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I. Executive Summary

Cambridge Innovation Center ("CIC"), a leader in the creation of innovation communities, and Graffito SP, a leading retail development and advisory placemaking firm, are formally responding to the City of Cambridge’s RFP to develop, program, and operate The Foundry under the Development Entity KS Foundry Development Partners, LLC ("FDP"). Both CIC and Graffito SP bring many years of localized real estate experience as well as an expertise in space activation and civic/community programming. With FDP’s expertise, The Foundry will become not only a landmark in the Cambridge community, but a model for the successful integration of innovation hubs and their communities around the world.

The enclosed financial documents have been prepared based on FDP’s assessment of the building to date, with the acknowledgment that a limited amount of information is available. In addition, we have made certain assumptions about funding and the financial structure of the project that will be subject to details being finalized with the City and CRA if FDP is selected as the Development Entity.

As proposed by FDP, The Foundry will be an 86,936 square foot (sf) hub of innovation and community activity with a dynamic range of programming, including a 15,000+ sf Makerspace, a 7,000+ sf Restaurant & Kitchen, and 24,600 sf of Events & Program Space (comprised of an Assembly Hall, individual meeting Pods, a Central Gathering space, a Mezzanine, and an indoor/outdoor Colonnade) spread throughout The Foundry. Finally, the development will include more than 40,000+ sf of CIC Shared Office and Coworking space.

The FDP team plans to successfully develop, activate, and operate The Foundry by using both public and private funds. FDP plans to use the allotted $6,000,000 from the City of Cambridge as well as an additional $1,750,000 of the $2,000,000 the CRA is holding as an operational reserve fund to offset the costs of demolition and development/construction. The remaining $250,000 will be kept in an Operating and Capital Reserve Fund (the “Reserve Fund”) to cover any shortfalls in the early years of The Foundry’s operations and to offset community programming costs; this Fund will be replenished by the yearly Ground Rent (as defined below).

Furthermore, FDP plans to secure $28,683,014 of additional funding, of which $14,000,000 will be in the form of an equity investment and $14,683,014 will be financed through various public and private debt sources.

The Foundry will generate levered returns to the equity investment of 9.98% by year two, and the payment structure will be such that additional revenue after all operations, costs, debt, taxes, capital expenditures and the equity threshold hurdle will be a percentage split between FDP/Equity Investment and the CRA. CRA’s portion, the
Ground Rent, will replenish the Reserve Fund to be used for additional programming and improvements to The Foundry.

In line with the City’s vision for The Foundry of creating a minimum of 10,000 sf for dedicated community-oriented uses, FDP will dedicate 16,766 sf to community-oriented uses, which will be spread throughout the building during different times of the day.

FDP will develop, manage and program The Foundry in an effort to support inclusivity and make the building one shared innovation ecosystem that intersects harmoniously with the broader Cambridge community, including residents, workers and visitors.

II. Investment Highlights

- FDP will secure $28,683,014 of an estimated total project cost of $36,433,014 for the redevelopment of The Foundry building and site, creating an 86,936 sf hub of civic and innovation activity.

- FDP will take an active role in The Foundry’s operations, coordinating recruiting, hiring, and accounting, curating the Event & Program Space, as well as taking oversight of design, construction, and all ongoing capital projects.

- FDP will provide 16,766 sf of Event & Program Space dedicated for community-oriented uses throughout the building, yielding approximately $1,750,000 in free and reduced-rate space allocated to these uses in the first five years of operation.

- In year one, FDP will establish with the CRA funds a $250,000 Operating and Capital Reserve Fund dedicated to supporting any future deficits and additional community programming. The fund is projected to exceed $1,350,000 by year 10.

- The Foundry will be financially sustainable based on its cash flows, which in year 10 are projected to reach $2,530,455 (pre-debt) and $1,711,460 (post-debt) with an initial loan to cost ratio of 40.30%.

- The Foundry is projected to deliver levered equity investment returns of 12.22% cash on equity by year 10. These return levels are essential to attracting the required capital.
III. Financial Model Summary

Note: for the purpose of this narrative, “Event & Program Space” revenue includes revenues from all Assembly Hall, Central Gathering, Colonnade, Retail, and Pod space rentals (24,638 sf).

A. Project Timing and Hours of Operation
Construction is projected to start on September 1, 2017, with an anticipated opening roughly 16 months later on January 1, 2019. The Foundry’s hours of operation (the times when the Central Gathering, Lobby and Colonnade areas are open to public, when programs may be held, and when individual spaces are available for rent) are anticipated to be Monday through Thursday from 8:00 a.m. to 11:00 p.m., Friday and Saturday from 8:00 a.m. to 12:00 a.m., and Sunday from 8:00 a.m. to 9:00 p.m. It should be noted that the Restaurant’s hours may differ from those of The Foundry itself, as the Restaurant will have the capacity to be open later into the evening when the building is closed to the public.

B. Rental/Revenue Assumptions
Our revenue assumptions are based on gross square footage by designated space and are calculated on an annual basis. As currently modeled, The Foundry will function on four revenue streams with other future revenue possibilities. The four revenue streams supporting The Foundry are: 1) the Makerspace; 2) the Restaurant & Commercial Kitchen; 3) the Event & Program Space; and 4) the two floors of Shared Office and Coworking Space.

In order to attract top-tier tenants and as well as meet standard market conditions, The Foundry will offer all tenants (Makerspace, Restaurant & Kitchen, and Shared Office/Coworking) competitive lease terms including:

- Long-term leases with long 5 - 10 year extension options.
- Rents appropriate to the uniqueness of the building and its shared uses.
- Annual escalations.
- Free rent periods beginning at the completion of construction and at the date of tenant’s opening.
- Tenant improvement or tenant build-out packages for each of the designated spaces.
C. **Overview of Tenant Programs by Space**

1. **Makerspace – Lower Level/Basement (15,222 sf, including 500 sf of limited height storage)**

   The lower level of the new Foundry will be dedicated to a Makerspace. We are currently in discussions with potential operators, including TechShop – a highly-regarded fabrication studio, learning center, and makerspace manager – to set up shop in The Foundry.

   The assumptions for the Makerspace are as follows: the lease will be for a 10-year term at a year one base rent of $15.00/sf/year with 2.00% annual escalations. The lease will grant the tenant rights to two (2) extension options of five (5) years each and include a six (6) month free rent period beginning upon completion of the space’s build-out and its opening. In addition to the initial core and shell expenses, FDP has allocated an initial tenant build-out package of $50/sf ($761,100) to offset their individual interior build-out costs; all expenditures above this amount will be the responsibility of the tenant. FPD has done this in an effort to ensure that the space receives the highest quality design and fit-outs, fostering the greatest possible success for creating and implementing an effective program for the community. We anticipate the Makerspace to generate a projected income of $114,165 in year one during the free rent period and $247,152 in year five.

2. **Restaurant & Kitchen – Ground Floor (3,744 sf main seating area + a 3,274 sf kitchen = 7,018 sf)**

   Located on the ground floor of The Foundry, with frontage on Rogers St. and visibility/signage from both Rogers St. and Third St., will be a neighborhood-accessible full dining Restaurant. The Restaurant will serve three meals a day and be fully equipped with a commercial kitchen with the capacity to handle additional catering services as well as regular dine-in patrons. FDP has already been in contact with prospective tenants. We believe that the Restaurant will not only fit seamlessly with The Foundry’s programming, but will become an important piece of the surrounding neighborhood.

   The Restaurant & Kitchen will be a revenue-generating space for The Foundry. The assumptions for the Restaurant are as follows: a 10-year, long-term lease to a commercial tenant at a market rate of $35.00/sf/year with annual escalations of 3.00%. In line with the Makerspace, the
Restaurant tenant will have rights to two (2) extension options of five (5) years each and a free rent period of six (6) months beginning upon Restaurant opening. We understand the substantial build-out costs associated with developing a desirable Restaurant and securing the most attractive talent possible; therefore, included in the lease terms we will be offering an initial tenant build-out package of $100/sf ($701,800) to help offset the Restaurant’s interior build-out costs.

Having a restaurant in The Foundry will attract the general public to this new hub, and at the same time will be able to provide valuable support to the Event & Program Space. FDP plans to make it possible for the Restaurant to provide catering services for groups using these spaces, similar to how District Hall in Boston operates. In the District Hall model, the commercial kitchen portion of the restaurant not only supports the main restaurant but is also used to service the events business, providing food and beverage options for various events and gatherings.

As part of the Restaurant lease, FDP will seek a percentage split of the Restaurant’s gross revenues over a break point. Although this is not included in the initial income projections, we anticipate this will add additional revenue to The Foundry. Excluding the percentage split, we expect a restaurant rental income of $122,815 in year one during the free rent period and $276,459 in year five.

3. Shared Office/Coworking Space – Second and Third Floors (22,807 sf on Floor Two + 17,251 sf on Floor Three = 40,058 sf)

A 40,000+ sf office space and coworking center run by the Cambridge Innovation Center (CIC) will be located on the second and third floors of The Foundry. CIC has a proven record for creating collaborative innovation spaces, and CIC at The Foundry will be a beacon for the building, helping to facilitate the integration of the newly redeveloped Foundry into the greater Cambridge community. CIC’s space will include shared spaces similar to what is offered at One Broadway and 101 Main Street. This will consist of a mix of shared offices, coworking, conference and meeting rooms, kitchens, and other amenities.

CIC is committed to signing a long-term, 10-year lease with a year one base rent of $46.00/sf/year for both the second and third floors, including annual escalations of 2.00%. As part of this lease, CIC will also receive two (2) extension options of 10 years each and a period of twelve (12) months of free rent on both spaces beginning upon build-out completion and opening.
To offset the costs of interior build-outs, FDP has allocated a tenant fit-out package of $120/sf. Any additional costs above the tenant build-out package amount will be the responsibility of the tenant.

Over the 10-year period it is projected that CIC will pay $18,334,032 in base rent and additional rent.

4. **Event & Program Space – Lower Level and Ground Floor (Assembly Hall, Mezzanine, Pods, Central Gathering + Colonnade = 24,638 sf)**

Dispersed throughout the lower level and ground floors will be a number of Event & Program spaces. These spaces will be the heart and soul of The Foundry, welcoming innovators, residents, entrepreneurs, educators, and others into the building and creating a buzz of activity. The spaces will be supported operationally by The Foundry staff with programming, oversight, and management from CIC.

This innovative model mixes market-rate space fees and discounted or no-cost uses. It is estimated that 20% of gross event space revenue will be provided to non-profits and community groups annually. In essence, this means that 20% of the potential funds from all event and program space rentals will be used to subsidize community activities. CIC has experience in successfully implementing this kind of model at District Hall, Boston’s civic innovation center, which was created by CIC and is managed by the Venture Cafe Foundation.

As an example of the magnitude of impact we expect The Foundry to have, District Hall (which has approximately 50% of the publicly rentable space The Foundry will have) hosted 800+ events in 2015. We estimate a stabilized gross potential event revenue of $35,000 a week ($1,760,000 annually) based on a 50-week operating year. Of this, $7,040 weekly ($352,000 annually) will be space offered at discounted rates, yielding a weekly revenue of $28,160 ($1,408,000 annually) to support The Foundry’s programming and operational costs.

As currently modeled, the total year one events revenue is discounted by 35% for operational ramp up, and yields $1,144,000 in cash flow for The Foundry and an additional $228,000 in free or subsidized revenue to be used for community benefit. The Event & Program Space has an aggregated projected revenue growth of 3.0% annually.
IV. Foundry Operational Costs

A. Operational Expenses

• **Total Operating Expenses**: The Foundry’s operational expenses include all utilities costs, cleaning services, repairs and maintenance, general and administrative, grounds, marketing as well as other operational costs and are increased by 2.0% annually.

• **Staffing**: Foundry operations will be run by a team of six, made up of four full-time and two part-time employees. The team will consist of:
  o Two part-time Events Assistants (25 hours per week)
  o Two Associates, one focused on events and center operations and the other focused on community programming
  o One General Manager/Program Manager
  o One Assistant General Manager/Assistant Property Manager

The base salary costs have a 23% overhead based on CIC’s operational experience. The Foundry staff base salaries are projected to grow at 5.5% annually based on CIC’s typical salary increases.

• **Management Fee**: FDP will receive an annual management fee of 6.00% of the gross annual revenues for continued oversight of the project. The management fee is driven by the complexity of The Foundry’s programming and the importance of its overall community impact.

• **Insurance**: CIC has estimated a cost of $30,000 increased by 2.5% annually for a general liability and all-risk insurance policy.

• **Ongoing Project CapEx**: The ongoing project CapEx spend for the Event & Program Space is based on a percentage of the initial spend, and we project a ramp up to 10% of the initial CapEx spend by year five.

• **Property Taxes**: Year one property taxes have been estimated at $100,000 based on a partial year of the completed building. During year two the Restaurant and two Shared Office floors are projected to pay their full tax obligations of $5.00/sf. Taxes are projected to grow at 2.5% annually.

V. Financial Metrics and Returns

A. Net Operating Income/EBITDA and Project Cash Flow

The Foundry’s sustainability relies on projected tenant rental and event space revenues, and its returns vary depending on the amount of equity invested and debt leverage used in The Foundry’s development funding.
For the purpose of this model we are assuming the project will be financed through a combination of equity and debt. FDP estimates a year one free cash flow loss (after debt) of (-$1,008,611) that will be covered by the project’s debt and equity funding as a cash inflow in year one. The project debt will be refinanced three times, once at the end of 2028 and once at the end of 2038, each for a 10-year term and 30-year amortization, and finally again at the end of 2048 for a 20-year term and 20-year amortization.

B. Leveraged Investment Yields

- Total initial project cost of $36,433,014 (year one operating loss of (-$1,008,611) after debt service + the total Construction, CapEx & TI costs of $35,424,403).
- Initial City of Cambridge and CRA contribution: $7,750,000.
- Total project costs after City and CRA contribution: $28,683,014.
- Financed through a combination of equity and debt, structured as 59.7% ($14,000,000) of equity, and 40.30% ($14,683,014) of debt.

Year 5 Metrics

- Net Operating Income/EBITDA: $2,638,252
- Project Cash Flow (Pre-Debt): $2,290,429
- Debt Service: 818,994
- Debt Service Coverage Ratio: 2.80
- Free Cash Flow (After Debt Service): $1,471,435
- Levered Cash on Equity return: 10.51%

Year 10 Metrics

- Net Operating Income/EBITDA: $2,921,579
- Project Cash Flow (Pre-Debt): $2,530,455
- Debt Service: $818,994
- Debt Service Coverage Ratio: 3.09
- Free Cash Flow (After Debt Service): $1,711,460
- Levered Cash on Equity Return: 12.22%

C. Debt Terms

- Tranche 1: Initial debt of $14,683,014, structured as a 10-year loan with a 30-year amortization at a 3.78% (200 bps over the 10-year treasury note of 1.78%) interest rate with payments beginning in 2019.
- Tranche 2: Refinance $11,481,106 of existing debt plus the ongoing tenant improvement costs of $1,498,613 for a total of $12,979,718, refinanced at the end of 2028 for a 10-year loan and 30-year amortization at a 4.19% interest rate, with payment beginning in 2029.
• **Tranche 3:** Refinance the $10,291,124 of remaining debt at the end of 2038 at a 4.60% interest rate for a 10-year loan and 30-year amortization with payments beginning in 2039.

• **Tranche 4:** Refinance the remaining $8,268,324 for a 20-year term and 20-year amortization at a 4.60% interest rate, with payments beginning in 2049 and the balance of the loan being paid off in 2068.

• The low leverage allows the building to carry a strong debt service coverage ratio with a 10-year average DSCR of 2.56

### VI. Payment Structure to CRA

A. **Fixed Dollar Amount**

   As currently modeled, The Foundry will pay the CRA a fixed dollar amount of $1.00 annually as Ground Rent; in addition, the CRA will also be receiving a percentage split of The Foundry’s income that will be allocated back to the Reserve Fund. It is our vision that all income above The Foundry’s operational costs, management fees, taxes, and debt obligations will be a percentage split between FDP/Equity Investment and the CRA, with the CRA’s portion being directly deposited into The Foundry’s Reserve Fund to ensure the long term viability of the project and its programming.

B. **8% Threshold**

   The proposed Tier I split would be as follows. The Foundry’s equity investment would be in the first position, receiving 100% of cash flow after debt service until the return reached a minimum levered cash on equity return of 8.00% or (as currently modeled) $1,120,000 on their initial investment of $14,000,000, at which point all additional funds above the 8.00% Threshold would then flow into the Tier II Split (or “Enhanced Yield”).

C. **Enhanced Yield Above Threshold**

   The proposed Enhanced Yield Tier II split would allocate the remaining cash flow above the 8.00% Threshold in a 70% - 30% split, with FDP/Equity Investment receiving 70% of the project’s income after all expenses and debt, and the other 30% going to the CRA and back into The Foundry’s Reserve Fund as an additional form of payment on the ground rent for the sublease. As currently modeled:

   - CRA’s 30% – Year five cash flow projection is $105,430
   - CRA’s 30% – 10 year average cash flow projection is $177,438
   - FDP/Equity Investment’s 70% – Year five cash flow projection is $246,004
   - FDP/Equity Investment’s 70% – 10 year average cash flow projection is $261,052
Given the renegotiation requirement in year 10, the payment structure will be re-evaluated subject to the sublease requirements at that time. The proposed initial structure has been used for the 50-year model.

VII. Evidence of Ability to Finance

A. Strategy and Sources

FDP is committed to securing the needed funding to finance The Foundry project. This is an ambitious project for the City, the CRA, and the developer. The combination of a century-old building with limited engineering information, a dynamic goal of creating a variety of shared spaces to activate the building with innovation and community uses, a need to make the spaces affordable for users, and the requirement that the program financially underwrite the development costs, creates a very challenging scenario for financing. The contribution of City and CRA capital assists in making the project feasible, but a ground lease/master lease that calls for periodic renegotiations, as well as the need to use the public bidding and contracting process, adds more complexity to an already complex endeavor.

CIC has created more than 500,000 square feet of shared innovation spaces in eight buildings in five cities. Nearly all of these centers are in space leased by CIC directly (and one building is a management and services arrangement). Those spaces have required a total of over $50 million in improvements. CIC has financed these improvements through a combination of CIC funds, tenant improvement allowances from landlords, and debt. In the instances of District Hall, CIC@CET (St. Louis), and CIC Rotterdam, public sources have been very important components of the financing. The Foundry will also be a mix of private and public financing. CIC is committing to over $18 million in lease payments as part of the building’s financial structure. The City of Cambridge and the CRA have committed $8 million to the project, and FDP anticipates that the total additional funding required for this ambitious undertaking will be approximately $29 million. Further, FDP expects about $14.7 million will be raised through a combination of private and public sources. The goal is to secure about $7 million from public sources (MassDevelopment is an example of a potential public source) and the remainder from local banking institutions. As the Debt to Cost ratio for the project is about 40% and the debt service coverage is 2.5 or greater, we believe that the debt financing target is achievable.

Additional equity funds in the amount of $14 million will be required as well. Most importantly, FDP’s financial projections demonstrate a reasonable annual return of approximately 10.00% once operations stabilize. Our belief is that this level of return (plus the expertise of the team) should be sufficient to attract investment capital to the project. A particular challenge will be to provide an exit
for the equity capital in a project that has a 50-year horizon. FDP and the CRA will have to work closely together on the legal and financial structure to come up with a structure that meets the City's needs as well as future investment requirements.

Further, FDP asks the City and CRA to engage in a collaborative effort to help identify certain outside-of-the-box approaches that will facilitate viable equity financing for this complex project. FDP’s proposal is that recently discussed (and implemented) zoning provisions requiring developers in Kendall Square to provide certain percentages of innovation space as part of their commercial developments be applied to The Foundry. That is, any developer investing the full amount needed for The Foundry shall get credit for having complied with the innovation zoning provisions. This could create a very attractive pool of capital for the project while addressing the community and innovation needs of East Cambridge. Similarly, FDP is currently exploring other innovative financing strategies that include customized equity and sponsorship offerings to certain corporations in Kendall Square eager to engage in and support the various activities at The Foundry. Both CIC and GSP will leverage their extensive relationships in Kendall Square and beyond to unlock non-traditional funding in the form of sponsorships, program grants, and corporate participation that enhances The Foundry experience while also linking to the larger civic, social and community goals.

Ultimately the FDP approach to financing is one that appreciates the complexity of the project, and is based on the pro-forma included in the pages that follow. In addition, FDP has great comfort in its ability to contract with the City and CRA on the appropriate legal and financial structures for this project and suggests that, if selected as developer, the parties immediate engage in the discussions needed to ensure financial success.

B. Sponsorship
FDP anticipates many opportunities to develop sponsorship arrangements that would be financially beneficial to The Foundry without compromising its commitment to the community.

C. Letters of Support
CIC prides itself on its strong relationships with its landlords, investors, and partners, and letters of support from the following parties are attached in Appendix B:

1. Cambridge Trust Company – Cambridge, MA
2. Wexford Science + Technology – Baltimore, MD
3. Cortex Innovation Community / Center for Emerging Technologies (CET)  
   – St. Louis, MO  
4. Deutsche Bank Asset Management – Boston, MA  
5. Draper Laboratories – Cambridge, MA

**VIII. Project Construction and Development Budget**

KS Foundry Development Partners and Hacin + Associates have created a comprehensive schematic plan for a complete renovation of The Foundry building. While the masonry exterior and the interior floor plates of the building will largely be retained, the entire building will be re-engineered to meet current seismic and structural requirements as well as requirements for egress, energy efficiency, and for our own multi-use program.

FDP has assembled a professional team with extensive knowledge of Boston-area retrofits to execute this project. Along with lead architects and designers Hacin + Associates, Cosentini & Associates are providing MEP and code engineering, Wiedlinger Associates are providing structural and environmental consulting, and Commodore Builders are providing construction management. All parties have reviewed FDP’s plans, provided feedback, and have given preliminary cost estimates.

In addition to our analysis of construction costs based on the schematic plans, we have modeled the costs of initial capital expenses and tenant space build-out costs. We anticipate a total construction, capital expense, and tenant build-out cost of $35,424,403. Ongoing capital expenses and maintenance costs are carried in The Foundry cash flow model as well.

In keeping with The Foundry’s character as a pedestrian and neighborhood-use-oriented development, FDP is anticipating a small parking footprint; as such, a parking variance for the building as a whole will be sought. Additionally, the existing Foundry building is nonconforming with respect to existing Cambridge dimensional requirements; therefore as part of the pre-construction process, a comprehensive approval packet addressing zoning, energy efficiency, and environmental requirements will be developed and submitted to the relevant City of Cambridge authorities. FDP’s goal is to harmonize City and State requirements with the historic nature of The Foundry and the dynamic reuse of the building.

**A. Construction Budget**

CIC evaluated each of the various spaces in the attached plans, considering all necessary improvements to the core and shell, including MEP systems, structural and seismic upgrades, etc. We then assigned a per sf cost to each individual
space to achieve a blended per sf core and shell cost of $252.08 for a total of $21,914,827. As standard practice and given the absence of final plans, we have also factored in a 7.5%, $1,991,267 contingency, resulting in a total construction cost of $28,541,489 ($328.30/sf) (see Appendix A for a detailed cost breakdown).

B. Initial Event & Program Space Capital Expenses
We project that The Foundry’s Event & Program Space will require initial capital expenses totalling $813,054 and comprised of:
- Furniture, Fixtures & Equipment (FF&E): $468,122 ($19.00/sf)
- IT Equipment & Installation: $271,018 ($11.00/sf)
- Operational Startup Costs: $73,914 ($3.00/sf)

The above initial capital expenses have been calculated using CIC’s per sf cost basis. These expenses are allocated to cover costs for the 24,638 gross sf of Event & Program Space.

C. Ongoing Event & Program Space Capital Expenses
The Foundry’s operations will fund the ongoing capital expense improvements needed for the following Event & Program Space:
- 7,488 sf of Assembly and Breakout space on the Lower Level.
- 17,150 sf of Events & Program Space (Mezzanine, Central Gathering Colonnade, Central/Community Pods and Micro Retail spaces).

For these spaces (totaling 24,638 sf) FDP has budgeted a percentage of the total initial CapEx spend, ramping up to 10% in year five, with the total cost increased by 2.0% annually.

Note: ongoing capital expenses are separate from the “Operating and Capital Reserve Fund” and are in addition to the repairs and maintenance budget FDP has accounted for in its operating costs.

D. Initial Tenant Build-Out/Tenant Improvement Packages
As part of our total project development costs we have budgeted for each rentable space to include a tenant improvement or build-out package. We’ve budgeted a cost per sf based on the gross area for each of the rentable spaces.
- Makerspace: $50/sf or a total cost of $761,100.
- Restaurant & Kitchen: $100/sf or a total cost of $701,800.
- Shared Office/Coworking Floors: $120/sf for the two CIC Shared Office/Coworking floors ($2,736,840 for the 2nd floor and $2,070,120 for the 3rd floor).
- Additional funding will need to be secured by each tenant depending on their specific final program.
E. **Ongoing Tenant Improvements Reserve**

FDP has budgeted for ongoing tenant improvement costs, beginning in year 10. FDP has modeled for 20% of the initial Tenant Improvement Packages to be spent on refreshments and updates at the time of lease expiration or lease extension. As modeled, we have held a package every 10 years ramping up to 40% of the initial spend in year 40.

**IX. Sublease**

If designated as developer of the Foundry, FDP will work expeditiously and in good faith with the City and the CRA to complete its Financial Plan and negotiate a sublease for the Property. To do so all parties must work together to align the economic realities of the project with the transactional and operational challenges. Specifically, in addition to completing the Governing Documents (as defined in the Model Sublease), FDP looks forward to partnering with the City and CRA to address the following issues: (i) permitting, (ii) linkage fees, (iii) real estate taxes, (iv) sublease and assignment rights under the Model Sublease, (v) alignment with C2K2 goals, (vi) synergies with Volpe disposition, (vii) terms of the CRA office use at the Foundry, and (viii) the functionality and need for expediting the decision-making process around approvals, consents and reporting as it relates to the CRA and the Advisory Committee.

**X. Appendix A – Financial Model**

**XI. Appendix B – Letters of Support**

1. Cambridge Trust Company – Cambridge, MA
2. Wexford Science + Technology – Baltimore, MD
3. Cortex Innovation Community / Center for Emerging Technologies (CET) – St. Louis, MO
4. Deutsche Bank Asset Management – Boston, MA
5. Draper Laboratories – Cambridge, MA
### KS Foundry Development Partners, LLC

#### Model Summary Sheet

**Project Overview**

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<tr>
<td>4/1/2023</td>
<td>Construction Begins</td>
<td>KS Foundry Development Partners, LLC</td>
<td>Construction phase begins second phase</td>
</tr>
<tr>
<td>4/15/2023</td>
<td>Tenant Improvements Continue</td>
<td>City of Cambridge CRA</td>
<td>Additional tenant improvements funded</td>
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<tr>
<td>5/1/2023</td>
<td>Cash on Equity Return</td>
<td>City of Cambridge CRA</td>
<td>CRA funds allocated for additional project returns</td>
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<tr>
<td>6/1/2023</td>
<td>Project Opens to Public</td>
<td>KS Foundry Development Partners, LLC</td>
<td>Project officially opens to the public</td>
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</table>

### Project Assumptions

<table>
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<tr>
<th>Category</th>
<th>Assumptions</th>
<th>Source</th>
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<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td>City of Cambridge CRA</td>
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<tr>
<td><strong>Space</strong></td>
<td></td>
<td>City of Cambridge CRA</td>
</tr>
<tr>
<td><strong>Client Information</strong></td>
<td></td>
<td>City of Cambridge CRA</td>
</tr>
</tbody>
</table>

#### Global Assumptions

- **Office/Coworking Space (2nd Floor):**
  - 1,760,000 Gross Area (SF)
  - 352,000 Rentable Floor Area
  - 72,956 Client Occupied (Useable)

- **Restaurant/Kitchen (Ground Floor):**
  - 13,980 Gross Area (SF)
  - 86,936 Rentable Floor Area
  - 9/1/2017 Free Rent Ends

- **Total Project Costs (incl. Operating Losses):**
  - $35,424,403

- **Total Tenant Improvement Costs:**
  - $1,991,267

- **Total Pre-Development & Construction Costs:**
  - $4,435,396

- **Contingency:**
  - $271,018

- **Free Cash Flow (After Debt Service):**
  - $21,750,000

- **Net Operating Income:**
  - $21,914,827

- **Construction (Pre-Development Costs):**
  - $1,471,435

- **Initial% Operating% Losses:**
  - 46.00%

- **Total (Pre-Development & Construction Costs):**
  - $6,269,860

- **Free Cash Flow (After Debt Service):**
  - $4,435,396

- **Net Operating Income:**
  - $21,914,827

- **Construction (Pre-Development Costs):**
  - $1,471,435

- **Initial% Operating% Losses:**
  - 46.00%

- **Total (Pre-Development & Construction Costs):**
  - $6,269,860

- **Free Cash Flow (After Debt Service):**
  - $4,435,396

- **Net Operating Income:**
  - $21,914,827

- **Construction (Pre-Development Costs):**
  - $1,471,435

- **Initial% Operating% Losses:**
  - 46.00%

- **Total (Pre-Development & Construction Costs):**
  - $6,269,860

- **Free Cash Flow (After Debt Service):**
  - $4,435,396

- **Net Operating Income:**
  - $21,914,827

<table>
<thead>
<tr>
<th>Year</th>
<th>5% 2023</th>
<th>10% Year Avg.</th>
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</thead>
<tbody>
<tr>
<td>1/1/2023</td>
<td>$1,008,611</td>
<td>$1,380,931</td>
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<tr>
<td>1/1/2024</td>
<td>$1,120,000</td>
<td>$1,471,435</td>
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<tr>
<td>1/1/2025</td>
<td>$1,246,004</td>
<td>$1,750,000</td>
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<tr>
<td>1/1/2026</td>
<td>$1,305,430</td>
<td>$2,099,064</td>
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<tr>
<td>1/1/2027</td>
<td>$1,368,794</td>
<td>$2,469,131</td>
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<td>1/1/2028</td>
<td>$1,432,000</td>
<td>$2,955,396</td>
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<tr>
<td>1/1/2029</td>
<td>$1,496,000</td>
<td>$3,469,131</td>
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<td>1/1/2030</td>
<td>$1,560,000</td>
<td>$4,008,000</td>
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<tr>
<td>1/1/2031</td>
<td>$1,624,000</td>
<td>$4,691,396</td>
</tr>
<tr>
<td>1/1/2032</td>
<td>$1,688,000</td>
<td>$5,418,000</td>
</tr>
<tr>
<td>1/1/2033</td>
<td>$1,752,000</td>
<td>$6,269,860</td>
</tr>
<tr>
<td>1/1/2034</td>
<td>$1,816,000</td>
<td>$7,269,860</td>
</tr>
<tr>
<td>1/1/2035</td>
<td>$1,880,000</td>
<td>$8,418,000</td>
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<tr>
<td>1/1/2036</td>
<td>$1,944,000</td>
<td>$9,718,000</td>
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<tr>
<td>1/1/2037</td>
<td>$2,008,000</td>
<td>$11,008,000</td>
</tr>
<tr>
<td>1/1/2038</td>
<td>$2,072,000</td>
<td>$12,338,000</td>
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<tr>
<td>1/1/2039</td>
<td>$2,136,000</td>
<td>$13,708,000</td>
</tr>
<tr>
<td>1/1/2040</td>
<td>$2,200,000</td>
<td>$15,118,000</td>
</tr>
</tbody>
</table>

#### Operating Losses

- **Year 1:** $35,424,403
- **Year 2:** $25,000,000
- **Year 3:** $15,000,000
- **Year 4:** $5,000,000

**Debt (Tranche I)**

- **Interest Rate:** 1.78%
- **Loan Amount:** $1,991,267
- **Loan-to-Cost Ratio:** 10.96%
- **Bp's:** 200

**Initial CRA Contribution**

- **Proceeds from TIER II Split:**
  - $1,246,004

**Operating & Capital Reserve Fund**

- **Includes Initial CRA contribution:**
  - $1,246,004

**Events & Program Space**

- **Gross Potential Income:**
  - $1,368,794

**Signage**

- **Restaurant**
- **Makerspace**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event &amp; Program Space</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2023</td>
<td>Construction Begins</td>
<td>KS Foundry Development Partners, LLC</td>
</tr>
<tr>
<td>1/1/2023</td>
<td>Tenant Improvements</td>
<td>City of Cambridge CRA</td>
</tr>
<tr>
<td>1/1/2023</td>
<td>Free Rent Ends</td>
<td>City of Cambridge CRA</td>
</tr>
<tr>
<td>4/1/2023</td>
<td>Construction Begins</td>
<td>KS Foundry Development Partners, LLC</td>
</tr>
<tr>
<td>4/1/2023</td>
<td>Tenant Improvements</td>
<td>City of Cambridge CRA</td>
</tr>
<tr>
<td>4/1/2023</td>
<td>Free Rent Ends</td>
<td>City of Cambridge CRA</td>
</tr>
<tr>
<td>5/1/2023</td>
<td>Project Opens to Public</td>
<td>KS Foundry Development Partners, LLC</td>
</tr>
</tbody>
</table>

**Revenue Growth**

- **Monthly:**
  - $1,750,000
- **Annually:**
  - $21,914,827

**Client Occupied (Useable) Rentable Floor Area**

- **Ground Floor:**
  - 1,760,000 Gross Area
  - 352,000 Rentable Floor Area
- **2nd Floor:**
  - 1,760,000 Gross Area
  - 352,000 Rentable Floor Area
- **3rd Floor:**
  - 1,760,000 Gross Area
  - 352,000 Rentable Floor Area

**Address**

- The Foundry

**Costs & Expenses**

- **Construction (Pre-Development):**
  - $86,936
- **Free Rent:**
  - $21,750,000
- **Construction (Pre-Development):**
  - $1,471,435
- **Operating Losses:**
  - $21,914,827
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Rentable Square Feet</th>
<th>Average Monthly Rent per SF</th>
<th>Total Monthly Rent</th>
<th>Total Monthly Operating Expenses</th>
<th>Ongoing CapEx</th>
<th>Total Rental Income</th>
<th>Total Interest Payments</th>
<th>Total Cash Flow (before debt service)</th>
<th>Debt Service Coverage Ratio</th>
<th>Net Cash Flow Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,316,628</td>
<td>$16.08</td>
<td>$37,336,628</td>
<td>189,617</td>
<td>228,800</td>
<td>303,500</td>
<td>915,200</td>
<td>236,980</td>
<td>0.23</td>
<td>14.28%</td>
</tr>
<tr>
<td>2018</td>
<td>2,216,789</td>
<td>$15.38</td>
<td>$35,734,789</td>
<td>203,500</td>
<td>207,570</td>
<td>207,570</td>
<td>1,034,800</td>
<td>241,980</td>
<td>0.24</td>
<td>13.25%</td>
</tr>
<tr>
<td>2019</td>
<td>2,531,061</td>
<td>$15.38</td>
<td>$39,398,061</td>
<td>207,570</td>
<td>207,570</td>
<td>207,570</td>
<td>1,287,364</td>
<td>249,980</td>
<td>0.25</td>
<td>14.28%</td>
</tr>
<tr>
<td>2020</td>
<td>2,530,455</td>
<td>$15.38</td>
<td>$39,398,061</td>
<td>207,570</td>
<td>207,570</td>
<td>207,570</td>
<td>1,287,364</td>
<td>249,980</td>
<td>0.25</td>
<td>14.28%</td>
</tr>
<tr>
<td>2021</td>
<td>2,638,252</td>
<td>$16.36</td>
<td>$42,674,813</td>
<td>373,437</td>
<td>373,437</td>
<td>410,700</td>
<td>1,703,184</td>
<td>307,342</td>
<td>0.45</td>
<td>22.88%</td>
</tr>
<tr>
<td>2022</td>
<td>2,625,575</td>
<td>$17.37</td>
<td>$44,540,494</td>
<td>396,179</td>
<td>396,179</td>
<td>479,205</td>
<td>1,867,184</td>
<td>352,246</td>
<td>0.49</td>
<td>23.88%</td>
</tr>
<tr>
<td>2023</td>
<td>2,693,168</td>
<td>$17.37</td>
<td>$46,464,335</td>
<td>408,064</td>
<td>408,064</td>
<td>540,065</td>
<td>2,040,322</td>
<td>402,246</td>
<td>0.58</td>
<td>28.96%</td>
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<tr>
<td>2024</td>
<td>2,693,168</td>
<td>$18.36</td>
<td>$48,488,106</td>
<td>420,937</td>
<td>420,937</td>
<td>524,163</td>
<td>2,296,401</td>
<td>448,246</td>
<td>0.63</td>
<td>30.96%</td>
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<tr>
<td>2025</td>
<td>2,765,575</td>
<td>$19.36</td>
<td>$52,578,262</td>
<td>524,165</td>
<td>524,165</td>
<td>572,570</td>
<td>2,693,168</td>
<td>550,246</td>
<td>0.72</td>
<td>39.86%</td>
</tr>
</tbody>
</table>

Financial Summary:

- Total Rentable Square Feet: 2,530,455 SF
- Total Monthly Rent: $39,398,061
- Total Monthly Operating Expenses: $373,437
- Total Rental Income: $410,700
- Total Interest Payments: $479,205
- Total Cash Flow (before debt service): $307,342
- Debt Service Coverage Ratio: 0.45
- Net Cash Flow Margin: 22.88%
<table>
<thead>
<tr>
<th>0.00%</th>
<th>0.99%</th>
<th>1.99%</th>
<th>2.99%</th>
<th>3.99%</th>
<th>4.99%</th>
<th>5.99%</th>
<th>6.99%</th>
<th>7.99%</th>
<th>8.99%</th>
<th>9.99%</th>
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</thead>
<tbody>
<tr>
<td>0.00%</td>
<td>0.00%</td>
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</tbody>
</table>

### Financial Summary

#### Total Operating & Capital Reserve Fund
- Total balance at City's Equity
- Cash on Equity Reserve
- Equity Invstmt.
- Equity Hurdle Amt

#### Cash Flow
- Actual Cash Flow
- Combined Cash Flow
- Equity Invstmt.

#### Reserves
- Total Operating & Capital Reserve Fund
- City's Equity Reserve
- Combined Reserve Fund

#### Cash Flows
- Cash Flows:
  - Operating & Capital Reserve
  - Equity Invstmt.
  - Combined Reserve Fund

#### Hurdle Rates
- City's Equity Reserve Hurdle
- Combined Reserve Fund Hurdle
- Equity Invstmt. Hurdle

#### Financial Ratios
- Combined Reserve Fund
- Operating & Capital Reserve
- Equity Invstmt.
- City's Equity Reserve

### Equity Invstmt.

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### Equity Invstmt. Details

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### Equity Invstmt. Performance

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<td>Category</td>
<td>Description</td>
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<tr>
<td>--------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td></td>
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<tr>
<td>Financial Summary</td>
<td>Project Assumptions</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Revenue (Tenant Rental Income)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Operating Expenses (Utilities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Totals ($203,500, grown at 2.00% annually, includes: Gas/Steam, Electric, Water/Sewer, Garbage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Repairs and Maintenance (HVAC, Maintenance, HVAC Tech Contract, Plumbing, Electric, Painting, Elevator Service and Repairs, Alarm Systems, costs are inflated at 2.00% annually.</td>
<td></td>
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<tr>
<td></td>
<td>General and Administrative (Grounds)</td>
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<tr>
<td></td>
<td>Totals ($45,000, grown at 2.00% annually, includes: Landscaping contracts, and Snow removal, expenses are grown at 2.00% annually based on CIC's operational experience.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Marketing</td>
<td></td>
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<tr>
<td></td>
<td>Totals ($24,000 or $2,000/month, grown at 2.00% annually, includes all of The Foundry's event and program marketing costs.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Foundry Staffing (burdened)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td></td>
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<tr>
<td></td>
<td>Is estimated at ($30,000, grown at 2.50% annually, based on CIC's experience, the size of the facility and the operations that will be taking place, Insurance costs are grown at 2.50% annually.</td>
<td></td>
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<td></td>
<td>Management Fee</td>
<td></td>
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<tr>
<td></td>
<td>Fee paid to FDP for executive oversight, operational support, City compliance management, and strategic programming of The Foundry. Totals 6.00% of the gross potential revenue each lease year.</td>
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<td>Ongoing Project CapEx</td>
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<td>Property Tax</td>
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<td></td>
<td>Ongoing Tenant Improvements</td>
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<tr>
<td></td>
<td>Ongoing TI Packages</td>
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</tr>
<tr>
<td></td>
<td>Debt</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Total Debt Service</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Initial debt of $14,683,014 is financed at 3.87% (200Bp's over the 10 yr treasury note) for a 10 yr term and 30 yr amortization, refinanced upon expiration for another 10 yr term and 30 yr amortization at 4.19%.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Finally refinanced a second time for the same period and term at a 4.60% interest rate, at the end of 2038. Finally refinanced a third and last time at 4.60% for a 20 yr term and 20 yr amortization, with the balance being paid off in 2068.</td>
<td></td>
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<tr>
<td></td>
<td>Year one property taxes have been estimated at $100,000 during the construction period, assumptions is that taxes are for a partial year of a completed building. In year two the restaurant and shared office spaces are projected to pay full tax obligations, as modeled those spaces are paying $5.00/sf in year two. Taxes are projected to grow at 2.5%.</td>
<td></td>
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<tr>
<td></td>
<td>Includes: Office supplies, Phone, Internet, Postage, and Audit Fees (based on CIC's experience from operations in Cambridge, Boston, and at D Hall. Expenses are grown at 2.00% annually. Overhead/Administration represents support for Recruitment, HR, Payroll, Contract Admin, Admin Costs, and Central Office Costs (based on 3.00% of the gross potential income.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>The tenant revenue comes from renting 3 spaces: (a) Maker space [10 year gross lease at $15.00/SqFt with 2.00% annual escalations and 6 months of free rent]; (b) The Restaurant/Bar and Kitchen [10 year gross lease at $35.00/SqFt with 3.00% annual escalations and 6 months of free rent]; (c) The two Shared Office floors [10 year gross lease at $46.00/SqFt with 2.00% annual escalations and 12 months of free rent].</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Includes: Office supplies, Phone, Internet, Postage, and other cleaning (estimate based on CIC's operational experience.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Conservancy Programs</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Cleaning Services</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Cleaning Service Totals ($105,000, grown at 2.00% annually, includes: 2 Janitorial staff at $45k annually each, for general building and events, cleaning up, window cleaning twice a year, restroom supplies, other cleaning (estimates based on CIC's operational experience.</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>The prime lease is structured as follows: (a) Maker space [10 year gross lease at $15.00/SqFt with 2.00% annual escalations and 6 months of free rent]; (b) The Restaurant/Bar and Kitchen [10 year gross lease at $35.00/SqFt with 3.00% annual escalations and 6 months of free rent]; (c) The two Shared Office floors [10 year gross lease at $46.00/SqFt with 2.00% annual escalations and 12 months of free rent].</td>
<td></td>
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</tr>
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<td></td>
<td>Includes: Office supplies, Phone, Internet, Postage, and Audit Fees (based on CIC's experience from operations in Cambridge, Boston, and at D Hall. Expenses are grown at 2.00% annually. Overhead/Administration represents support for Recruitment, HR, Payroll, Contract Admin, Admin Costs, and Central Office Costs (based on 3.00% of the gross potential income.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>The tenant revenue comes from renting 3 spaces: (a) Maker space [10 year gross lease at $15.00/SqFt with 2.00% annual escalations and 6 months of free rent]; (b) The Restaurant/Bar and Kitchen [10 year gross lease at $35.00/SqFt with 3.00% annual escalations and 6 months of free rent]; (c) The two Shared Office floors [10 year gross lease at $46.00/SqFt with 2.00% annual escalations and 12 months of free rent].</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Includes: Office supplies, Phone, Internet, Postage, and other cleaning (estimate based on CIC's operational experience.</td>
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<td>The prime lease is structured as follows: (a) Maker space [10 year gross lease at $15.00/SqFt with 2.00% annual escalations and 6 months of free rent]; (b) The Restaurant/Bar and Kitchen [10 year gross lease at $35.00/SqFt with 3.00% annual escalations and 6 months of free rent]; (c) The two Shared Office floors [10 year gross lease at $46.00/SqFt with 2.00% annual escalations and 12 months of free rent].</td>
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<td></td>
<td>Includes: Office supplies, Phone, Internet, Postage, and other cleaning (estimate based on CIC's operational experience.</td>
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## The Foundry Development Costs

### Development Budget

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<th>Site-Related Costs</th>
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<tr>
<td>Pre-Construction &amp; Construction</td>
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<td>GOV’T APPROVALS &amp; PERMITS</td>
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### Financing

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May 4, 2016

Mr. Thomas Evans, Executive Director
Cambridge Redevelopment Authority
255 Main Street, 4th Floor
Cambridge, MA 02142

RE: Foundry Redevelopment / Cambridge Innovation Center

Dear Mr. Evans:

We are writing to support the Cambridge Innovation Center (CIC) as it relates to the Foundry Redevelopment project.

The CIC has maintained an excellent banking relationship with Cambridge Trust Company since 2010. Throughout this period, the CIC has met all of its financial obligations and demonstrated very sound financial stability, while taking on significant expansion projects right here in Cambridge and Boston.

The CIC presently maintains multiple deposit accounts with the Bank, with very strong balances, and all of these accounts have been handled as agreed since they were opened.

During our 6+ year relationship, the CIC has periodically borrowed from the Bank, and they have always handled their obligations as agreed.

Finally, Cambridge Trust Company has worked with Tim Rowe (CEO), Brian Dacey (President) and other senior managers at the CIC throughout this timeframe, and we hold the firm and its management team in very high regard. We would welcome the opportunity to work with the CIC on this very exciting project.

Very truly yours,

Denis K. Sheahan
President

Brian A. Kelley
Vice President

Cc Mr. Tim Rowe, CEO, Cambridge Innovation Center
     Mr. Brian Dacey, President, Cambridge Innovation Center
May 4, 2016

Mr. Thomas Evans  
Executive Director  
Cambridge Redevelopment Authority  
255 Main St., 4th floor  
Cambridge, MA 02142

Re: CIC’s Submission for The Foundry project

Dear Mr. Evans,

I am writing in support of the RFP response for The Foundry site submitted by CIC, Graffito SP, and Hacin + Associates.

Wexford Science & Technology, LLC has a very strong relationship with CIC. Since 2014 our organizations have worked on a number of projects together. Most recently we have partnered with CIC in St. Louis (CIC 4240) and the recently opened CIC Miami. In each of those locations, Wexford owns the buildings and CIC is a tenant. We continue to explore additional projects in other cities as well.

CIC is a very creative and reliable partner that we believe has the expertise and operational management skills to successfully execute a project such as The Foundry.

Kind regards,

S/Nelson Weeks  
Senior Vice President
6 May 2016

Thomas Evans
Executive Director
Cambridge Redevelopment Authority
255 Main Street, 4th Floor
Cambridge, MA 02142

Re: Letter of support for CIC from Cortex Innovation Community

Dear Mr. Evans,

I am pleased to write in support of CIC as they submit an RFP to redevelop the Foundry site in Kendall Square. CIC has been a great contributor and partner to the Cortex Innovation Community—a 200-acre urban innovation district in the heart of midtown St. Louis—and I give them my enthusiastic support for this new venture.

CIC St. Louis is comprised of two buildings within Cortex’ boundaries, CIC@4240 and CIC@CET (the Center for Emerging Technologies). CIC’s presence, which spans over 120,000 square feet, has been key to enlivening the Cortex community over the past two years. Their understanding of what makes good space has transformed Cortex by attracting energetic companies, committed investors, and curious minds into the district for work and play.

In June of 2014 CIC and CET, the oldest innovation center in Cortex, signed a management agreement for CIC to renovate and operate a world-class innovation center at the CET site.

The resulting project, CIC@CET, has been a wildly successful co-venture ever since. A previously underused building in need of updating is now an attractive hub that houses 120 growing companies and 364 of their employees in offices, shared labs, and coworking space. This is in addition to the 83 companies and 228 employees CIC hosts in the CIC@4240 space, one block from CET.

CIC undertook sourcing financing for the CET renovation project, successfully applying for loans from the St. Louis Economic Development Partnership. Within a
year of opening, CIC@CET had reached 90% occupancy. It continues to be a financially healthy venture that both parties are proud of.

The success of CIC@CET has also had a favorable influence on public perception of the entire surrounding Cortex district: CIC@CET has been featured in many publications, generating large amounts of positive press for CET, Cortex, and the city of St. Louis. In addition, the renovation project received an IES Illumination Award of Merit for its use of creative lighting.

Given CIC’s talented executive team, their experience in similar projects, their willingness to collaborate, and their creative approaches to financing, design, and programming, I enthusiastically support their RFP to revitalize and reactivate the Foundry site. I expect it to be a great success.

Sincerely,

Dennis Lower
President and CEO, Cortex Innovation Community
April 22, 2016

Thomas Evans
Executive Director
Cambridge Redevelopment Authority
255 Main Street, 4th Floor
Cambridge, MA 02142

Re: CIC and the Foundry Redevelopment Project

Dear Mr. Evans,

This letter is submitted to express our support for CIC in their RFP submission for The Foundry redevelopment project.

CIC has maintained an excellent tenant relationship with Deutsche Asset Management since 2013 in their lease of office space at 101 Main Street in Cambridge. Throughout this time, CIC has met all of its financial and tenant obligations and has demonstrated a consistently healthy financial status, which has continued during their swift expansion to Boston and other sites.

CIC currently leases more than 52,000 square feet on three separate floors of 101 Main Street and has consistently paid its rent on time and abided by the building’s rules and regulations during the term of their lease.

Deutsche Asset Management personnel have worked closely with CIC for the past several years, and worked especially closely with their Director of Property Management, Chris Linssen, and President, Brian Dacey, even prior to their lease at 101 Main. We believe they and the entire CIC team have the ability to make The Foundry a success and recommend them very highly as a tenant and operator.

Sincerely,

Robert D. Seaman
Vice President
Cambridge Redevelopment Authority
255 Main Street, 4th Floor
Cambridge, MA 02142

5/9/16

To Whom it May Concern,

I am writing to convey Draper’s strong and continued support of the concept put forth by KS Foundry Development Partners for the Foundry Building in East Cambridge. Their vision for the building, especially the incorporation of makerspace facilities, would provide a valuable resource for the community and aligns well with Draper’s desire to facilitate resource access for members of the Cambridge innovation ecosystem.

Draper has an ongoing interest in the availability and robustness of opportunities for technology development. I look forward to the implementation of KS FDP’s concept as a strengthening of these opportunities. Inquiries regarding Draper’s support and efforts in this area can be directed to Nathan Wiedenman (nwiedenman@draper.com; 617-258-3639).

Sincerely,

[Signature]

Kaiigham J. Gabriel
President/CEO