to a commitment to purchase space in the Project equal in value to $1.3 million, and

WHEREAS: Said commitment to purchase space may be made contingent on the CEC being unable to sell said space to other commercial users in a time frame adequate to meet the pre-sales goals required by the banks financing the Project; now therefore, be it

RESOLVED: By the City Council of the City of Cambridge:

That the City Manager is hereby authorized to enter into an agreement with the Cambridge Enterprise Collaborative, Inc. to purchase $1.3 million worth of space in the 432 Columbia Street Project at $80.00 per square foot. The space to be purchased will be located on the first and second floors of the subject building and will consist of unsold units, such unit numbers to be determined at the time of purchase. It is understood that this commitment to purchase space will only be exercised if at a point in time six months after construction is completed and a Certificate of Occupancy has been issued, the Cambridge Enterprise Collaborative, Inc. has not met sales goals established and agreed to by the banks and the City Manager.

City of Cambridge

ORIGINAL
Agenda Item No. 9

IN CITY COUNCIL

August 4, 1986

WHEREAS: The Cambridge Enterprise Collaborative, Inc. (CEC) a private, non-profit corporation was formed to assist in the establishment of a boys and girls club facility in Cambridge and to provide incubator space for start-up enterprises, and

WHEREAS: The CEC has purchased the former Hyde Shoe Factory located at 432 Columbia Street with the intent of rehabilitating the building into a commercial condominium and business incubator facility (hereinafter referred to as "Project"), and

WHEREAS: All profits and proceeds realized from the Project will be provided to the Cambridge Boys and Girls Club for the establishment of a full service recreational facility to be located at 130 Prospect Street, and

WHEREAS: The City of Cambridge is presently the guarantor of a $1.3 million loan made to the CEC by U.S. Trust/ Middlesex Bank for the purpose of acquiring the 432 Columbia Street building, and

WHEREAS: There has been substantial interest expressed by several commercial firms in purchasing space in the Project, said interest being in the form of signed reservation agreements and deposits, and

WHEREAS: A number of Cambridge banks have provided preliminary commitments to finance the construction/rehabilitation of the Project, and

WHEREAS: The Local Initiatives Support Corporation (LISC) has voted to provide assistance to the Project in the form of a $100,000 grant and $250,000 loan, and

WHEREAS: Both the bank's commitment and the LISC commitment were made contingent based on continued involvement by the City of Cambridge, and

WHEREAS: The CEC has requested said continued involvement of the City to be in the form of an agreement to convert the existing $1.3 million loan guarantee

CCM-101

City of Cambridge

AMENDED

Agenda Item No. 9

IN CITY COUNCIL

August 4, 1986

WHEREAS: The Cambridge Enterprise Collaborative, Inc. (CEC) a private, non-profit corporation was formed to assist in the establishment of a boys and girls club facility in Cambridge and to provide incubator space for start-up enterprises, and

WHEREAS: The CEC has purchased the former Hyde Shoe Factory located at 432 Columbia Street with the intent of rehabilitating the building into a commercial condominium and business incubator facility (hereinafter referred to as "Project"), and

WHEREAS: All profits and proceeds realized from the Project will be provided to the Cambridge Boys and Girls Club for the establishment of a full service recreational facility to be located at 130 Prospect Street, and

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WHEREAS: There has been substantial interest expressed by several commercial firms in purchasing space in the Project, said interest being in the form of signed reservation agreements and deposits, and

WHEREAS: A number of Cambridge banks have provided preliminary commitments to finance the construction/rehabilitation of the Project, and

WHEREAS: The Local Initiatives Support Corporation (LISC) has voted to provide assistance to the Project in the form of a $100,000 grant and $250,000 loan, and

WHEREAS: Both the bank's commitment and the LISC commitment were made contingent based on continued involvement by the City of Cambridge, and

WHEREAS: The CEC has requested said continued involvement of the City to be in the form of an agreement to convert the existing $1.3 million loan guarantee to a commitment to purchase space in the Project equal in value to $1.3 million; and

WHEREAS: Said commitment to purchase space may be made contingent on the CEC being unable to sell said space to other commercial users in a time frame adequate to meet the pre-sales goals required by the banks financing the Project; now therefore, be it

RESOLVED: By the City Council of the City of Cambridge:

That the City Manager is hereby authorized to enter into an agreement with the Cambridge Enterprise Collaborative, Inc. to purchase $1.3 million worth of space in the 432 Columbia Street Project at $80.00 per square foot. The space to be purchased will be located on the first and second floors of the subject building and will consist of unsold units, such unit numbers to be determined at the time of purchase. It is understood that this commitment to purchase space will only be exercised if at a point in time six months after construction is completed and a Certificate of Occupancy has been issued, the Cambridge Enterprise Collaborative, Inc. has not met sales goals established and agreed to by the banks and the City Manager; and be it further

RESOLVED: That the City Mnaager, before entering into this agreement, devise a mechanism satisfactory to him for appropriate City participation in the management and supervision of the recreational facility to be financed from the proceeds of the enterprise.

In City Council August 4, 1986.
Adopted as amended by a yea and nay vote:-
Yeas 7; Nays 1; Absent 1.
Attest:- Joseph E. Connarton, Acting City Clerk.

A true copy; Joseph E. Connarton
ATTEST:-
Joseph E. Connarton, Acting City Clerk.

add:

RESOLVED: That the City Manager, before entering into this agreement, devise a mechanism ~~for appro~~ satisfactory to him for appropriate and supervision city participation in the management of the recreational facility to be financed from the proceeds of the enterprise.

Amendment to Res. agenda #9 New Paragraph

A

v/V

CITY OF CAMBRIDGE

BUDGET-PERSONNEL DEPARTMENT

POSTING DATE 7/31/86

CLOSING DATE 8/13/86

LOCAL 195 CLERICAL AND TECHNICAL UNION

The following position(s) is/are vacant in the City of Cambridge Clerical & Technical Union.

TITLE OF POSITION	CIVIL SERVICE	FULL OR PART TIME	SALARY RANGE	ADDITIONAL INFORMATION	DEPARTMENT	DEPT. HEAD	GRANT FUNDED
Clerk Typist 18 Hours	Yes	part-time	$7.9641-$8.9022	Professional Svs 18 hours	Hospital	Melvin Chalfen MD	NO
Clerk Typist 18 hours	yes	part-time	$7.9641-$8.9022	PCU 18 hours	Hospital	Melvin Chalfen MD	NO
Clerk Typist #113-063	Yes	full-time	$7.9641-$8.9022	In-Patient	Hospital	Melvin Chalfen, MD	NO

All interested employees should (1) contact the Department Head for position description and qualifications and (2) fill out Job Bidding Form in the Budget-Personnel Department.

City of Cambridge Form No. 26

C. C. 108

City of Cambridge

MASSACHUSETTS

In City Council August 4, 1986

AGENDA ITEM NO. 9
RE: $1.3 MILLION LOAN GUARANTEE TO THE CAMBRIDGE ENTERPRISE COLLABORATIVE, INC. (CEC)

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy		✓		
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham			✓	
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Alfred Vellucci	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Walter J. Sullivan	✓			
	7	1	1	

CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

498-9034

To: Robert W. Healy
City Manager

August 1, 1986

From: Michael H. Rosenberg
Assistant City Manager for Community Development

Re: Status Report on the Hyde Shoe Project

We have received a status report on the Hyde Shoe Project from Alan Zimlicki on behalf of the Cambridge Enterprise Collaborative (C.E.C.), as well as a request for the City to make a commitment to purchase space after the project is completed (see attached).

There is currently a good deal of interest in purchasing space at Hyde Shoe by private firms, Cambridge-based non-profit organizations, and public agencies. C.E.C. has received a number of deposits, but without the City's continued involvement in the project it is unlikely the preconstruction sales goal established by the banks can be achieved. Additionally, the collaborative was recently successful in obtaining assistance from the Local Initiatives Support Corporation in the form of a $100,000 grant and $250,000 loan. The assistance, however will be made available only if the City continues its involvement with the project.

Specifically, C.E.C. is requesting that the City's current $1.3 million loan guarantee be converted to a commitment to purchase 16,250 square feet in the event that the space is not sold or leased within six months of receipt of a Certificate of Occupancy. This commitment would help C.E.C. reach the pre-sales goal established by the lenders. While it is not anticipated that the City would have to buy this space, the commitment would be a major incentive to move the project into construction. In the event that the City does have to honor the commitment, it would be able to either use or sell the space.

It is important to note that without such a commitment by the City the project is not likely to be able to move forward. In this event, C.E.C. will have no choice but to terminate the project by selling the property, as is, and returning any net proceeds from sale to the Federal Government in repayment of the OCS Grant.

Attachment

GREATER BOSTON COMMUNITY DEVELOPMENT INC.
79 MILK STREET • BOSTON, MASSACHUSETTS 02109 • (617) 482-6553
PATRICK E. CLANCY, Executive Director

July 10, 1986

Michael Rosenberg
Assistant City Manager
for Community Development
Cambridge City Hall Annex
57 Inman Street
Cambridge, MA 02139

RE: 432 Columbia Development

Dear Michael:

As you know, the 432 Columbia Street Development is now structured as a commercial condominium project with 78,968 S.F. of space for sale on the first and second floors and a 38,253 S.F. basement condo unit which will be owned by the Collaborative. The anticipated sale proceeds from the market rate units are between $7,300,000 to $7,600,000. The projected private loans on the project are $6,150,000. This loan amount includes a debt service contingency of $550,000. The potential project benefits are therefore $1,150,000 in cash plus the ownership of the basement condominium unit by the Collaborative.

Harvard Bay Bank is packaging the loan for $5,900,000. They have agreed to take $2.9 million of the loan, and they are presently lining up participations for the remaining $3 million.

The release of the loan money will be contingent on signed purchase and sale agreements for 50% of the condo sales space or (78,968 S.F. x 50%) 39,484 S.F. Although we have not yet seen the final loan terms, it is assumed that half of the 39,484 S.F. would need to also have a mortgage commitment.

The CEC has also applied for the Local Initiative Support Corporation for junior financing of $250,000 from CIGNA and a grant of $100,000 from the Ford Foundation which would be used by the CEC to pay ongoing working capital costs. This $350,000 is from a special national LISC fund which is set aside for creation of business incubator projects.

is not sold or leased within six months from receipt of a certificate of occupancy. It is not anticipated that the City would have to buy this space, but it would be a major incentive to move the project toward construction. This $1.3 million would be a guarantee for 16,250 square feet of space at $80 per square foot. In the worst case, if the Collaborative did not meet its sales goals, the City would own this space and could use it temporarily or put it on the market. It should be clear that this is not the most desirable outcome from the Collaborative's point of view since the space is priced at $90 per square foot presently, and the Collaborative would lose over $162,000 worth of potential profit.

This continued City commitment would send a clear message to the banks and the prospective buyers that the City supports the project; it would help the Collaborative reach the presales goals required by the banks; and it would help preserve the efforts put into this project by the Collaborative over the last three years. It is not likely that the City would ever have to expend these funds, but even in the worst instance, the City would simply own 16,000 S.F. of space which it could use or sell. As you know, this concept is different than that previously proposed to the City Council in that no City funds would be expended before release of funds by the construction lenders..

Yours truly,

Alan S. Zimlicki

Alan S. Zimlicki
Director of Economic
Development

ASZ:ll
EC01A/0174A

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

August 4, 1986

To the Honorable, the City Council:

With respect to Awaiting Report Item No. 21, enclosed please find copy of a Status Report on the Hyde Shoe Project submitted by Michael H. Rosenberg, Assistant City Manager for Community Development.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda Item No. 9 F-315

Re: response to Awaiting Report Item No.
21 on the status of the Hyde Shoe Project.

In City Council,

August 4, 1986

VMV

Order Adopted
Roll Call
7-1-1

VMV
MS
HF