

MEMORANDUM

APRIL 11, 2013

TO: ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION OF BOSTON AND PETER MEADE, DIRECTOR

FROM: LARRY MAMMOLI, DIRECTOR OF ENGINEERING AND FACILITIES MANAGEMENT
DENNIS DAVIS, DEPUTY DIRECTOR, INDUSTRIAL DEVELOPMENT AND COMMERCIAL LEASING

SUBJECT: REQUEST AUTHORIZATION TO EXTEND, FOR SIX MONTHS, THE TENTATIVE DESIGNATION OF KAVANAGH ADVISORY GROUP, LLC REGARDING THE LEASE AND REDEVELOPMENT OF PARCEL R WITHIN THE MARINE INDUSTRIAL PARK

SUMMARY: This Memorandum requests that the Director be authorized to execute the necessary documentation to extend, for six months, the Tentative Designation status of, and continue lease negotiations with, Kavanagh Advisory Group, LLC to facilitate the redevelopment and use of the Economic Development and Industrial Corporation of Boston ("EDIC") owned Parcel R located within the Marine Industrial Park.

BACKGROUND

In April 2011, the Economic Development and Industrial Corporation of Boston ("EDIC") awarded a twelve-month Tentative Designation to Kavanagh Advisory Group ("Kavanagh") for the redevelopment of Parcel R within the Marine Industrial Park. Parcel R consists of approximately 179,810 square feet (4 acres).

The Tentative Designation was extended for a twelve month period on March 13, 2012.

Kavanagh is proposing to construct a commercial development of up to 190,000 square feet on Parcel R. Kavanagh continues to have dialogue and interest from users including but not limited to the following:

- cold storage/distribution
- administration, meeting and classroom and training space for a trade union.
- life sciences
- bio medical

CURRENT STATUS

During the current 12-month extension period, Kavanagh has performed due diligence, negotiated with prospective tenants, pursued preliminary permitting, and further identified financing opportunities including but not limited to the following:

- Completed Phase I environmental and geological testing
- Negotiated business terms with a prominent trade union for development of a build to suit training and administrative facility. A vote of the union board and membership is scheduled for Spring 2013.
- Letter of intent submitted to Boston Redevelopment Authority and Project Notification Form submittal expected Spring/Summer 2013.

Staff is optimistic that the above build to suit opportunity will reach a successful conclusion and EDIC/Kavanagh will complete the negotiation of a Lease Agreement within the six-month Tentative Designation extension.

EDIC then will return to the EDIC Board to request final designation and approval of the EDIC/Kavanagh lease terms.

FISCAL CONSIDERATION

Kavanagh paid to EDIC a \$50,000 non-refundable fee for the initial 12-month Tentative Designation in 2011.

EDIC received an additional \$75,000 fee for the 12-month Tentative Designation Extension Period via the sub-tenancy of Parcel R by Cirque Du Soleil in July 2012.

The non-refundable fee for the proposed six-month Tentative Designation extension will be an additional \$37,500 to be paid directly from Kavanagh to EDIC upon approval of this Memorandum by the EDIC Board of Directors.

An appropriate vote follows:

VOTED: That the Director be, and hereby is, authorized on behalf of the Economic Development and Industrial Corporation to execute all necessary documentation to extend, for six months, Tentative Designation status of, and continue lease negotiations with, Kavanagh Advisory Group, LLC for the lease and development of Parcel R located within the Marine Industrial Park on terms and conditions substantially consistent with the Board Memorandum submitted at the Board meeting held April 11, 2013.