

MEMORANDUM

JULY 16, 2013

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

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

SUBJECT: PROPOSED AMENDMENT AND ASSIGNMENT OF THE EXISTING LEASE AGREEMENT BY AND BETWEEN THE ECONOMIC DEVELOPMENT AND INDUSTRIAL CORPORATION OF BOSTON AND BOSTON SHIP REPAIR, LLC TO PLEXUS CAPITAL

SUMMARY: This Memorandum requests that the Director be authorized to execute the appropriate documentation to amend and assign the existing Lease Agreement between the Economic Development and Industrial Corporation of Boston ("EDIC") and Boston Ship Repair, LLC, to Plexus Capital.

BACKGROUND

Boston Ship Repair, LLC ("BSR"), a wholly owned subsidiary of JF Lehman Partners ("JFLP"), is an existing Economic Development and Industrial Corporation of Boston ("EDIC") tenant with offices located at 32A Dry Dock Avenue within the Boston Marine Industrial Park ("BMIP"). BSR provides maintenance, repair and refurbishing services to large commercial and government owned vessels. BSR controls approximately 500,000 square feet of industrial land including a vacant 30,000 square foot three (3) story building with an address of 24 Dry Dock Avenue and the approximately 1,176 foot long active ship repair facility known as Dry Dock #3.

24 Dry Dock Avenue is intended to be the future office and operations center for BSR.

The current Lease Agreement which was entered into on January 16, 2004, is scheduled to expire in 2037 and contains two ten-year options.

On October 1, 2012, JFLP executed a letter of intent with Brookside Equity Partners, LLC ("BEP") to sell its entire interest in BSR to BEP. BEP is a private equity firm with offices located at 101 Federal Street, Boston MA. BEP was founded in 1977 and invests

in manufacturing, business services and consumer businesses. BEP is the private investment arm of The Brookside Group which manages over Four Hundred Million Dollars (\$400,000,000) in assets.

On November 15, 2012 the EDIC Board approved assignment of the Lease Agreement from JFLP to BEP in conjunction with the proposed sale.

Subsequent to the EDIC approval of the lease assignment, BEP chose not to proceed with the acquisition for internal business reasons. Plexus Capital would have been an equity investor on the acquisition had BEP proceeded.

Plexus Capital is based in Charlotte, North Carolina and currently manages Two Hundred Fifty-Five Million (\$255,000,000) in funds that are used toward acquisitions, buyouts, recapitalizations, and growth capital.

Plexus Capital remains bullish on BSR and has decided to purchase 100% of the company utilizing its own "Plexus Fund III" equity fund.

PROPOSAL

All in accordance with the existing Lease Agreement referenced above, EDIC proposes that the Director be authorized to execute any documentation necessary to assign the Lease Agreement in conjunction with the proposed purchase of BSR by Plexus Capital.

CONDITIONS

The leased premises shall continue to be used as an active dry dock ship repair facility. The current management team will remain and continue to operate the ship yard.

Plexus Capital shall honor all terms and conditions of the original Lease Agreement dated January 16, 2004 as amended May 1, 2007 and shall observe all existing labor union agreements.

EDIC will work with Plexus toward a suitable business model for redevelopment and reuse of the vacant 30,000 square foot building located at 24 Dry Dock Avenue. Should no feasible business plan emerge, by a certain date, EDIC shall have the right, but not the obligation, to recapture the building and adjacent parking without compensation to Plexus Capital. The existing Lease will be amended to reflect this concept.

An appropriate vote follows:

VOTED: That the Director be, and hereby is, authorized on behalf of the Economic Development and Industrial Corporation of Boston ("EDIC") to execute all appropriate documentation to amend and assign the existing Lease Agreement between EDIC and Boston Ship Repair, LLC., a wholly-owned subsidiary of JF Lehman Partners, to Plexus Capital on terms and conditions substantially consistent with the Board Memorandum submitted at the Board meeting held July 16, 2013.