


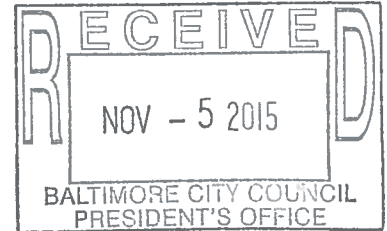
MEMORANDUM

TO: Honorable President and Members of the City Council  
Attention: Natawna Austin, Executive Secretary

FROM: William H. Cole, President and CEO 

DATE: November 2, 2015

SUBJECT: City Council Bill No. 15-0587  
University of Maryland Baltimore BioPark -- Bond Ordinance



The Baltimore Development Corporation (BDC) supports and is pleased to sponsor City Council Bill No. 15-0587, University of Maryland Baltimore BioPark—Bond Ordinance. Bill No. 15-0587, is one of three pieces of legislation that, if approved, will establish Tax Increment Financing (or “TIF”) at 873 and 850 W. Baltimore Street.

Effect of Legislation

City Council Bill No. 15-0587 will, among other things: (1) authorize the City, on terms to be approved by the Board of Finance, to issue Special Obligation Bonds, in an amount not to exceed \$17,500,000 to fund installation and maintenance of improvements associated with the construction of 873 W. Baltimore Street in the University of Maryland Baltimore (UMB) BioPark; (2) pledge Tax Increment Revenues and Special Tax Revenues (as such terms are defined in the Bill) generated by the project to the payment of debt service on the Special Obligation Bonds; and (3) authorize the Board of Finance to specify and prescribe the terms of the issuance, sale, and payment of the Special Obligation bonds.

Related Legislation

Bill No. 15-0587, is part of a package of legislation consisting of this bill and two additional Bills that allow the City to establish TIF at 850 and 873 W. Baltimore Street in order to finance the construction of approximately 250,000 square feet of innovation and laboratory infrastructure at 873 W. Baltimore Street.

- City Council Bill No. 15-0586, University of Maryland Baltimore BioPark--Development District

This Bill will designate a “development district” to be known as the “University of Maryland Baltimore BioPark Development District” and determine various matters in connection with the establishment of the development district.



- City Council Bill No. 15-0588, University of Maryland Baltimore BioPark--Special Taxing District

This Bill will create the University of Maryland Baltimore BioPark Special Taxing District and authorize the City to levy Special Taxes and determine various matters in connection with establishment of the special taxing district. The purpose of creating the Special Taxing District is to guarantee the City's ability to repay the holders of TIF bonds in the event and to the extent that the Tax Increment Revenues collected are insufficient to service the debt on the TIF Bonds. In this manner and as a result of forming the Special Taxing District, the property owners within the Special Taxing District—in this case the developers of 873 W. Baltimore Street—are financially liable to the City to guarantee the City's ability to make payments to bond holders.

#### Related RISE Zone Legislation

In order for TIF to be used for innovation and laboratory improvement purposes at 873 W. Baltimore Street, UMB must be designated as a "Qualified Institution" under the State's Regional Institution Strategic Enterprise (RISE) Zone Program; and a RISE district that includes 873 W. Baltimore Street must be approved by the State of Maryland and Baltimore City. This designation and approval is under consideration by the Maryland Department of Commerce and the Mayor and City Council of Baltimore City (City Council Bill No 15-0561).

#### Project Description

Wexford Science & Technology, LLC (Wexford) proposes to construct a 250,000 gross square-foot building within the UMB BioPark at 873 W. Baltimore Street. The project will include research, laboratory, and office space. The facility will be the third commercial lab and office building in the BioPark. The total development will require a capital investment of approximately \$105,000,000.

The centerpiece of the 873 W. Baltimore Street project will be the anchor tenant, CIC, formerly known as the Cambridge Innovation Center. The CIC plans to lease 103,000 square-feet within 873 W. Baltimore Street. CIC is one of the nation's largest flexible office space facilities for small and fast-growing companies operating on a collaborative model. CIC targets growing technology and life science companies, professional service firms, and venture capitalists. Since 2001, CIC's client companies have raised over \$2 billion in venture capital. To date, the largest company to have grown from CIC is Android, the globally recognized mobile operating system. The original location is in Cambridge, Massachusetts, but through a partnership with Wexford, the CIC has begun to expand nationally. The CIC's second location opened in St. Louis last year.

CIC is not a traditional incubator - it is a community of strong, independent startups and startup-supporting organizations that work in an attractive, highly collaborative environment to spur innovation. CIC's flexible office space allows tenants to relocate within the CIC as they grow, and eventually grow into more permanent space beyond the CIC incubator. Through the

development of additional office and lab space at 873 W. Baltimore Street, and the additional current and planned facilities in the BioPark, Wexford intends for these businesses to have the opportunity to grow while remaining within the BioPark, thereby retaining these growing businesses in Baltimore City.

#### TIF Evaluation

BDC carefully analyzed the request to establish TIF at 873 and 850 W. Baltimore Street in close coordination with the City's Department of Finance, Law Department, and with the involvement of the City's outside Bond Counsel and outside Financial Advisor.

MuniCap, Inc., an Ellicott City-based firm specializing in tax increment financing and financial analysis, performed a "But-For" test and fiscal impact analysis of the proposal. The analysis has been reviewed by BDC Staff and the BDC Board of Directors and it was determined that the TIF was an appropriate financing mechanism for this project, that it passes the "But-For" test, and that expected revenues generated by the development exceed the corresponding costs to Baltimore City. A formal recommendation was forwarded to the Mayor who, thereafter, authorized the BDC to submit a formal application to the Board of Finance. The Board of Finance reviewed the TIF Application and voted to grant conceptual approval of the TIF and authorized the introduction of City Council legislation on October 26, 2015.

#### City Benefits of the Project

The development of 873 W. Baltimore Street is critical to moving the BioPark and economic development in West Baltimore forward. Baltimore is in need of additional wet lab research space to attract new companies, as well as retain existing Baltimore biotech industries within the UMB BioPark. Finally, 873 W. Baltimore Street will bring the CIC to Baltimore and create new jobs in West Baltimore.

#### New Jobs

This development creates a significant number of construction-related and, more importantly, permanent jobs.

- An estimated 363 Full-Time-Equivalent construction jobs
- An estimated 918 Full-Time-Equivalent permanent jobs upon completion
- Estimated average annual wage for construction jobs is over \$80,000
- Estimated average annual wage for permanent jobs is over \$100,000

cc: Colin Tarbert  
Angela Gibson