

## MEMORANDUM

SEPTEMBER 12, 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, 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 and for a six-month period on April 11, 2013.

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 initial 12-month extension period, Kavanagh 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.
- Revised letter of intent submitted to Boston Redevelopment Authority (“BRA”) on February 25, 2013 and Project Notification Form (“PNF”) submittal was expected Spring/Summer 2013.

During the current 6-month extension period, Kavanagh has:

- Retained an architect to design new buildings and schematic site layout
- Submitted the above referenced PNF to the BRA
- Hired prominent real estate firm Avison Young to procure a research and development build to suit tenant, which will allow Kavanagh to finalize the development financing.

During the requested 6-month extension, Kavanagh and EDIC will finalize the terms and conditions of a lease. Kavanagh has committed to enter into a lease during the requested 6-month extension regardless of whether they have finalized negotiations with new tenants or received final commitment for financing.

Prior to the expiration of the requested 6-month extension, staff 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.

Kavanagh paid to EDIC a \$37,500 non-refundable fee for the 6-month extension approved in April 2013.

The non-refundable fee for the requested 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 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 September 12, 2013.