

**SUMMARY OF THE PROPOSED DEVELOPMENT AND LAND DISPOSITION AGREEMENT
AMONG WE 101 COLLEGE, LLC, THE CITY OF NEW HAVEN AND THE NEW HAVEN PARKING
AUTHORITY**

April 20, 2020



This document provides an overview of the proposed Development and Land Disposition Agreement (the "Development Agreement") between the City of New Haven, WE 101 College, LLC (the "Developer") and the New Haven Parking Authority (the "Parking Authority").

The Development Agreement is the City's standard practice for the disposition of real property for larger community and economic development purposes. In this instance, the Development Agreement not only establishes the rights, duties and obligations of the parties concerning the construction and operation of a new building to be known as 101 College Street (the "Building") but also sets forth coordination activities with Downtown Crossing, the City's ongoing transition of the Route 34 right-of-way from state-owned highway land to new city blocks connected to local streets below and at grade.

The Development Agreement will allow the Developer to construct a biomedical/life science/office building at 101 College Street, a parcel of land that is bounded by MLK Boulevard to the north, College Street to the west, South Frontage Road to the south and the future segment of Temple Street to the east.

The Development Agreement and related instruments have a multifold purpose since they are designed to facilitate construction of the Building and the concurrent coordination of Phase 2 reconnecting Orange Street to South Orange Street with an at-grade intersection across the Route 34 corridor as well as Phase 3 that will provide another multi-modal connection between Downtown New Haven and the Hill neighborhood by connecting Temple Street to Congress Avenue via a bridge designed to accommodate

motor vehicle, pedestrian, and bicycle traffic.

Once complete, the 101 College Street development represents another unique opportunity to leverage the removal of Route 34 and convert much of the right of way into an economic engine designed to generate future growth, increase New Haven's tax base and create hundreds of new jobs, both during construction and permanently thereafter.

As a more general point, this strategic location is near the York Street Campus of Yale-New Haven Health System and the Yale School of Medicine. Development in this area will continue to solidify New Haven's global standing and prominence in key economic sectors such as the life sciences, biotechnology, health care technologies and the neurosciences.

1. Downtown Crossing Project

Downtown Crossing is a long-term project whereby the City of New Haven (the "City") is seeking to reconnect the medical district and Hill neighborhood with the City's central business district by converting a portion of the former limited access highway Route 34 connector into urban boulevards and new city streets. The project is being carried out in phases related to development opportunities and funding availability.

The Downtown Crossing objectives are to create jobs by building on the economic strengths of the City; decrease New Haven's energy footprint; retain a unique, livable and authentic sense of place; enhance the local economy; and improve transportation in part by incorporating Complete Streets for all road users.

Phase 1: The City obtained a landmark \$16 million TIGER 2 grant from the United States Department of Transportation and, together with state and local bonds, used the grant to carry out Phase 1 of Downtown Crossing. In this phase, the Route 34 westbound Exits 2 and 3 as well as eastbound Exit 3 were closed permanently. Along with work on local streets and the construction of the tunnels and service areas under 100 College Street, Phase 1 enabled construction of a 495,000 s.f. medical/lab office building at 100 College Street. Alexion Pharmaceuticals and the Yale School of Medicine are the current tenants.

Phase 2: The second phase of Downtown Crossing is currently in construction. This project primarily involves the construction of new intersections at South Orange Street and MLK Boulevard and South Orange Street and South Frontage Road. Phase 2 features a major landscaping project at the transition of the I-91/I-95 interchange with Route 34, just east of the Amtrak bridge. In addition, an art-park/greenway has been designed for the area within the now-closed section of North Frontage Road between Orange Street and Water Street. This is not part of the current Phase 2 project but is designed and ready-to-go when funding is available. On a parallel path, the City continues coordination activities with the 275 South Orange Street development (also known as the Coliseum site development), which is also expected to go into construction in 2020.

The Phase 2 at-grade intersection improvements enhance the Coliseum site development. A \$21.5 million grant from the Connecticut Department of Economic and Community Development (DECD) and \$7.0 million of the City's \$20.0 million USDOT TIGER 8 grant enabled Phase 2 to move forward.

Phase 3: The third and final phase involves significant work on MLK Boulevard and South Frontage Road, including raising the grade of the roadways and preparing for a future new segment of Temple Street, connecting MLK Boulevard and South Frontage Road in part with a new bridge structure over the underlying service drives as well as conversion of a portion of George Street to two-way operation.

Of note, Phase 3 also includes adjustments to the ramps in the Temple Street Garage. This work will be carried out by the New Haven Parking Authority. Other work will be carried out by the Developer in order to align project schedules. The balance of Phase 3 will be carried out by a Design/Build Contractor (the D/B Contractor). The City is currently near the end of a detailed procurement effort to select the D/B Contractor. Phase 3 is funded with the balance of the City's TIGER 8 grant from USDOT and \$12 million in City bond funds previously issued for Downtown Crossing and may be carried out in phases to account for funding gaps.

Schedule: Phase 2 is expected to be completed in 2021 and, due to the overlap with this 101 College Street development and Phase 3 of Downtown Crossing, close coordination will be required to bring all activities to completion as per schedule of completion in 2022.

Land and Right of Way: The Route 34 right-of-way was established through acquisition of property by the State of Connecticut. The Rights of Way Division at Connecticut DOT has partnered with the City to develop accurate mapping for the future layout of city streets and delineation of state/city interests in land, rights-of-way and support infrastructure such as drainage lines. The City has secured legislative approval for Conveyance Bill legislation on two occasions, first to acquire the 100 College Street site and later to acquire all of the infield property (~4.75 acres) bounded by Church Street, MLK Boulevard, College Street and South Frontage Road.ⁱ In both instances, the Conveyance language is specific in that the parcels must be used for economic development purposes.

2. Structure of the Development Agreement

The Development Agreement accounts for both the construction of a large-scale private development and the public infrastructure required to sustain the development consistent with the Downtown Crossing project. The Development Agreement sets forth the scope of work, the responsibilities of the parties, the conveyance process including easements, licenses and other encumbrances, the various required permitting processes, community benefits, construction and operations of the private and public improvements, the sources and uses of funding as well as the default provisions, penalties and remedies. To enhance coordination, a working group will be established among the parties as well as the Design/Build contractor and the various project managers.

Currently, both public and private funds are involved, with the Developer intending to take advantage of state incentives to include an incubator at 101 College Street. There is also a large public infrastructure component on the site, including service tunnels and privately-owned and maintained public plazas and public streetscape improvements which will be designed by the Developer, approved by the City and then constructed by the Developer using public funds.

Due to the timing of Downtown Crossing Phase 2 and Phase 3 together with 101 College Street, there have been a number of technical coordination meetings over the

past six months. As a result of this coordination, a schedule and sequence of operations has been established such that work zones are carefully defined taking into account the need to carry traffic safely through the work zones.

In addition to the activities of the City and the Developer, the New Haven Parking Authority will be using its own capital funds to carry out the necessary alterations to the Temple Street Garage and has requested reimbursement for same.

The Development Agreement details the sources and uses of funding for the City's Traffic Improvements and the Developer's Public Improvements. The City and the Developer have carefully studied the work involved and agree that additional funding will be needed to complete the scope of work required pursuant to the Development Agreement and, more generally, to complete the Downtown Crossing initiative. To close the gap, a funding strategy is set forth in Section 10 of this summary.

3. WE 101 College Street LLC and the 101 College Street Development

The Developer is a wholly owned subsidiary of Winstanley Enterprises, LLC. Led by Carter Winstanley, the firm has developed over one million square feet of laboratory and office space in New Haven, including 100 College Street, 300 George Street, 25 Science Park, 275 Winchester Avenue and 344 Winchester Avenue.

Section 5.1(A)ii of the Development Agreement requires the Developer to construct a building of between 350,000 and 550,000 square feet (the "Building") with onsite parking not to exceed 175 spaces (the "Accessory Parking") and outdoor space in the form of a public plaza (the "Public Plaza"). See Footnote (iii). The precise limits as to parking spaces are set out in detail in the Development Agreement.

Although not delineated as part of the Development Agreement as a deal point, the Developer is advancing with three main tenancies in the building: (1) one or more mature life and bioscience companies; (2) Yale School of Medicine; and (3) an incubator supporting the transfer of technology and innovative new businesses in need of early support services.

The Developer will endeavor to create the incubator, which will support early- to mid-stage companies with much needed graduation space in an environment with high level support services. To provide community access to the highest quality of business support and mentorship, the Development Agreement sets forth goals for inclusion with space to be made available to qualifying programs such the small business programs operated by the Elm City Innovation Collaborative, New Haven Small Business Academy, iHaven and Gateway Community College. Likewise, the incubator will strive to create an environment whereby mentoring and technical assistance and programming for entrepreneurial-related events and community will occur. With advance scheduling / notice, a classroom space will be made available within the incubator at no charge for STEM-related academic classes and programs of the New Haven Public Schools.

The Development Agreement includes specific terms requiring the Developer to provide access and opportunity for New Haven Public School students in an on-site classroom setting.

With respect to the design of the Building and the Public Plaza, there will be an architectural schematic design review by City Design Review committee led by the City Plan Director.

The Building must be designed and built to meet the Silver Standard level under Leadership In Energy and Environmental Design (LEED) or WELL Building Standard as detailed in Section 7.4(A).

The Developer plans to conduct a Phase I/Phase II environmental site assessment to confirm that the site does not show any environmental conditions that would require remediation in order to commence and complete construction of the 101 College Street Project. Section 9.2 addresses various potential scenarios to deal with environmental conditions. Notably, if estimated remediation work exceeds \$350,000 in cost which would be incurred by the Developer, then the Developer has a right to terminate the Development Agreement by a date certain of August 31, 2021.

The Developer will also be responsible for carrying out certain streetscape improvements, and certain landscaping, lighting and similar public improvements.

In support of access to off-site parking and general logistics, the Development Agreement makes an allowance for connections among buildings in the medical district including pedestrian bridges between 100 College Street and 300 George Street (above grade), 100 College Street and the Yale School of Medicine (above grade) and 35 College Street and 101 College Street (below grade). The Development Agreement includes a Parking Agreement with the New Haven Parking Authority which provides the Developer with up to 550 spaces at the Temple Medical Garage and/or Temple Street Garage. Even if the Development does not move forward, the Developer would have the right to construct the two pedestrian bridges on either side of 100 College Street, one of which was originally authorized by way of the 100 College Street DLDA.

The overall cost of the Developer's private improvements, all of which will be privately financed, will be more than \$100 million.

4. City Traffic Improvements and Developer Public Improvements

The City will be responsible for carrying out certain traffic improvements. In essence, these improvements are covered in the scopes of work for Downtown Crossing Phase 2 and 3 as generally described in Section 1 of this summary.

Of note, the Phase 3 Design Build Preliminary City Traffic Improvement Drawings reflect a base technical concept as the project is being carried out as a design/build and not the traditional design, bid, build approach. The City's Complete Streets Design Manual is expressly embraced by the Developer.

The Developer will construct various public improvements including the tunnels and driveways which will carry traffic under the Site (the "Tunnels and Driveways"). The Tunnels and Driveways will connect to the existing improvements under 100 College Street, into the Parking Garage and into the Air Rights Garage, so that the Building, when constructed, will be at ground level on the east side of College Street. The Tunnels and Driveways once constructed and approved by the City Engineer will become part of the City's rights of way and the Developer would be indemnified with respect to any liability arising out of the use thereof.

The Air Rights Implementation Guidelines were prepared by City staff and the City's professional consultants for all of Downtown Crossing in 2011. Given the passage of time, the Guidelines were reviewed and updated by the City's Downtown Crossing Program Manager (HNTB) in March, 2020. They are specifically designed to ensure that

the Tunnels and Driveways are constructed properly, in accordance with all specifications and safety regulations and successful completion of all of the tests prior to acceptance of the Tunnels and Driveways by the City.

The Guidelines are attached to the DLDA as Exhibit V. Due to the timing of the design and the completion of the updated Guidelines, the communication version of the DLDA will include a placeholder Exhibit to account for design coordination and any approved waivers/exceptions to the Guidelines as may come about during the design review process.

The Parking Authority will be making certain improvements to the Temple Street Garage, including the closing of the MLK outbound exit ramp, new pedestrian sidewalks and bike lane improvements. In part, these improvements will reduce the traffic flow onto MLK while simultaneously increasing the pedestrian and cyclist safety and pathways.

The City, the Developer and the Parking Authority are required to develop a working group which will be responsible for the coordination of construction activities, the development of a construction logistics plan (which will include, amongst other things, plans with respect to traffic flow and access to the Site and to the construction areas for the Traffic Improvements) and the resolution of other problems during construction as they may arise. Each party is required to provide the other parties with periodic construction progress reports.

5. Maintenance and Protection of Traffic During Construction

Maintaining access to 100 College Street, the Air Rights Garage, the loading docks for Yale-New Haven Hospital and 55 Park Street during construction is extremely important. The maintenance and protection of traffic ("MPT") approach during construction includes the following key elements:

- a. Construction of a detour road (also described as a bypass road) along the south side of South Frontage Road between College Street and Congress Avenue.
- b. Extensive coordination on the 101 College Street development site so that there is 24/7 access for Connecticut Mental Health Center employees who part under the Air Rights Garage as well as 24/7 access to the loading docks for Yale New Haven Health.
- c. Performance requirements for the Phase 3 D/B Contractor and the 101 College Street contractors.

Beyond basic functionality, the MPT approach also is designed to account for the high level of commuter traffic on MLK Boulevard and South Frontage Roads as key arterials in New Haven. To maintain basic operations during construction, the following additional steps will support daily operations:

- a. Accommodation for peak hour access from the service drives and through the 101 College development site for all who park at the Air Rights Garage and/or 100 College Street garage.
- b. Awareness campaign for alternate route and transportation demand management programs.

6. Together, We Grow: Jobs and other Community Benefits

It is anticipated that the 101 College Street Project will create substantial construction jobs and permanent jobs in basic economic sectors with a forecast 700 - 1,000 permanent jobs at all skill levels, supporting over 3,000 jobs in the regional economy and generating over \$250 million in wages.^{iv} These estimates are consistent with a recent study by the Connecticut Economic Resource Center, each job in the bioscience sector supports and additional 2.9 jobs. This is a significant economic multiplier and an indicator of the indirect economic activity happening in the medical district (for example 200 College Street mixed-use building, the Blake Hotel and the various residential projects in the Congress / Lafayette Street areas).

Recognizing that this economic activity does not always connect and create economic opportunity for all residents of the City, a fund will be established in support of a wide-ranging inclusive growth agenda known as Together, We Grow. As part of the agenda, the City will be supporting access to jobs through construction- and permanent workforce ladders; local supply chain development, environmental sustainability and related activities.

The Developer will contribute a one-time payment of between \$400,000 - \$500,000 to the fund. The final amount will be determined based on the useable amount of square feet in the building.

In terms of construction jobs, the Developer will be subject to the provisions of Section 12 ¼ of the City's General Ordinances concerning minority business enterprise utilization goals. In addition to the requirements of the Ordinance, under Section 6.2(8) of the Development Agreement the Developer is required to undertake a mentoring program for MBE/SBE contractors which will include "backstopping" with respect to insurance requirements, payrolls and/or credit related issues to the extent needed.

The Developer will also be subject to the provisions of Section 12 ½ of the City's General Ordinances concerning workforce utilization goals, including 25% New Haven residents, 25% minority and 6.9% women workforce utilization. The Developer's compliance will be monitored by the City staff through the Small Business Development Program and the Commission on Equal Opportunity.

In support of permanent jobs and workforce ladders, the program includes (1) an mentoring program for New Haven students interested in construction-related jobs; (2) two construction-related business fairs; (3) an innovation workforce pipeline to foster career pathways in the life sciences and technology for New Haven Public School students (building on prior work with the BioPath program at Southern Connecticut State University; and (4) a new support services program designed to connect New Haven residents to the various support service jobs at 101 College Street in partnership with New Haven Works.

Section 6.5 introduces another new program, SOURCE NHV, which is a pilot program designed to connect small local business to middle-markets through a brokerage service. This effort builds off prior Made in New Haven and Buy Local programs and is being developed in partnership with the Elm City Innovation Collaborative, TSAI City and Yale's School of Management.

The Developer is required to develop and maintain an interior public walkway as well as an outdoor public plaza with space for arts programming and a mix of quiet and active social spaces.

The Development Agreement also requires the Developer to maintain a sustainable transportation program focused on the promotion of bicycling to the site with showers, private changing areas and a bike storage station. By limiting the amount of on-site parking, 101 College Street will be part of the Downtown community using shared parking assets at the Temple Street and Temple Medical facilities.

The Developer shall make available a classroom for use by New Haven Public Schools. This will provide a first-class academic enrichment and career-inspiring opportunity for students throughout the district.

7. Consolidated Schedule / Potential Impact of COVID-19

The Project Schedule (Exhibit G to the Development Agreement) considers the relationship of 101 College Street with the Phase 3 aspects of Downtown Crossing.

Many variables remain unknown, not least the current COVID-19 pandemic and potential impacts to both projects.

The DLDA allows for a start of construction this summer, but also contains many preconditions to the conveyance of the Site, including the City's acquisition of the Site from the State, the termination and/or modification of certain existing agreements concerning the Site, the acquisition of various permits and approvals, the completion of traffic improvements required to convey the Site and the creation of easements and other agreements with respect to the Site. All the preconditions are set out in detail in Section 8.3 of the Development Agreement. Some of these preconditions are waivable by the Developer, others are waivable with the consent of the City and others are not waivable.

As part of recent coordination activities, the City will undertake relocation of a drainage line in order to make the site ready for development. This work will be carried out by the City Engineer and it is a key part of making the site ready for conveyance to the Developer.

The Developer intends to commence construction of its private improvements (the Building) by August 3, 2020 and to complete such construction by August 8, 2022. The start date is important not only to provide clarity on an occupancy date for potential tenants but also to ensure that the City's Contractor is not held up in its start of work on Downtown Crossing Phase 3. The USDOT has not yet extended any performance deadlines for the TIGER 8 grant and the City is proceeding on schedule for the time being.

To reiterate, COVID-19 is having a profound impact on economic conditions and may affect the ability of the City and the Developer to carry out construction work in accordance with the schedule. If the preconditions are not met or waived by the anticipated closing date, the Developer can extend the closing date or terminate the Development Agreement.

If a precondition has not been met or waived within five years from the effective date of the Development Agreement, the City can terminate the Agreement. Under such circumstances, the City and the Developer have agreed to enter into an Memorandum of Agreement (the text of which is attached as an exhibit).

When the 101 College Street improvements are completed, the City will inspect them to make sure that they comply with the Development Agreement and the City Plan Commission Site Plan review before issuing a Certificate of Completion. The Developer is permitted to mortgage the Site to finance the project, and in the event of a foreclosure, the mortgage holder must comply with the Development Agreement.

8. Other Notable Provisions & BD3 Zoning

Article XII sets forth the operational aspects of the project, notably that the Developer and the City have agreed to a minimum 30-year taxable period even if 101 College Street is sold to a nonprofit entity.

The tunnels and drives are not taxable as they are part of the public right-of-way to be managed and operated by the City through the Department of Public Works and Transportation, Traffic and Parking. The City will be required to repair and maintain the tunnels and driveways as well as cover 50% of the cost to replace any Structural Element in the tunnels and driveways.

Article 14.2 of the Agreement provides that prior to any party commencing litigation with respect to any alleged default, the parties must submit the dispute to a dispute resolution procedure. Article 14.2 also provides for alternative dispute resolution procedures such as mediation and the obtaining of an advisory opinion.

Downtown Crossing envisions large buildings which contribute both to the Grand List and also the basic economy of the City. Since lab buildings require large floor plates, a 550,000 s.f. building (the maximum allowed in the DLDA) would not be allowed under the current BD3 zoning floor-to-area ratio of 6.0. City Plan will be submitting a companion zoning amendment which not only addresses density in the BD-3 but also encourages outdoor plazas. This is important both for this project and for the future development of Parcel B.

9. Partnerships

Although not expressly part of the Development Agreement as currently constructed, Yale University and the Connecticut Department of Economic and Community Development (DECD) are key partners in this project. It is understood that Yale University may be a tenant in the building. If Yale does enter into a lease, Yale will be responsible for the parking needs of Yale tenants in the building, thereby reducing the need for NHPA and/or on-site parking. DECD has expressed interest in supporting an incubator in New Haven through new performance-based incentive programs.

10. Sources and Uses of Public Funding

The amount and funding for the Developer's public improvements including traffic and streetscape improvements has been an ongoing challenge. There are three (3) major public investments associated with this DLDA as noted below:

1. Downtown Crossing Phase 3. The City received a TIGER grant in the amount of \$20M previously approved by the BOA, which when coupled with other funding, allows Downtown Crossing Phase 3 to move forward later this year. The City must achieve three "Critical Milestones" or the City will be subject to liquidated damages. While not part of the Critical Milestones which are subject to liquidated damages, the Temple Street Extension and other aspects of Phase 3

will not be completed until funding of approximately \$6-10M is available and the City is not required to complete Phase 3 under the Development Agreement.

2. Temple Street Garage Improvements. Improvements to the Temple Street Garage are expected to cost \$1.25-1.5M and are required to be carried out as part of the Development Agreement and the City will be required to reimburse the NHPA if an outside funding source is not identified.
3. On-Site Public Improvements. The On-Site Public Improvements are estimated to cost \$16.5M. Given that the City recently updated its Air Rights Design Guidelines and design is ongoing, a \$2.0M contingency is also in the budget. Per terms of the DLDA, the City's overall amount which needs to be covered is \$10.0M of the base and the \$2.0M in contingency. DECD has committed to fund \$8.0M and the City will be requesting a reallocation of state transportation funds (LOTICIP) with the sources and uses adjusted accordingly. This is anticipated to cover the cost of On-Site Public Improvements and soft costs.

The DECD commitment letter of \$8.0M is a significant milestone and provides the City with an opportunity for the project to move forward. However, as per terms of the DLDA, if the Phase 3 design changes in a material way which adversely affects the project, then the Developer may ask for design adjustments or payment to cover related changes that may be necessary to carry out the Developer's Private Improvements or the On Site Public Improvements. This, together with the reimbursement to the NHPA would need to be covered out of the FY22-23 City Capital Improvement budget unless additional outside funding is identified. This is an important part of the Order and the DLDA.

NOTES

Connecticut DOT is also preparing a release map for the Orange Street intersection. Under this release, the City would take possession of all of the land west of the easterly street line of Orange Street all the way to westerly street line of Church Street. The release cannot move forward without a companion agreement, which delineates maintenance responsibilities is still in negotiation. Some of the deal points that are still unresolved include maintenance and ownership of the bridge which carries Church Street over the service drives and maintenance of certain traffic controls and bioswales east of Orange Street.

All of the Section references and page numbers are subject to change as the document is put into final form.

Given that the site is highly visible from all four sides, the City and Developer have agreed that a large parking structure originally proposed on the site should be replaced with a public plaza. A plaza has always been envisioned as part of Downtown Crossing and the south and easterly side of the site is well-suited for such purpose. To accommodate forecast parking demand, a distributed model is envisioned whereby up to 550 spaces will be provided offsite via several contiguous NHPA facilities and any Yale University tenant parking will be provided in Yale facilities.

Economic impact estimates by Ninigret Partners (2020) based on IMPLAN model and do not include forecast economic impacts derived from incubator activities.