



CITY OF WORCESTER, MASSACHUSETTS

Michael V. O'Brien
City Manager

Attachment for Item #

May 27, 2008

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I respectfully submit for the information of your Honorable Body a proposed amendment to the CitySquare District Improvement Financing (DIF) Plan and an amendment to the CitySquare Permit Fee Ordinance. I respectfully request that these two items be forwarded to the Standing Committee on Economic Development for review, deliberation and approval.

Thanks to the efforts of the Chair of the Standing Committee on Economic Development, a DIF Public Hearing has been scheduled for **Monday, June 9th at 1:30 p.m. in the City Council Chambers.**

I respectfully request that the amended DIF Plan and Permit Fee Ordinance, in accordance with the amended General Development Agreement (GDA), be reviewed, discussed, deliberated, and approved by the Standing Committee on Economic Development and referred back to the full City Council for final action. Assuming successful completion of the DIF Public Hearing I will, as required by the District Improvement Financing Statute, transmit my formal recommendation for adoption to the City Council for the June 10, 2008 meeting. This action is required prior to submission of the DIF Amendment to the State's Economic Assistance Coordinating Council (EACC). Time is of the essence as the next public meeting of the EACC is scheduled



for Wednesday, June 25th at 10:00 am and is the last EACC meeting until late fall, 2008. Timely action by your Honorable Body will secure a location on the agenda for that meeting.

As required by the Special Legislation, the proposed amendment to the GDA has been submitted to, and discussed with, the Inspector General's (IG) Office. The IG has 15 days to review and comment on any amendment to the GDA and I will transmit the IG's report to the City Council when received.

I have also attached a copy of the presentation that was made at Tuesday's City Council Meeting for the information of this City Council.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael V. O'Brien", with a horizontal line extending to the right.

Michael V. O'Brien
City Manager

City of Worcester, Massachusetts

Second Amendment to DIF Development Program

Be It Ordered that, pursuant to Chapter 40Q, Section 2(b) of the General Laws, the City of Worcester hereby amends the financial plan previously provided, and subsequently amended, by the City to the State's Economic Assistance Coordinating Council ("EACC"), as part of the City's development plan submission to the EACC for approval of the CitySquare Development District, by supplementing the existing financial plan with the revised financial plan materials for the CitySquare Development District which is attached hereto as Exhibit A, in order to reflect the adjusted phasing for the redevelopment of the CitySquare Development District embodied in the First Amendment to Development Agreement between the City of Worcester and Worcester Renaissance, LLC, dated June 2008 (the "First Amendment to Development Agreement").

And Be It Further Ordered that, pursuant to Chapter 40Q, Section 2(b) of the General Laws, the City of Worcester hereby amends the development program documents previously filed by the City with the EACC as part of the City's submission to the EACC for approval of the CitySquare Development District, by substituting the revised development program phasing plan attached hereto as Exhibit B, in order to reflect the adjusted phasing and extended timing for the redevelopment of the CitySquare Development District embodied in the First Amendment to Development Agreement.

Exhibit A

Revised Financial Plan Materials

Revised Financial Plan

Schedule A attachments to the CitySquare DIF
Phase 1 application amendment

An amendment to the CitySquare D.I.F. project is being proposed to adjust for changes in market conditions which have occurred since the inception of the project. The proposed amendment, Phase 1A will require Berkley Investments to lock-in leases for 135,000 square feet of rentable commercial space for a newly constructed Building "H". Upon demonstration of said leases the City is prepared to advance \$35M to fund demolition and enabling costs incurred as defined by the amended Development Agreement. As part of the City's funding plan, \$25M in state funds previously utilized in latter stages of the overall project shall be pulled forward to augment City D.I.F bonds to be issued to fund the proposed Phase 1A construction costs.

Additional financial analysis shall be required when the project approaches its next major milestone, the construction of the commercial and/or residential building which trigger the construction of the public parking garage. The amended General Development Agreement maintains the principle that the revenues from the combined estimated tax revenues and revenues from the parking garage must be sufficient to meet the debt obligations borrowed by the City to fund this Delegated Public Project Element. The parking garage milestone may not be reached for several years and, when it is, a financial analysis must be performed to ensure that the overall private building elements are sufficient to support the project financing needed to undertake the public parking garage. In the event that additional funding would be required, the sources of any additional funds could include any or all of: private equity; cost savings through a reduction in the size of the public parking garage; additional federal or state funding; or, additional City DIF funding. While some of these options might require a further amendment to the General Development Agreement, the City's financial responsibility remains fixed at the amount of the original loan authorization allocating City DIF funds to the project. The amended General Development Agreement does not require any increase in that loan authorization and no such request would be made of the City Council unless expected project revenues justify such an adjustment.

The following financial information relative to the Phase 1a amendment is intended to depict the financial analysis undertaken by the City. The schedules hereunder are used to support the revenue and expenditure assumptions used to advance the proposed amendment:

1) Exhibit 1: The line graph illustrates the relationship between the estimated debt service expenses, net new revenue and designated reserve fund associated with the Phase 1 amendment to the City Square. As the graph demonstrates, the point whereby Phase 1 becomes self financed. This is depicted by the

convergence of the Total Debt Service and the Net New Revenue lines. As the graph also illustrates, the reserve fund provides ample funding to mitigate the debt service funding requirements until such time as the project becomes self sufficient.

Supporting Schedules

2) Schedule 1- Phase I Estimated Tax Revenues provides an illustration by the City Assessor of the anticipated real estate tax revenues of the existing structures in the D.I.F area. The schedule assumes a 2% appreciation in tax revenues from Fiscal Year 2007 through Fiscal Year 2040. The Schedule also indicates the trigger building, Building H (135K s.f. building), being fully constructed by FY2012 and carrying an assessed value of 18,900,000.00. A 2% appreciation in tax revenues on this trigger building is also being estimated over the term of the D.I.F. bond.

The following Schedules were developed by Unibank Financial Advisory Services, the City's financial bond advisors.

3) Schedule 2 Revenue/Expenses illustrates the short term debt payments long term debt payments, capitalized interest, total debt expenses, net new revenues inclusive of taxes garage revenues permit fees as well as the funding levels of the designated reserve fund.

4) Schedule 3 Quarterly Bond Anticipation Notes BAN details the city state and federal obligations associated with quarterly BANS associated with the CitySquare financing plan including the total financing required the taxable and tax exempt amounts borrowed, interest due, and total issuances costs for the quarterly BANS spanning 2/6/2006 through 4/15/2010.

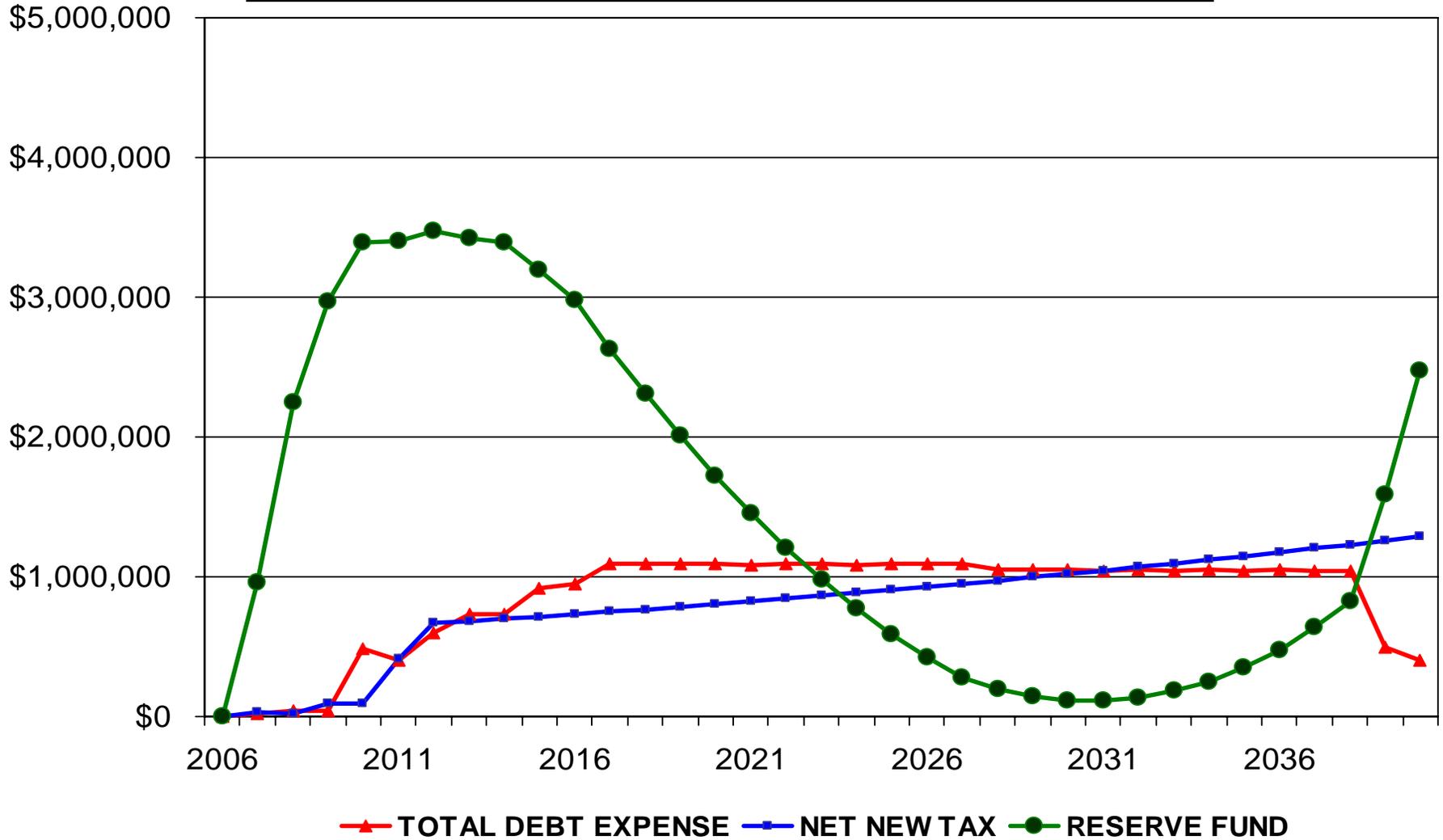
5) Schedule 4 Capitalized Interest and Bond Issuance Costs shows details regarding the anticipated note issuance for City borrowing and includes interest rate, interest due, capitalized interest, issuance costs, and state and federal funds received for each of the indicated years of the financing plan through the end of 2012.

6) Schedule 5 Principal Repayment Schedule is a combined bond debt statement summary showing a debt service schedule projection through the end of 2040. The summary shows outstanding principal, principal payments, and interest payments as well as an inclusive total debt due calculation for all years of the plan.

Exhibit 1

Phase 1A

Debt Expense, Tax Revenue, and Reserve Fund



Schedule I

Phase 1A Estimated Tax Revenues

BLDG	ASSD VALUE	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
A	\$19,875,900	\$503,258	\$520,749	\$531,164	\$541,787	\$595,966	\$607,885	\$620,043	\$632,443	\$645,092	\$657,994	\$671,154	\$684,577
B	\$9,446,100	\$239,175	\$247,488	\$252,438	\$257,486	\$283,235	\$288,900	\$294,678	\$300,571	\$306,583	\$312,714	\$318,969	\$325,348
C	\$1,227,400	\$31,078	\$60,312	\$131,388	\$134,016	\$136,696	\$139,430	\$142,218	\$145,063	\$147,964	\$150,923	\$153,942	\$157,021
MALL	\$2,120,200	\$53,683	\$55,633	\$56,746	\$57,881	\$59,038	\$60,219	\$61,423	\$62,652	\$63,905	\$65,183	\$66,487	\$67,816
OTHERS	\$1,583,300	\$40,089	\$41,482	\$42,312	\$43,158	\$44,022	\$44,902	\$45,800	\$46,716	\$47,650	\$48,603	\$49,575	\$50,567
TOTAL "BASE" BUILDINGS		\$867,283	\$925,664	\$1,014,047	\$1,034,328	\$1,118,956	\$1,141,335	\$1,164,162	\$1,187,445	\$1,211,194	\$1,235,418	\$1,260,126	\$1,285,329
BASE VALUE	\$31,760,400	\$836,340	\$902,525	\$920,575	\$938,986	\$957,766	\$976,922	\$996,460	\$1,016,389	\$1,036,717	\$1,057,451	\$1,078,600	\$1,100,172
NET INCREMENT EXISTING BUILDINGS		\$30,943	\$23,140	\$93,472	\$95,341	\$161,190	\$164,414	\$167,702	\$171,056	\$174,477	\$177,967	\$181,526	\$185,156
H	\$18,900,000					\$247,590	\$505,084	\$515,185	\$528,065	\$541,267	\$554,798	\$568,668	\$582,885
Phase I D.I.F. Revenues		\$30,943	\$23,140	\$93,472	\$95,341	\$408,780	\$669,497	\$682,887	\$699,121	\$715,744	\$732,765	\$750,194	\$768,041

Schedule I

Phase 1A Estimated Tax Revenues

BLDG	ASSD VALUE	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
A	\$19,875,900	\$698,269	\$712,234	\$726,479	\$741,008	\$755,828	\$770,945	\$786,364	\$802,091	\$818,133	\$834,496	\$851,185	\$868,209
B	\$9,446,100	\$331,855	\$338,492	\$345,262	\$352,167	\$359,210	\$366,395	\$373,723	\$381,197	\$388,821	\$396,597	\$404,529	\$412,620
C	\$1,227,400	\$160,161	\$163,364	\$166,631	\$169,964	\$173,363	\$176,831	\$180,367	\$183,975	\$187,654	\$191,407	\$195,235	\$199,140
MALL	\$2,120,200	\$69,173	\$70,556	\$71,967	\$73,407	\$74,875	\$76,372	\$77,900	\$79,458	\$81,047	\$82,668	\$84,321	\$86,008
OTHERS	\$1,583,300	\$51,578	\$52,610	\$53,662	\$54,735	\$55,830	\$56,947	\$58,085	\$59,247	\$60,432	\$61,641	\$62,874	\$64,131
TOTAL "BASE" BUILDINGS		\$1,311,035	\$1,337,256	\$1,364,001	\$1,391,281	\$1,419,107	\$1,447,489	\$1,476,439	\$1,505,968	\$1,536,087	\$1,566,809	\$1,598,145	\$1,630,108
BASE VALUE	\$31,760,400	\$1,122,176	\$1,144,619	\$1,167,512	\$1,190,862	\$1,214,679	\$1,238,973	\$1,263,752	\$1,289,027	\$1,314,808	\$1,341,104	\$1,367,926	\$1,395,285
NET INCREMENT EXISTING BUILDINGS		\$188,860	\$192,637	\$196,490	\$200,419	\$204,428	\$208,516	\$212,687	\$216,940	\$221,279	\$225,705	\$230,219	\$234,823
H	\$18,900,000	\$597,457	\$612,393	\$627,703	\$643,396	\$659,481	\$675,968	\$692,867	\$710,189	\$727,943	\$746,142	\$764,795	\$783,915
Phase I D.I.F. Revenues		\$786,317	\$805,030	\$824,193	\$843,815	\$863,908	\$884,484	\$905,554	\$927,129	\$949,222	\$971,847	\$995,014	\$1,018,739

Schedule I

Phase 1A Estimated Tax Revenues

BLDG	ASSD VALUE	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Total
A	\$19,875,900	\$885,573	\$903,285	\$921,351	\$939,778	\$958,573	\$977,745	\$997,299	\$1,017,245	\$1,037,590	\$1,058,342	\$26,274,133
B	\$9,446,100	\$420,872	\$429,290	\$437,875	\$446,633	\$455,566	\$464,677	\$473,971	\$483,450	\$493,119	\$502,981	\$12,486,885
C	\$1,227,400	\$203,123	\$207,185	\$211,329	\$215,556	\$219,867	\$224,264	\$228,749	\$233,324	\$237,991	\$242,751	\$5,902,281
MALL	\$2,120,200	\$87,728	\$89,482	\$91,272	\$93,097	\$94,959	\$96,859	\$98,796	\$100,772	\$102,787	\$104,843	\$2,619,012
OTHERS	\$1,583,300	\$65,414	\$66,722	\$68,056	\$69,417	\$70,806	\$72,222	\$73,666	\$75,140	\$76,643	\$78,175	\$1,952,911
TOTAL "BASE" BUILDINGS		\$1,662,710	\$1,695,964	\$1,729,883	\$1,764,481	\$1,799,771	\$1,835,766	\$1,872,481	\$1,909,931	\$1,948,130	\$1,987,092	\$49,235,221
BASE VALUE	\$31,760,400	\$1,423,190	\$1,451,654	\$1,480,687	\$1,510,301	\$1,540,507	\$1,571,317	\$1,602,743	\$1,634,798	\$1,667,494	\$1,700,844	\$42,453,162
NET INCREMENT EXISTING BUILDINGS		\$239,520	\$244,310	\$249,196	\$254,180	\$259,264	\$264,449	\$269,738	\$275,133	\$280,635	\$286,248	\$6,782,059
H	\$18,900,000	\$803,513	\$823,601	\$844,191	\$865,296	\$886,928	\$909,101	\$931,829	\$955,125	\$979,003	\$1,003,478	\$21,287,856
Phase I D.I.F. Revenues		\$1,043,033	\$1,067,911	\$1,093,387	\$1,119,476	\$1,146,192	\$1,173,550	\$1,201,567	\$1,230,257	\$1,259,638	\$1,289,726	\$28,069,915

**Schedule 2
Phase 1A
Revenue/Expense
Summary**

Fiscal Year	Short-Term Debt Payment	Long-Term Debt Payment	Capitalized Interest of State Paid	Total Debt Expenses	Net New Tax	Net Garage	Permit Fees	Investment Earnings	Total Project Revenues	Net Cash In/(Out)	Reserve Fund
2006	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2007	\$13,501.39	\$10,436.38	\$0.00	\$23,937.77	\$30,943.00	\$0.00	\$250,000.00	\$708,837.00	\$989,780.00	\$965,842.23	\$965,842.23
2008	\$0.00	\$36,472.75	\$0.00	\$36,472.75	\$23,140.00	\$0.00	\$0.00	\$1,300,000.00	\$1,323,140.00	\$1,286,667.25	\$2,252,509.48
2009	\$674,062.50	\$36,775.25	\$674,062.50	\$36,775.25	\$93,472.00	\$0.00	\$0.00	\$660,109.74	\$753,581.74	\$716,806.49	\$2,969,315.97
2010	\$286,092.19	\$488,376.23	\$286,092.19	\$488,376.23	\$95,341.00	\$0.00	\$750,000.00	\$67,232.63	\$912,573.63	\$424,197.40	\$3,393,513.37
2011	\$72,800.00	\$404,824.71	\$72,800.00	\$404,824.71	\$408,780.00	\$0.00	\$0.00	\$0.00	\$408,780.00	\$3,955.29	\$3,397,468.66
2012	\$298,725.00	\$594,672.02	\$298,725.00	\$594,672.02	\$669,498.00	\$0.00	\$0.00	\$0.00	\$669,498.00	\$74,825.98	\$3,472,294.64
2013	\$0.00	\$729,993.33	\$0.00	\$729,993.33	\$682,887.00	\$0.00	\$0.00	\$0.00	\$682,887.00	-\$47,106.33	\$3,425,188.31
2014		\$730,173.33		\$730,173.33	\$699,121.00	\$0.00			\$699,121.00	-\$31,052.33	\$3,394,135.98
2015		\$918,144.54		\$918,144.54	\$715,744.00	\$0.00			\$715,744.00	-\$202,400.54	\$3,191,735.44
2016		\$949,988.37		\$949,988.37	\$732,765.00	\$0.00			\$732,765.00	-\$217,223.37	\$2,974,512.07
2017		\$1,091,093.06		\$1,091,093.06	\$750,194.00	\$0.00			\$750,194.00	-\$340,899.06	\$2,633,613.01
2018		\$1,090,549.25		\$1,090,549.25	\$768,041.00	\$0.00			\$768,041.00	-\$322,508.25	\$2,311,104.76
2019		\$1,091,966.75		\$1,091,966.75	\$786,317.00	\$0.00			\$786,317.00	-\$305,649.75	\$2,005,455.01
2020		\$1,092,331.75		\$1,092,331.75	\$805,030.00	\$0.00			\$805,030.00	-\$287,301.75	\$1,718,153.26
2021		\$1,086,869.25		\$1,086,869.25	\$824,193.00	\$0.00			\$824,193.00	-\$262,676.25	\$1,455,477.01
2022		\$1,090,579.25		\$1,090,579.25	\$843,815.00	\$0.00			\$843,815.00	-\$246,764.25	\$1,208,712.76
2023		\$1,093,972.38		\$1,093,972.38	\$863,908.00	\$0.00			\$863,908.00	-\$230,064.38	\$978,648.38
2024		\$1,085,385.49		\$1,085,385.49	\$884,484.00	\$0.00			\$884,484.00	-\$200,901.49	\$777,746.89
2025		\$1,091,824.00		\$1,091,824.00	\$905,554.00	\$0.00			\$905,554.00	-\$186,270.00	\$591,476.89
2026		\$1,090,828.75		\$1,090,828.75	\$927,129.00	\$0.00			\$927,129.00	-\$163,699.75	\$427,777.14
2027		\$1,094,636.25		\$1,094,636.25	\$949,222.00	\$0.00			\$949,222.00	-\$145,414.25	\$282,362.89
2028		\$1,053,837.50		\$1,053,837.50	\$971,847.00	\$0.00			\$971,847.00	-\$81,990.50	\$200,372.39
2029		\$1,049,700.00		\$1,049,700.00	\$995,014.00	\$0.00			\$995,014.00	-\$54,686.00	\$145,686.39
2030		\$1,049,437.50		\$1,049,437.50	\$1,018,739.00	\$0.00			\$1,018,739.00	-\$30,698.50	\$114,987.89
2031		\$1,042,825.00		\$1,042,825.00	\$1,043,033.00	\$0.00			\$1,043,033.00	\$208.00	\$115,195.89
2032		\$1,049,862.50		\$1,049,862.50	\$1,067,911.00	\$0.00			\$1,067,911.00	\$18,048.50	\$133,244.39
2033		\$1,045,212.50		\$1,045,212.50	\$1,093,387.00	\$0.00			\$1,093,387.00	\$48,174.50	\$181,418.89
2034		\$1,049,100.00		\$1,049,100.00	\$1,119,476.00	\$0.00			\$1,119,476.00	\$70,376.00	\$251,794.89
2035		\$1,046,187.50		\$1,046,187.50	\$1,146,192.00	\$0.00			\$1,146,192.00	\$100,004.50	\$351,799.39
2036		\$1,046,700.00		\$1,046,700.00	\$1,173,550.00	\$0.00			\$1,173,550.00	\$126,850.00	\$478,649.39
2037		\$1,045,412.50		\$1,045,412.50	\$1,201,567.00	\$0.00			\$1,201,567.00	\$156,154.50	\$634,803.89
2038		\$1,042,212.50		\$1,042,212.50	\$1,230,257.00	\$0.00			\$1,230,257.00	\$188,044.50	\$822,848.39
2039		\$489,925.00		\$489,925.00	\$1,259,638.00	\$0.00			\$1,259,638.00	\$769,713.00	\$1,592,561.39
2040		\$403,887.50		\$403,887.50	\$1,289,726.00	\$0.00			\$1,289,726.00	\$885,838.50	\$2,478,399.89
	\$1,345,181.08	\$29,314,193.09	\$1,331,679.69	\$29,327,694.48	\$28,069,915.00	\$0.00	\$1,000,000.00	\$2,736,179.37	\$31,806,094.37		

**Schedule3
Phase 1A
Quarterly Bond Anticipation Notes(B.A.N.S.)**

Dated Dated	Amount Required	Due Date	Tax-Exempt		City Portion Tax-Exempt		Total Interest		Issuance Costs	State Funding	EDA Funding	Investment Earnings on State Funding
			Amount Borrowed	Rate	Interest Due	FY						
2/6/2006	\$175,000.00	11/10/2006	\$175,000.00	4.25%	\$5,660.76	\$5,660.76	fy 07		\$437.50	\$0.00		\$0.00
4/27/2006	\$325,000.00	11/10/2006	\$325,000.00	4.50%	\$7,840.63	\$7,840.63	fy 07	\$13,501.39	\$812.50	\$0.00		\$0.00
7/15/2006	\$0.00	7/15/2008	\$0.00	4.50%	\$0.00	\$0.00	fy 09		\$0.00	\$0.00		\$0.00
11/8/2006	\$7,500,000.00	11/7/2008	\$7,500,000.00	4.50%	\$674,062.50	\$674,062.50	fy 09	\$674,062.50	\$18,750.00	\$0.00		\$0.00
11/15/2008	\$7,500,000.00	11/15/2009	\$8,174,062.50	3.50%	\$286,092.19	\$286,092.19	fy 10	\$286,092.19	\$20,435.16	\$0.00		\$0.00
1/15/2009	\$3,400,000.00	1/15/2011	\$340,000.00	3.50%	\$23,800.00	\$23,800.00	fy 11		\$2,500.00	\$3,060,000.00	\$0.00	\$0.00
4/15/2009	\$8,000,000.00	1/15/2011	\$800,000.00	3.50%	\$49,000.00	\$49,000.00	fy 11	\$72,800.00	\$2,500.00	\$7,200,000.00	\$0.00	\$0.00
7/15/2009	\$11,200,000.00	7/15/2011	\$1,120,000.00	3.50%	\$78,400.00	\$78,400.00	fy 12		\$2,500.00	\$10,080,000.00	\$0.00	\$0.00
10/15/2009	\$6,400,000.00	7/15/2011	\$640,000.00	3.50%	\$39,200.00	\$39,200.00	fy 12		\$2,500.00	\$4,660,000.00	\$1,100,000.00	\$0.00
1/15/2010	\$1,600,000.00	7/15/2011	\$950,000.00	3.50%	\$49,875.00	\$49,875.00	fy 12		\$2,500.00	\$0.00	\$650,000.00	\$0.00
4/15/2010	\$3,000,000.00	7/15/2011	\$3,000,000.00	3.50%	\$131,250.00	\$131,250.00	fy 12	\$298,725.00	\$7,500.00	\$0.00	\$0.00	\$0.00
			<u>\$41,600,000.00</u>		<u>\$23,024,062.50</u>	<u>\$1,345,181.08</u>	<u>\$1,345,181.08</u>	<u>\$1,345,181.08</u>	<u>\$52,935.16</u>	<u>\$25,000,000.00</u>	<u>\$1,750,000.00</u>	<u>\$0.00</u>

\$500,000 bonded November 15, 2006 for portion of legal costs.

\$26,750,000.00

5/12/2008

**Schedule 4
Phase 1A
Capitalized Interest and
Bond Issuance Costs**

Fiscal Year	Amount Borrowed	City Borrowing			Capitalized Interest	Issuance Costs	State	Interest Earned
		Interest Rate	Interest Due	Contribution Amount Received			Contribution to Project Costs	
2007	\$7,500,000.00	4.50%	\$13,501.39	\$0.00	\$18,750.00	\$25,000,000.00	\$0.00	
2008	\$0.00	3.50%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
2009	\$9,314,062.50	3.50%	\$674,062.50	\$674,062.50	\$25,435.16	\$0.00	\$0.00	
2010	\$5,710,000.00	4.50%	\$286,092.19	\$286,092.19	\$2,500.00	\$1,750,000.00	\$0.00	
2011	\$0.00	4.50%	\$72,800.00	\$72,800.00	\$0.00	\$0.00	\$0.00	
2012	\$0.00	4.50%	\$298,725.00	\$298,725.00	\$0.00	\$0.00	\$0.00	
	<u>\$22,524,062.50</u>		<u>\$1,345,181.08</u>	<u>\$1,331,679.69</u>	<u>\$46,685.16</u>	<u>\$26,750,000.00</u>	<u>\$0.00</u>	

Bond Issuance			Taxable	Tax-Exempt	
2007	\$500,000.00	4.07%	\$0.00	\$500,000.00	\$5,000.00
2010	\$8,192,154.69	4.5%/5.5%	\$0.00	\$8,192,154.69	\$81,921.55
2011	\$1,212,800.00	4.5%/5.5%	\$0.00	\$1,212,800.00	\$12,128.00
2012	\$6,008,725.00	4.5%/5.5%	\$0.00	\$6,008,725.00	\$60,087.25
	<u>\$15,913,679.69</u>		<u>\$0.00</u>	<u>\$15,913,679.69</u>	<u>\$159,136.80</u>

Assumptions:

Issuance Costs - Notes are 1/4 of 1% (minimum of \$2,500) Bonds are 1% due at time of issuance

Recommend covering all issuance costs by premiums rather than DIF contributions

\$25MM State Grant received in lump sum payment in fiscal 2007 and EDA grant for \$1,750,000 in 2010. \$25 MM covers 90% of bills submitted until project audited then remaining 10% paid

Tax-Exempt Notes at 3.5% and Bonds at 4.5%

BAN's issued based on cash flow requirement of Phase I to mature 2 years from dated date

Bonds issued using level payments with 5 year delay of principal payments from date principal payment required, each issue maturing over 30 years

5/12/2008

Schedule 5
Phase 1A
Principal Repayment Schedule

Fiscal Year	Principal Outstanding	Principal Payments	Interest Payments	11/15/2006 Bonding	Total Debt Due
2007	\$0.00	\$0.00	\$0.00	\$10,436.38	\$10,436.38
2008	\$0.00	\$0.00	\$0.00	\$36,472.75	\$36,472.75
2009	\$0.00	\$0.00	\$0.00	\$36,775.25	\$36,775.25
2010	\$0.00	\$268,000.00	\$184,323.48	\$36,052.75	\$488,376.23
2011	\$15,413,679.69	\$0.00	\$368,646.96	\$36,177.75	\$404,824.71
2012	\$15,413,679.69	\$0.00	\$558,419.27	\$36,252.75	\$594,672.02
2013	\$15,413,679.69	\$0.00	\$693,615.58	\$36,377.75	\$729,993.33
2014	\$15,413,679.69	\$0.00	\$693,615.58	\$36,557.75	\$730,173.33
2015	\$15,221,525.00	\$192,154.69	\$689,292.10	\$36,697.75	\$918,144.54
2016	\$14,988,725.00	\$232,800.00	\$680,356.12	\$36,832.25	\$949,988.37
2017	\$14,600,000.00	\$388,725.00	\$666,421.31	\$35,946.75	\$1,091,093.06
2018	\$14,195,000.00	\$405,000.00	\$648,562.50	\$36,986.75	\$1,090,549.25
2019	\$13,770,000.00	\$425,000.00	\$630,000.00	\$36,966.75	\$1,091,966.75
2020	\$13,325,000.00	\$445,000.00	\$610,425.00	\$36,906.75	\$1,092,331.75
2021	\$12,865,000.00	\$460,000.00	\$590,062.50	\$36,806.75	\$1,086,869.25
2022	\$12,380,000.00	\$485,000.00	\$568,912.50	\$36,666.75	\$1,090,579.25
2023	\$11,870,000.00	\$510,000.00	\$546,525.00	\$37,447.38	\$1,093,972.38
2024	\$11,345,000.00	\$525,000.00	\$523,237.50	\$37,147.99	\$1,085,385.49
2025	\$10,790,000.00	\$555,000.00	\$499,050.00	\$37,774.00	\$1,091,824.00
2026	\$10,210,000.00	\$580,000.00	\$473,512.50	\$37,316.25	\$1,090,828.75
2027	\$9,600,000.00	\$610,000.00	\$446,850.00	\$37,786.25	\$1,094,636.25
2028	\$8,965,000.00	\$635,000.00	\$418,837.50	\$0.00	\$1,053,837.50
2029	\$8,305,000.00	\$660,000.00	\$389,700.00	\$0.00	\$1,049,700.00
2030	\$7,615,000.00	\$690,000.00	\$359,437.50	\$0.00	\$1,049,437.50
2031	\$6,900,000.00	\$715,000.00	\$327,825.00	\$0.00	\$1,042,825.00
2032	\$6,145,000.00	\$755,000.00	\$294,862.50	\$0.00	\$1,049,862.50
2033	\$5,360,000.00	\$785,000.00	\$260,212.50	\$0.00	\$1,045,212.50
2034	\$4,535,000.00	\$825,000.00	\$224,100.00	\$0.00	\$1,049,100.00
2035	\$3,675,000.00	\$860,000.00	\$186,187.50	\$0.00	\$1,046,187.50
2036	\$2,775,000.00	\$900,000.00	\$146,700.00	\$0.00	\$1,046,700.00
2037	\$1,835,000.00	\$940,000.00	\$105,412.50	\$0.00	\$1,045,412.50
2038	\$855,000.00	\$980,000.00	\$62,212.50	\$0.00	\$1,042,212.50
2039	\$395,000.00	\$460,000.00	\$29,925.00	\$0.00	\$489,925.00
2040	\$0.00	\$395,000.00	\$8,887.50	\$0.00	\$403,887.50
2041	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2042	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2043	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		<u>\$15,681,679.69</u>	<u>\$12,886,127.90</u>	<u>\$746,385.50</u>	<u>\$29,314,193.09</u>

5/12/2008

Exhibit B

Revised Development Program Materials (Phasing and Timing)



CITY SQUARE

**General Development Agreement
Amendment No. 1
May 2008**



CitySquare Project

- **20.2 acres in the heart of Worcester**
- **\$470 M in private funds**
- **\$94 M in public funds**
- **Over 2.2 million in commercial, retail, entertainment, residential, or hotel uses, plus new public parking**
- **Minimum of nearly 1,700 new or retained full-time jobs with potential for up to 3,100**
- **Approximately 2,300 construction jobs**
- **4 new public streets with related sidewalks, pedestrian ways, and plazas**

General Development Agreement

- **National and regional economic conditions changed considerably since GDA was executed in 2006**
- **Restructured GDA to adapt to market changes, to spur the construction of net new office/retail space and to commence the public portions of the project**
- **Preserved the vision of this complex project**
- **Preserves measured-risk principles and built-in protections**

Amendments to GDA

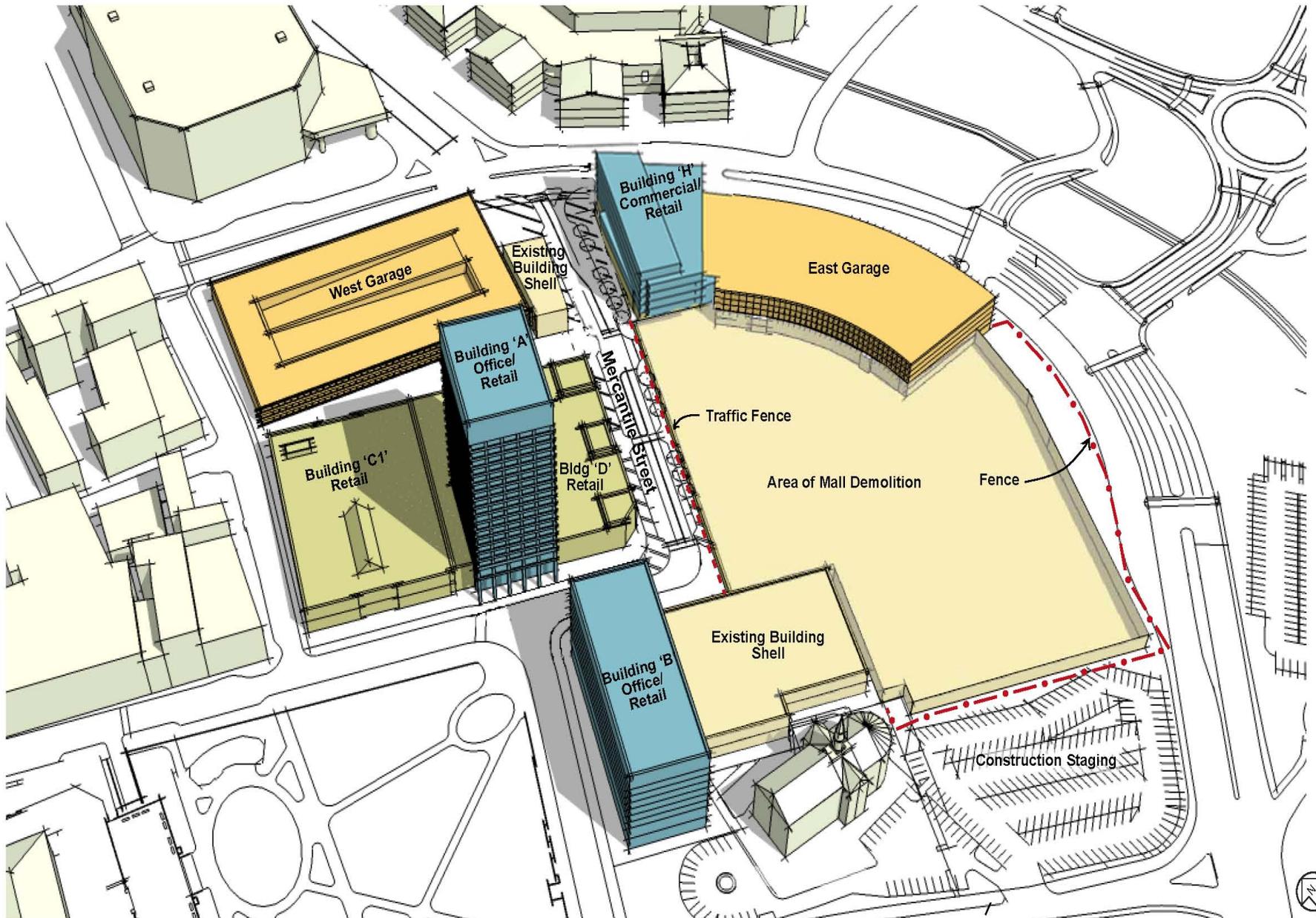
- **New Triggers for Phase 1A**
 - Berkeley required to lock-in leases for 135,000 square feet of rentable commercial space in a new Building H
- **Scope of Work**
 - Upon satisfying the GDA requirements, Phase 1A is inclusive of all demolition and enabling of existing mall area
 - Construction of Mercantile Street
 - Construction of a portion of the new Front Street and Public Plaza Area, utilities and streetscape enhancements
 - Construction of Underground Public Parking Garage, the completion of Front Street through to Washington Square and the remainder of public improvements will commence as part and parcel to the original GDA

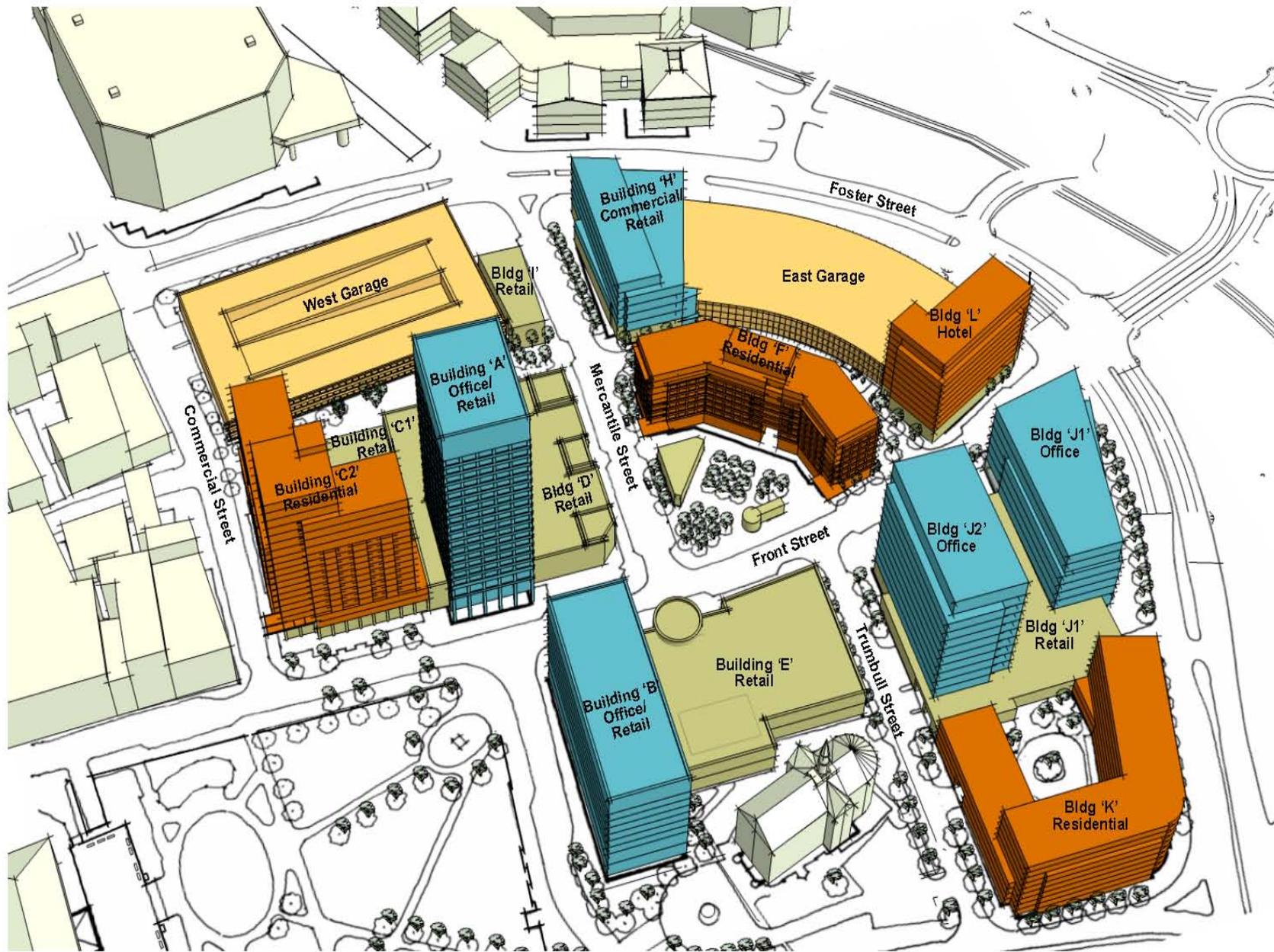
Project Timelines

- Agreement extended and demolition to begin as soon as Berkeley locks-in lease commitments and financing for 135,000 square feet of commercial space.
- Allows for demolition to begin as soon as August 2008
- Berkeley has 3 years to finalize details to fulfill the original GDA (two years to fulfill all project commitments once demolition begins) expiring June 15, 2011.
- Permit fees remain intact, schedule changes

State Funds

- **State's \$25 M in its entirety applied to cover the cost of demolition and enabling of the existing mall (a public purpose)**
- **First funds to be used for the demolition/enabling work, with the balance to come from the City DIF Funds (bonds to be repaid by net new tax revenues generated from Building H).**
- **Contingency Funding from a \$3 M Letter of Credit will be posted by Developer for costs above \$35 M.**
- **Building H generates enough taxable revenue to cover the City's exposure of approximately \$9.5 M in additional DIF Bonds.**





AMENDMENT TO THE PREVIOUSLY ADOPTED ORDINANCE RELATIVE TO CERTAIN PERMIT AND INSPECTION FEES FOR THE CITY SQUARE PROJECT

Be it Ordained by the City Council of the City of Worcester, as follows:

Chapter two of the Revised Ordinances of 1996, section twenty-nine B, is hereby amended as set forth below, in order to coordinate the timing of the permit fee payments under subsection (c) of section twenty-nine B with the revised schedule for permitting and reconstruction of the CitySquare Project (entailing reconstruction of the former Worcester Center (a.k.a. Worcester Common Outlets) Mall property) as embodied in the First Amendment to Development Agreement between the City of Worcester and Worcester Renaissance, LLC, dated June 2008:

(1) The date established in § 29B(c)(ii) for the second fee payment of \$750,000, is hereby extended to the earlier of June 15, 2009 or upon the Commencement of the Enabling Work;

(2) The date established in § 29B(c)(iii) for the third fee payment of \$1,000,000, is hereby extended to the earlier of June 15, 2011, or upon the Commencement of the Parking Garage; and

(3) The date established in the final paragraph of § 29B for the expiration of the CitySquare Project Permit Fees Ordinance (§ 29B, c. 2, Rev. Ord. 1996) is hereby extended to June 30, 2018 and the fees otherwise then in effect shall apply to any permits issued after such date.

Except as amended hereby, Chapter two of the Revised Ordinances of 1996, section twenty-nine B remains in full force and effect.