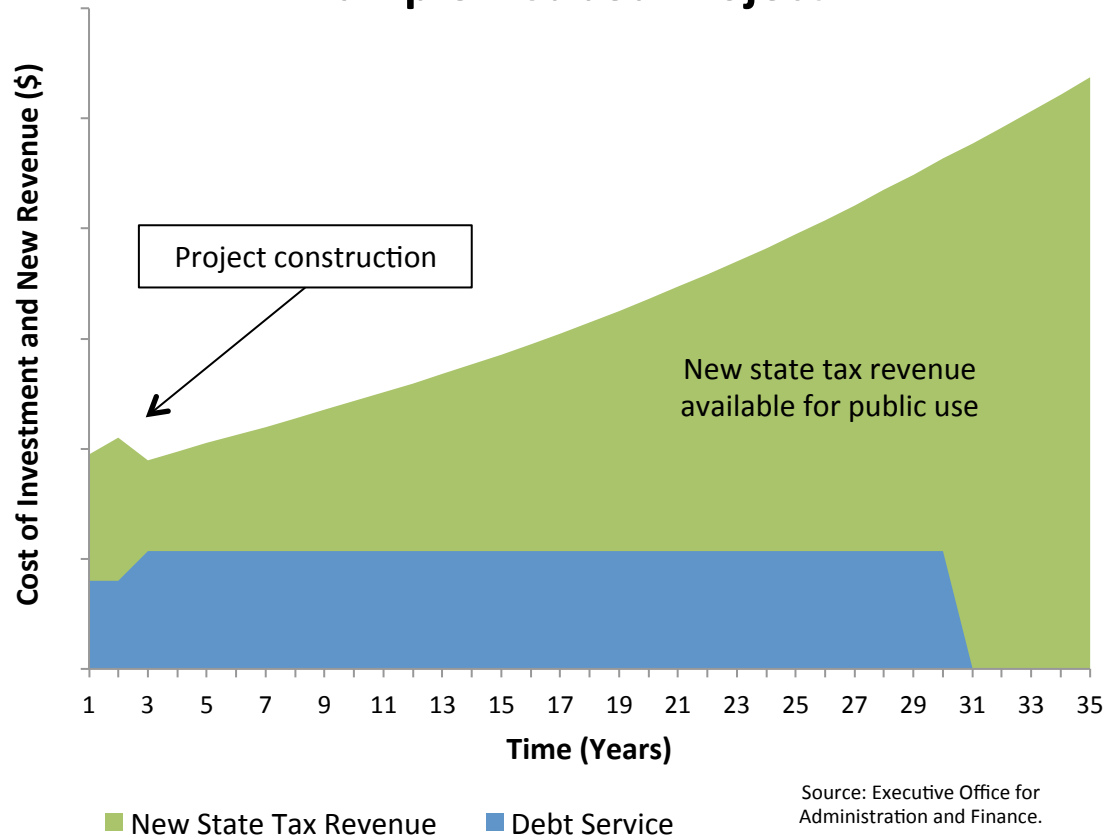


Infrastructure Investment Incentive Program (I-Cubed)

I-Cubed

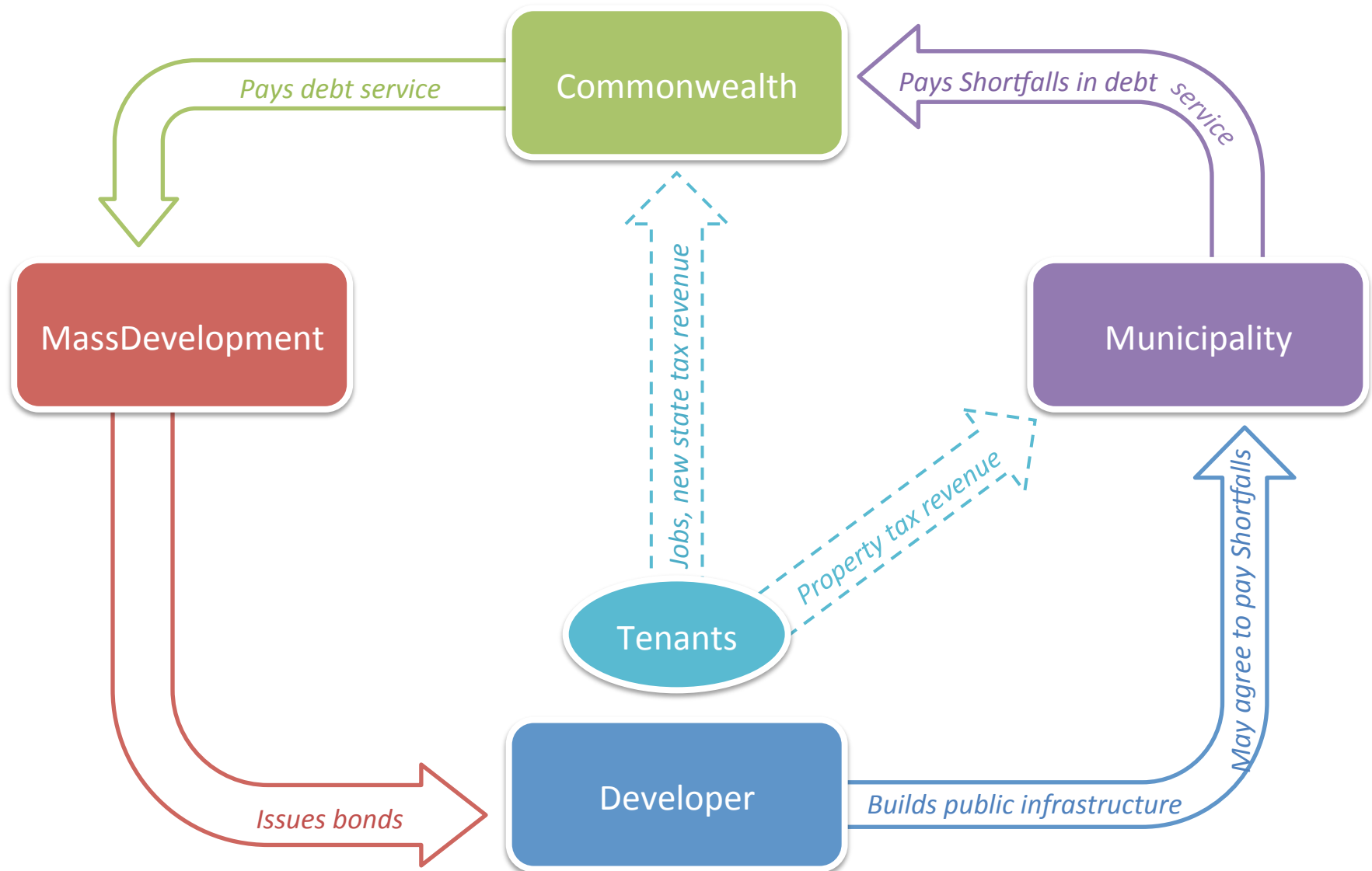
- Created in 2006 to spur **economic development and job growth**
- Finances public infrastructure improvements necessary to support major private development
- **Public infrastructure** is financed through an innovative cost- and risk-sharing arrangement among the state, municipality, and private developer
- Links cost of public infrastructure investments to economic growth
- Qualifying projects produce **new state tax revenues** from sales and income taxes on retail sales and employment

Example I-Cubed Project



Source: Executive Office for
Administration and Finance.

I-Cubed: How it Works



I-Cubed Program Metrics

\$600 M

is the total I-Cubed legislative authorization.

8

projects are allowed per municipality totaling not more than

31%

of the overall I-Cubed authorization.

\$5-\$50 M

is the size of available I-Cubed financing per project.

I-Cubed Criteria for Approval

To approve an Economic Development Proposal, the Secretary must find that:

- **But-For:** The Economic Development Project would not happen or would not achieve the contemplated level of development, jobs, or other economic activity without the public infrastructure improvements financed by I-Cubed.
- **1.5x test:** The projected annual new state tax revenues will at least equal 1.5 times the debt service on bonds issued under I-Cubed.
- **Feasibility:** The Economic Development Project must be financially feasible and the developer must demonstrate that it has sufficient resources or financing commitments to carry out the project.
- **Sustainable development:** The Economic Development Project must be consistent with sustainable development principles.
- **Limit state assistance:** The project may not receive state assistance through other programs.
- Additionally, projects in **economically distressed municipalities** are prioritized.

I-Cubed Process

Preliminary Application

Developer submits a Preliminary Economic Development Proposal (PEDP).

Analysis

Independent Consultant analyzes:

1. Development feasibility;
2. Projected New State Tax Revenues; and
3. Reasonableness of the proposed cost of public infrastructure.

Preliminary Approval

- DOR reviews and certifies projected New State Tax Revenues;
- MDFA certifies the amount of bonds that can be issued based upon the DOR certification; and
- The Secretary of EOAF issues Preliminary Approval, including any conditions of final approval.

Municipal Approval

Developer updates PEDP and applies for Municipal Approval of:

1. EDP and financial obligations of the Municipality;
2. Any required zoning changes;
3. Creation of a Municipal Liquidity Reserve;
4. Acquisition of property interests in public infrastructure improvements

I-Cubed Process (cont.)

Final Approval

- Developer and Municipality jointly file Economic Development Proposal (EDP)
- Independent Consultant Analysis is updated
- DOR and MassDevelopment issue updated certificates
- Secretary certifies EDP, if appropriate

IDAA

Developer, Municipality, MassDevelopment and EOAF enter into an Infrastructure Development Assistance Agreement (IDAA) outlining the terms of financing.

Bond Issuance

MassDevelopment issues bonds

Follow Up

DOR certifies actual new state tax revenue and any shortfalls in debt service coverage annually until bond maturity.

Economic development

- Over 500,000 square feet of office/lab space for Vertex Pharmaceuticals
- Over 1,700 permanent jobs
- Over 2,000 construction jobs
- Expected to generate over \$600 M in new state tax revenue over 30 years

Public infrastructure

- Public green
- Fan Pier Park
- Harborwalk
- Water Transportation Terminal
- Wave Attenuator
- Streets and sidewalks
- Utilities

Financing

- \$50 M from I-Cubed

FAN PIER: BOSTON



Cinema	Residential
Parking	Office
Retail	Loading

ASSEMBLY SQUARE: SOMERVILLE

Economic development

- Over 1 M square feet of retail
- Over 1.75 M square feet of office space
- 2,100 residential units
- 160 room hotel
- Over 6,000 permanent jobs
- Over 600 construction jobs

Public infrastructure

- Roadway improvements, utilities and storm water drainage
- Environmental remediation
- Park, pedestrian and bicycle improvements

Financing

- \$40 M

Table 5(a): Total Square Footage per Use in Development Phase I

	Residential	Retail	Office	Cinema	Hotel	TOTALS
Block 1	179,334	66,551	-	-	-	245,885
Block 2 ¹	103,000	27,276	-	-	-	130,276
Block 3	-	119,879	-	62,617	-	182,496
Block 4	202,581	42,196	-	-	-	244,777
Block 10	-	4,400	-	-	-	4,400
TOTALS	484,915	260,302	-	62,617	-	

Contact

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