two existing basement floors beneath the Burnham Building. The Tower will contain approximately 900,000 square feet of residential, retail, restaurant and health club space. It is shaped roughly as a tapered "wedge" to (1) present a slender profile to the west, (2) emphasize the distinct and historic character of the restored Burnham Building, (3) increase daylight opportunities for Washington Street, and (4) maximize daylight to the office space in the Burnham Building and lower floors of the Tower.

The Burnham Building will undergo a full façade restoration, including removing the current canopy and replacing it with replications of the historic canopies of the original 1912 design. A new glass curtain wall will enclose the north façade of the Burnham Building, with masonry returns at each corner facing Washington and Hawley Streets.

The Tower façades will have a mixture of opaque and transparent materials, with aluminum and glass as the primary material. The glazing will use a mixture of clear, translucent, and opaque spandrel glass. The podium will contain lighting and signage commensurate with the retail activities inside. Portions of the retail floors may open to the skylights above and/or to the lower retail level in the Burnham Building.

ARTICLE 80 PROCESS

MP Franklin LLC filed a Letter of Intent to file a Notice of Project Change on July 2, 2012. Members of the Impact Advisory Group ("IAG") from the Original Project were notified and new members were added to reflect changes in community groups and to replace members who have moved from the neighborhood. The 2012 NPC, received by

the BRA on August 6, 2012, was subsequently distributed to the IAG, BRA staff, and other City of Boston (the “City”) agencies.

An IAG meeting was held on August 13, 2012 in the BRA Board Room in City Hall and a duly advertised community meeting was held on August 15, 2012 in the BRA Board Room in City Hall. At both meetings, representatives of MP Franklin LLC presented the Project and answered questions from members of the IAG and the community. In addition to the IAG meeting and a community meeting, MP Franklin LLC held twenty-three meetings with abutters, community groups, and other interested parties to discuss the Project.

The Project received Certificates of Design Approval with Provisos for continuing design review from the Boston Landmarks Commission on December 12, 2012 and June 26, 2013 and received full approval from the Boston Civic Design Commission (“BCDC”) on June 4, 2013.

On September 13, 2012, the BRA authorized the issuance of a Determination waiving further review pursuant to Section 80A-6.2 of the Code in connection with the 2012 NPC and authorized the Director to petition the Boston Zoning Commission for the approval of the Second Amended Development Plan. The Second Amended Development Plan was approved by the Boston Zoning Commission on October 10, 2012, effective October 14, 2012. On March 8, 2013, the BRA issued a Determination pursuant to Section 80A-6.2 of the Code for the Project.

DEVELOPMENT TEAM

Millennium Partners: Anthony Pangaro, Joseph Larkin, Kathleen MacNeil
Handel Architects LLP – Architect: Blake Middleton, Stephen Matkovits
DLA Piper LLP (US) – Legal Counsel: John Rattigan, Brian Awe

REQUEST BY DEVELOPER

MP Franklin LLC, together with its affiliates MP Burnham Owner LLC, MP Tower Owner LLC, MP Franklin Burnham Co LLC and MP Franklin Tower Co LLC (collectively, the “Proponent”), has proposed the significant redevelopment of the long vacant Project Site, which will remedy a blighted and decadent area of the City and will enable the activation of Downtown Crossing, a key component for the long term revitalization of Downtown Boston. Although the rehabilitation of the Burnham Building has commenced, the high costs of development and construction necessary to complete the Burnham Building and facilitate the construction of the Tower are of a nature and magnitude such that they that cannot solely be undertaken by the Proponent (as defined below) or sufficiently passed through to tenants, thereby impacting the overall feasibility of the Project. In order to enable the Proponent to enter into leases to

generate the necessary income required to overcome such burdens, it is crucial to stabilize the real estate tax payments due with respect to the Burnham Building and the commercial portions of the Tower for a temporary period. The Project cannot proceed to a successful completion without the assurance of economic predictability that would be achieved by such a tax stabilization. In order to effectuate the redevelopment of the historic Burnham Building and the redevelopment of the Project Site, the Proponent is requesting that the City stabilize the real estate tax payments for the commercial portions of the Project and in connection therewith that the BRA adopt a Demonstration Project Plan pursuant to Massachusetts General Laws Chapter 121B, section 46(f), as amended, which will allow the BRA to acquire property interests in the Project Site by eminent domain.

DEMONSTRATION PROJECT PLAN

In an effort to effectuate the development of the Project, the BRA may adopt under Massachusetts General Laws Chapter 121B, Section 46(f), as amended, a demonstration project plan, which will grant authorization for the BRA to acquire by eminent domain certain property interests with respect to portions of the Project Site. Once the demonstration project plan is established, the BRA may proceed with a Massachusetts General Laws Chapter 79 eminent domain taking.

TAKINGS AND PILOT AGREEMENTS

The Project qualifies for tax relief through the adoption of a demonstration project plan pursuant to Massachusetts General Laws Chapter 121B, Section 46(f), as amended, so long as the BRA holds a real estate interest in the Project Site. Under the Demonstration Project Plan being adopted, the BRA may record temporary takings of property interests in the Project pursuant to its eminent domain powers under Massachusetts General Laws Chapter 121B, Section 11 and Massachusetts General Laws Chapter 79 to allow the BRA, the City and MP Franklin Burnham Co LLC, with respect to the Burnham Property, and MP Franklin Tower Co LLC, with respect to the Tower Property, to enter into Payment In Lieu Of Taxes Agreements (each a "PILOT Agreement") under Massachusetts General Laws Chapter 121B, Section 16 with respect to each of the Burnham Property and the Tower Property. Accordingly, BRA takings of the Burnham Property and the Tower Property are appropriate at this time.

RECOMMENDATION

BRA staff have been working with the City, have reviewed the Application for Adoption of a Demonstration Project attached hereto as Exhibit A, and recommend that the BRA take the following actions related to the Project: (1) adopt certain findings relating to the Demonstration Project; (2) adopt a Demonstration Project Plan under Massachusetts General Laws Chapter 121B, Section 46(f), as amended, for the Project; ;

(3) adopt Orders of Taking for certain property interests within the Project Site, relating to the Project; (4) (i) authorize the Director to enter into PILOT Agreements for the Project, and (ii) authorize and direct the Director to take all actions provided for therein, including, without limitation, releasing the Taking affecting the Tower Property in connection with the creation of the condominium thereon and accepting a temporary deed for the commercial portions of the Tower Property upon the creation of said condominium; and (5) authorize the Director to enter into any and all other agreements and documents that the Director deems appropriate and necessary.

Appropriate votes follow:

VOTED: That the Boston Redevelopment Authority (the "Authority"), in connection with certain property interests held by MP Tower Owner LLC and MP Burnham Owner LLC (collectively, the "Proponent"), in order to effectuate the development of the Millennium Tower and Burnham Building Redevelopment Project (the "Project") and improve the public realm in the City of Boston, hereby finds and determines as follows:

- (a) In order to eliminate urban blight and effectuate private and public development by the undertaking of the Project, it is in the public interest for the Authority to acquire by eminent domain or deed (the "Takings") certain property interests owned by the Proponent in the Project site (the "Taking Areas");
- (b) That, in accordance with the Massachusetts General Laws Chapter 30, Section 61, a finding and/or determination is hereby made that the Project will not result in significant damage to the environment and further, with the implementation of mitigation measures, that all practicable and feasible means and measures will or have been taken to avoid or minimize potential damage to the environment;
- (c) The undertaking of the Project requires the assistance of the Authority; and
- (d) Based on (a), (b) and (c) above, the Project and the acquisitions of the Taking Areas constitutes a "demonstration project" under General Laws Chapter 121B, Section 46(f), as amended; and

FURTHER

VOTED: That the application presented at the September 26, 2013 meeting of the Authority entitled "Millennium Tower and Burnham Building Redevelopment Project: Application for Adoption of a Demonstration Project Under G.L. c.121B, §46(f)" be, and hereby is, accepted as a

Demonstration Project Plan pursuant to Massachusetts General Laws Chapter 121B, section 46(f), as amended, for the Project and adopted by the Authority; and

FURTHER

VOTED: That the Authority adopt a Resolution entitled, "BE IT RESOLVED by the Boston Redevelopment Authority that an ORDER OF TAKING dated September 26, 2013, relating to a certain parcel located at 10 Summer Street, Boston, Suffolk County, Commonwealth of Massachusetts, . . .", which shall be made a permanent part of these proceedings and a copy of which the Secretary shall cause to be recorded in the Office of the Registry of Deeds for the County of Suffolk; and

FURTHER

VOTED: That the Authority adopt a Resolution entitled, "BE IT RESOLVED by the Boston Redevelopment Authority that an ORDER OF TAKING dated September 26 2013, relating to a certain parcel located at 1 Franklin Street, Boston, Suffolk County, Commonwealth of Massachusetts, . . .", which shall be made a permanent part of these proceedings and a copy of which the Secretary shall cause to be recorded in the Office of the Registry of Deeds for the County of Suffolk; and

FURTHER

VOTED: That the Director be, and hereby is, (i) authorized to enter into Payment in Lieu of Taxes ("PILOT") Agreements in connection with the Project subject to such terms and conditions as the Director deems to be appropriate and necessary and in the best interest of the Authority, and (ii) authorized and directed to take all actions provided for therein, including, without limitation, releasing the Taking affecting the Tower Property in connection with the creation of the condominium thereon and accepting a temporary deed for the commercial portions of the Tower Property upon the creation of said condominium; and

FURTHER

VOTED: That the Director be, and hereby is, authorized to execute any and all related instruments, agreements and documents which the Director, in his sole discretion, deems appropriate and necessary, and upon terms and conditions determined to be in the best interest of the Authority, in connection with the Demonstration Project Plan, the Orders of Taking and the PILOT Agreements, including but not limited to an indemnification agreement.