

MEMORANDUM

MARCH 14, 2013

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

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

SUBJECT: PROPOSED LEASE AMENDMENT BETWEEN EDIC AND
HEADQUARTERS BOSTON, LLC AT 12 CHANNEL STREET, BOSTON
MARINE INDUSTRIAL PARK ("BMIP")

SUMMARY: This Memorandum requests that the Director be authorized to enter into a Lease Amendment between The Economic Development and Industrial Corporation of Boston and Headquarters Boston, LLC to defer the initial rent increase by one year and add an additional year to the term of the Lease for 24,445 square feet on the 2nd floor of 12 Channel Street in the BMIP and any and all other agreements and documents, that the Director deems appropriate and necessary with respect to the Lease.

BACKGROUND

Founded by Geekhouse Bikes, Headquarters Boston, LLC ("HQ") leased 24,445 square feet of space on the 2nd floor of 12 Channel Street in 2012. HQ took control of the space in its "as-is" condition and agreed to improve the property at its sole expense. The space had been vacant for a long time and had proven difficult to rent because there were no demising walls or air conditioning.

In recognition of the required capital outlay from HQ, the rent was structured to start low and ramp up by 875% during the ten-year term plus EDIC would receive 50% of any net revenue generated after a stabilization period.

During 2012, HQ has made significant progress in subdividing the space into 10 work spaces plus accommodating the manufacturing space required for Geekhouse Bikes. Currently 15 companies have committed to taking space at HQ pending completion of the subdivided workspaces.

Rent in January 2013 was scheduled to increase by 300%. It is EDIC's opinion that HQ can not afford to pay both the remainder of the capital expenses required plus an immediate 300% increase in rent.

PROPOSED LEASE TERMS

EDIC is requesting a one-year deferment of the initial rental increase to allow HQ to complete the capital improvements, finalize leasing of the spaces, and generate a positive cashflow.

Rent in January 2014 will increase by the currently scheduled 300% increase and each subsequent increase will continue as agreed effectively adding one additional year to the Lease term.

All other terms and conditions of the Lease will be unchanged.

FISCAL IMPACT

EDIC will receive a minimum net payment of a \$1,588,000 through December 31, 2022.

An appropriate vote follows:

VOTED: That the Director be, and hereby is, authorized to execute a Lease Amendment with Headquarters Boston, LLC for 24,445 square feet of space on the 2nd floor of 12 Channel Street to defer the first rent increase by one-year, and add an additional year to the term of the Lease on terms and conditions substantially consistent with the Board Memorandum submitted at the meeting of March 14, 2013 and any and all other agreements and documents, that the Director deems appropriate and necessary with respect to the Lease.