

Eliminating/Managing Environmental Risks for Brownfields Development-The Crosstown Center Development Case Study

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Site Background

- 6 acre site consisting of 50,000 square feet building, paved parking lots, and helicopter landing pad.
- Historical site uses included lead paint pigment and plumbing equipment supplies manufacturing, and several gasoline stations.
- Widespread lead, PAH, and petroleum hydrocarbons contamination.
- Live utility lines left onsite had to be relocated or worked around without service disruption.
- Value of the site was considerably diminished by assumed use limitations.



Development Plan

Phase 1 Development

- 175 room hotel
- 21,500 square feet of retail
- 650 space parking garage

Phase 2 Development

- 280,000 square feet of office building
- 30,000 square feet of retail
- 600 space parking garage

Phase 3 Development

- Office Expansion



CROSTOWN



ADD Inc

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Sheet 20

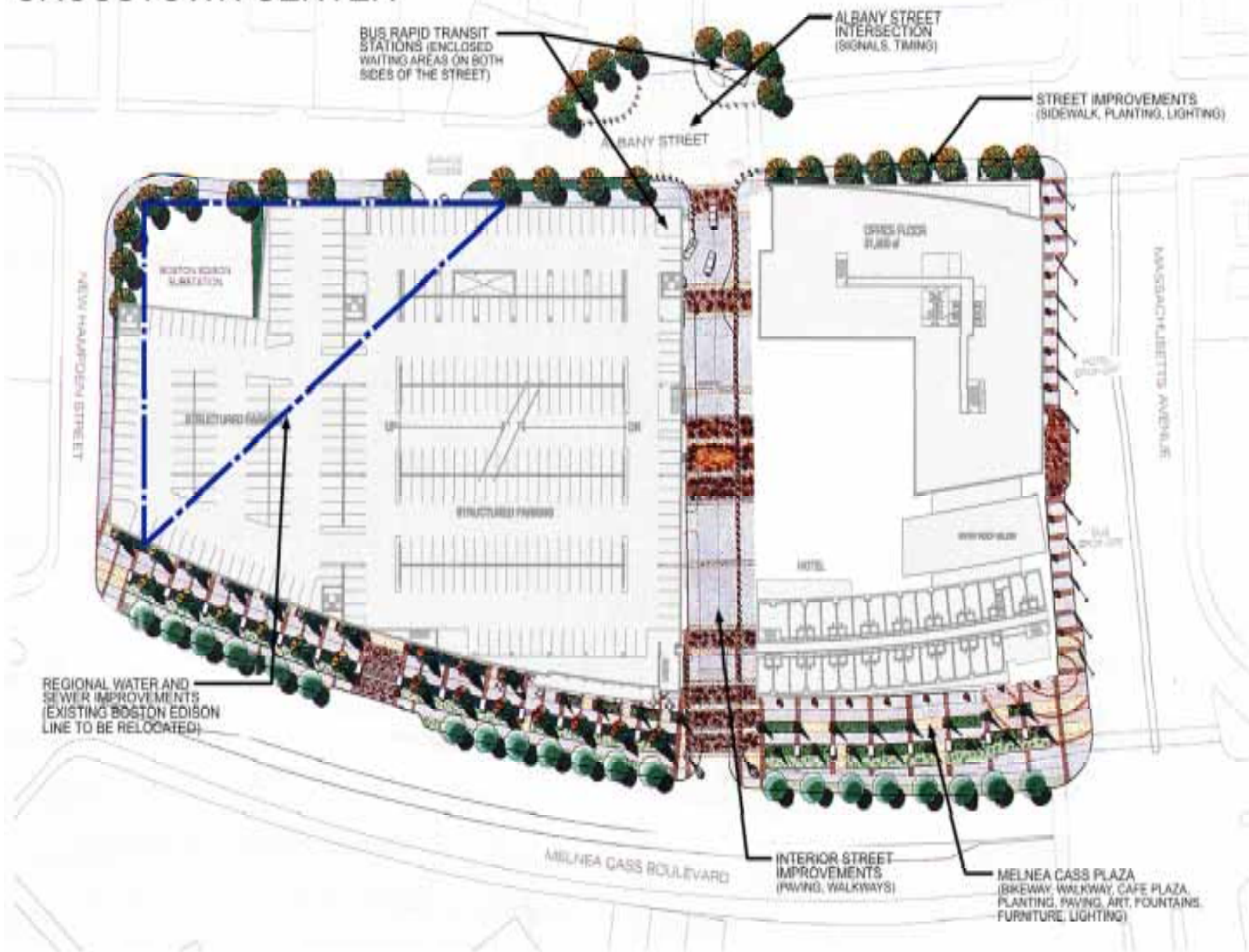


- ◆ PHASE I
- ◆ PHASE II



- ◆ PHASE I
- ◆ PHASE II
- ◆ PHASE III

PUBLIC WORKS ECONOMIC DEVELOPMENT FUNDED IMPROVEMENTS: CROSTOWN CENTER



Project Financing

Sources of Funds:

Senior Bonds	\$35,391,000
Subordinate Bonds	\$ 7,750,000
Public Sector Loan	\$12,000,000
Construction Period Earnings	\$ 906,000
Developer Equity	\$ 3,896,416
Land Value	\$ 4,747,000

Total \$64,690,000

Uses of Funds:

Development Costs	\$53,733,000
Capitalized Interest	\$ 5,379,000
Operating Reserve	\$ 309,000
Financing Costs	\$ 1,153,000
Senior Debt. Svc.	\$ 4,116,000

\$64,690,000



Environmental Assessment Strategy

- One shot to get it right.
- Complete Comprehensive Site Assessment in 3 months, conventional approach estimated over a 1 year period to complete site delineation.
- Cost was \$100,000 less with increased testing than another conventional proposal.
- Deferred payment to closing for Phase 1 development.



Fixed Price Agreement

- Guarantee regulatory closure for a fixed price.
- Include insurance for third party claims, regulatory re-openers, undiscovered contamination.
- Dropped one insurer due to their very high attachment point which resulted from their inability to understand our risk-based cleanup approach.
- Performance based payment terms.
- Liquidated damages if remediation not completed on schedule.



Remedy Implementation

- Lead in soil treatment (solidification/stabilization)
- Lead/PAH soil disposal
- UST removal
- Activity and Use Limitations





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Change Orders – Costs Absorbed by TerraSure

- Contamination under the building.
- Two mobilizations.
- Offsite disposal – from recycling to landfilling.
- Regulatory review leading to changes in scope of remediation.
- Non-union to union labor.



Positive Outcomes

- Boston Redevelopment Authority – the City got an important economic development project underway which will serve as a catalyst for more growth in the area
- Owners/Developers – capped a big cost variable allowing them to better define the economics of the deal
- Investors – got an assurance that the environmental uncertainties would not reduce their return on investment
- MA Department of Environmental Protection – realized enforcement through partnership, got a site cleaned up
- Community – development will create approximately 1,000 permanent jobs and 200 – 250 construction jobs



Crosstown Center Development

2003 Brownfield Project of the Year/
Environmental Justice Project of the Year
awarded to CJ Crosstown LLC and Boston
Redevelopment Authority

-New England Environmental Business Council





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