

UMASS BAYSIDE DEVELOPER SELECTION PROCESS

February 14, 2019

HISTORY

In May 2010, the University of Massachusetts (UMass), via the UMass Massachusetts Building Authority (UMBA), purchased the 20-acre site of the former Bayside Expo Center (Bayside Property) in Dorchester, Mass. from LNR Partners, Inc. for \$18.7 million.

Since 2010, UMass Boston has utilized the property primarily for parking and has serviced the debt on the acquisition, with the intent of future development to meet needs of the UMass Boston campus.

In 2017, UMass President Marty Meehan, with the support of the UMass Board of Trustees, asked UMBA to begin a process that would result in the development and monetization of the Bayside Property, based on several factors:

- Indications that the nexus of the value of developable property in Boston and the ability for developers to finance large-scale development in the city was peaking.
- The significant need for new revenue for UMass Boston to address infrastructure needs, given that the campus had met the university's 8 percent debt ratio cap.
- The significant benefits the UMass Boston campus would realize through development of the property, including:
 - Co-location of potential business and industry partners
 - New retail, dining, cultural and outdoor amenities proximate to the campus
 - The potential for large-scale private development to unlock both public and private infrastructure investments proximate to the campus

UMass and UMBA embarked on an 18-month process to 1) determine the most efficacious way to develop the property, 2) determine the highest and best use to benefit the university, UMass Boston and the surrounding community, and 3) select a developer.

DEVELOPER SELECTION TIMELINE AND PROCESS

- On **August 8, 2017**, UMass via UMBA issued a Request for Information (RFI) to gauge interest in the real estate market, assess the viability of a transaction and determine the best vehicle for execution (<http://www.umassba.net/wp-content/uploads/2017/08/Bayside-Development-RFI-UMB.pdf>).
- Based on the quantity (16) and quality of the RFI responses, demonstrating an intensity of interest in the project, UMass retained Newmark Knight Frank (Newmark) in **November 2017** to advise the university on the development potential of the property and market it to potential developers.
- In **December 2017**, President Meehan created an advisory group to direct Newmark, guide the developer selection process and make recommendations to he and the Board of Trustees regarding developer selection. The advisory group included two members of the UMass Board of Trustees and UMBA with significant real estate expertise as well as representatives from UMBA, UMass Boston, the UMass President’s Office and the City of Boston:
 - **Victor Wooridge**, Chair of the UMass Building Authority; UMass Trustee; Managing Director, Barings Real Estate Advisors
 - **Charles Wu**, UMass Building Authority Board Member; UMass Trustee; Managing Director, BayNorth Capital
 - **Katherine Newman**, Interim Chancellor, UMass Boston
 - **Kathleen Kirleis**, Vice Chancellor for Administration & Finance, UMass Boston
 - **Mahmood Malihi**, Co-President, Leggat McCall; UMass Boston real estate consultant
 - **Patricia Filippone**, Executive Director, UMass Building Authority
 - **James Julian**, Executive Vice President, UMass
 - **Lisa Calise**, Senior Vice President for Administration & Finance, UMass
 - (ad hoc) **Michael Christopher**, Deputy Director for Development Review, Boston Planning and Development Agency (BPDA)
 - (through June 2018) **Barry Mills**, former Interim Chancellor, UMass Boston
- In **January 2018**, Newmark began an extensive marketing process for the Bayside Property, which included substantive conversations with more than 100 developers and more than 30 meetings and property tours.
- In **April 2018**, Newmark made its first “Call for Offers,” asking developers to provide proposals for their vision of future development at the Bayside Property and economic proposals for the long-term lease of the land. Six developers responded. In coordination

with the advisory group, the developers were asked clarifying questions to ensure “apples to apples” comparisons of the proposals based on the following criteria:

- Developer Experience
 - Equity Source
 - Upfront Payments
 - Contingent Payments
 - Total Consideration
 - Planned FAR (Floor Area Ratio)
 - Price/FAR SF
 - University Partnership Opportunities
 - Deposits
 - Due Diligence Period
 - Closing Period
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- In **May 2018**, Newmark asked each of the developers to submit revised offers (second round “Call for Offers”).
 - In **July 2018**, Newmark and the advisory group conducted initial interviews with six developers.
 - In **July and August 2018**, UMass and UMBA began providing regular updates on the status of the developer selection process to interested public officials and Dorchester neighborhood and civic organizations. UMass and UMBA also began providing regular updates to Boston Planning and Development Agency (BPDA) via ad hoc representation in the working group.
 - In **August 2018**, Newmark made a third round “Call for Offers” with revised proposals based on feedback from the July interviews and additional clarifying questions from the advisory group.
 - In **October 2018**, two developers were invited to give detailed presentations to the advisory group. Others were informed that their proposals were not competitive based on the key criteria established.
 - In **December 2018**, the UMBA Executive Director and general counsels for UMass and UMBA met with staff of the Inspector General to review the developer selection process. Newmark and the advisory group provided the two developers draft Agreement to Lease and Ground Lease documents for review and comment.

- In **January 2019**, UMBA’s transactional counsel reviewed the developers’ legal mark-up and comments on the draft lease documents and Newmark provided a final summary of the developer proposals, noting that due diligence determined that both developers were capable of delivering on their proposals.
- In **February 2019**, the advisory group unanimously agreed on a recommendation to President Meehan, based on one proposal’s superiority in financial consideration offered (price per FAR), non-contingent minimum price offered, and timing for payment of that consideration.
- On **February 14, 2019**, the UMass Board of Trustees will vote on whether to support the advisory group’s recommendation to President Meehan and whether to direct UMBA to negotiate a final ground lease with the selected developer. UMBA will subsequently vote on whether to enter into a ground lease with the recommended developer.

NEXT STEPS

- Assuming an affirmative vote to enter into ground lease negotiations with the selected developer, the university will negotiate the final lease details with the developer.
- Contemporaneous with the selected developer’s permitting/entitlement process, including necessary public hearing and comment periods, the selected developer will begin a robust stakeholder and community input process with the UMass Boston campus, the neighborhoods and the community.
 - The developer will follow the guiding principles of UMass Boston’s Bayside Charretting process, which includes stakeholder consulting and input.