



# **Massachusetts Bay Transportation Authority**

## **North Quincy TOD Development**

### **Approval of Land Lease with: Hancock Street Partners, LLC**

Fiscal and Management Control Board

December 17, 2018

# Project Overview

## Development

Development of Garage, Bus Way Area and three mixed-use residential/retail buildings

- Approximately 610 residential units and a total of approximately 1,135,000 square feet of gross floor area

## Built in Two Phases

- Phase I –Parking garage, Building A, 49,000 square feet retail space and five stories of residential apartment units above totaling approximately 250,000 square feet with a courtyard atop the retail podium, and Building B, 4,000 square feet of retail on the ground floor and 160,000 square feet within five stories above the podium.
- Phase II – Building C, 2,000 square feet of retail on the first floor and 245,000 square feet of residential apartment units on the five stories above the parking podium built

## Phase II Assignment Rights

Tenant has the right to request landlord to enter into a direct lease with a third party, upon Landlord approval not to unreasonable withheld. ***Replaces the Development Agreement language which had a Condo structure.***

## Lease Agreement Overview

- **99 Year** Land Lease and Garage Agreement
- **PH I Commence** - (30) Days after Construction Commencement Notice and
- **PH II** 18 Months after PH I subject to extension
  - **Extension** - no longer than five years without approval of MBTA
- **Construction Plan:**
  - 1-4 months Pre-Construction and Enabling work. Garage closes within 45 days
  - Construction Parking – 260 spaces available and parking revenue to MBTA
  - 4-18 months Construction of Garage Building A/B and Garage Opens and building A substantial complete
  - 26-month Building B complete – 36-month Building C Complete
- **Force Account** - Pay Cost MBTA Capital Deliver and Legal
- **Guaranty and Assurances** - Deliver a Guaranty of Completion and Demolition or Stabilization. Provide \$1m Letter Credit
- **Performance Bond** - requirements not less than the guaranteed maximum price stipulated in construction agreement
- **Force Majeure** – Such references shall not include protests and picketing of Tenants Initial Project because of contract disputes

# Garage Agreement

## Garage Management ownership of MBTA.

### Parking Spaces:

- MBTA Commuter Parking spaces: 852
- Retail spaces 115 surface parking spaces
- Residential Spaces: 332 for exclusive use by residents' floors 2-5
- Shared Use Spaces/non-exclusive right: 290 available to Tenant only during Non-Commuter Hours 6pm – 8am. Spaces not vacant by 8am subject to penalty or towing
- Tenant cannot sell or make available Res. Spaces for commuter parking

### Garage Maintenance and Capital Improvements/Major Repairs:

- MBTA responsible for commuter spaces and garage common area.
- Tenant responsible for tenant spaces and tenant garage improvements
- Cost sharing operating expenses and Capital Repairs as defined in Operating Expenses Share Distribution Exhibit
- Reserve account \$50k split 45% and 55% Landlord. Minimum balance subject to increase by parties. Account Funding upon Garage Completion

### Reporting

Monthly or Quarterly billing by Landlord to tenants

## Financial Obligation Structure

<b>Payment Structure</b>	<b>Rent</b>	<b>Description</b>
Preconstruction PH I	\$99,996 annually	Currently being paid
Lease Year 1	\$99,996 annually	N/A
Lease Year 2	\$343,592 annually	N/A
Lease Year 3	\$540,030 annually	N/A
Lease Year 4 – Term Expiration	--	Annual rent for the immediately preceding lease year as increased by 2.5%
Parking Fee during Construction	\$5 per vehicle	Or current daily parking fee per space. Retain revenue from 260 temporary parking spaces.

# Request of FMCB

## **PURPOSE:**

The MBTA issued an Invitation to Bid dated July 1, 2015 for the lease and development of the parking lot at the North Quincy Red Line Station, 189-267 Hancock Street, Quincy, Massachusetts (as subsequently amended and supplemented by various addenda, collectively, the “ITB”). A joint venture of Bozzuto Development Company and Atlantic Development, submitted to the MBTA a response to the ITB, including a proposal entitled “North Quincy Red Line Station Best and Final Offer” dated March 11, 2016 (as further amended and supplemented by the Tenant Group, collectively, the “ITB Response”). On April 4, 2016, the Fiscal and Management Control Board of the MBTA, voted to authorize the MBTA’s General Manager to enter into a Development Agreement and lease with the Tenant Group, all on terms generally consistent with the financial terms of the ITB and ITB Response. The MBTA designated the Tenant Group as the successful bidder by letter dated April 15, 2016. Based on the ITB and ITB Response, the MBTA and North Quincy Partners, LLC (“NQP LLC”), the Tenant Group’s nominee, executed a Development Agreement and Term Sheet dated October 17, 2016, as amended by that certain First Amendment to Development Agreement dated July 31, 2018 (collectively, the “Development Agreement”), which set forth certain key terms of the agreement between the Parties and contemplate execution and delivery of a Lease by the Parties upon the closing under the Development Agreement.

The purpose of this staff summary is to request the Fiscal Management Control Board to approve and authorize the Interim General Manager to execute a Lease agreement for 99 Years with Hancock Street Partners, LLC with a usual place of business at 6406 Ivy Lane, Suite 700, Greenbelt, Maryland 20770.

## **RECOMMENDATION:**

Railroad Operations and Real Estate recommend that the MBTA Board of Directors approve the execution of a 99 Year Land Lease with Hancock Street Partners, LLC and other ancillary documents as defined in the Lease agreement.