

MEMORANDUM

NOVEMBER 14, 2013

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

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

SUBJECT: THIRD AMENDMENT TO THE LEASE BETWEEN THE ECONOMIC
DEVELOPMENT AND INDUSTRIAL CORPORATION OF BOSTON
("EDIC") AND GLOBAL PROTECTION CORP. ("GLOBAL")

SUMMARY: This Memorandum requests that the Director be authorized to enter into a third amendment to the lease with Global Protection Corp. to establish fixed rent for the second and third option periods for the 4th floor of 12 Channel Street, Boston Marine Industrial Park and to escalate the notice period for notification thereof.

BACKGROUND

Global Protection Corp. ("Global") is a manufacturer and distributor of commercial items and has been in business for over 20 years. Since first arriving at 12 Channel Street in the Boston Marine Industrial Park in 1997, Global has expanded from a manufacturing firm of 4 employees to a manufacturer and full service distributor with 29 full time employees. In 2008 they expanded from a 10,000 square foot suite on the 6th floor of 12 Channel Street to the entire 34,445 square foot 4th floor.

The Lease is for five-years with three five year option terms. The contract rent for the first option term is established in the Lease. The fixed rent for the second and third option terms is to be negotiated within one-year of the expiration of the then current option period. The fixed rent is to be based on the fair market value for the South Boston Industrial sub-market.

In July 2012, Global timely exercised the first option through March 2018. Global has requested that the fixed rent for the second and third option terms be established now in order to better allow Global to plan the next ten years of their business operations.

FINANCIAL TERMS AND CONDITIONS

The notification of intent to exercise pending option term will be changed from one-year prior to current term expiration to two-years prior to term expiration.

Staff is proposing that the rent for the last year of the current term (4/1/2017-3/31/2018) be increased by approximately 7.5% from \$223,893 to \$241,115.

If the second option is timely exercised (4/1/18-3/31/23), the rent will increase by an additional 11.5 % to \$268,671 during the first year of the second option term, \$282,105 during the second year, 296,227 during the third year, \$319,305 during the fourth year, and \$344,450 during the final year of the second option term, for an annual average increase of 5%.

If the third option is timely exercised (4/1/23-3/31/28), the rent will increase by an additional 50% to \$516,675 and will then increase annually by 3.5%

FISCAL IMPACT

EDIC will receive \$1,102,241 during the current (first) option term, \$1,510,758 during the second option term, and \$2,770,652 during the third option term.

An appropriate vote follows:

VOTED: That the Director be, and hereby is, authorized on behalf of the Economic Development and Industrial Corporation ("EDIC") to execute a Third Amendment to the existing Lease Agreement with Global Protection Corp. for the fourth floor of 12 Channel Street in the Marine Industrial Park to establish fixed rent during the second and third option terms, and to escalate the notice period to exercise said option periods on terms and conditions substantially consistent with the Board Memorandum submitted at the EDIC Board meeting held November 14, 2013.