

MINUTES OF THE EXECUTIVE SESSION

HELD AT THE MEETING

of the

MASSACHUSETTS CONVENTION CENTER AUTHORITY

September 16, 2010

A meeting in Executive Session was held during the Massachusetts Convention Center Authority meeting on September 16, 2010, in Room 201 of the Boston Convention and Exhibition Center, 415 Summer Street, Boston, Massachusetts 02210. Members in attendance were: Members in attendance were: Members in attendance were: Chair Michelle Shell, Mark Erlich, Ann Conlon Roosevelt, Paul Sacco, Ronald Rakow (designee of the Acting Collector-Treasurer of the City of Boston), Michelle Consalvo, Barbara Capuano, Vanessa Otero and Scott Jordan (designee of the Secretary of Administration and Finance). Staff members in attendance were: James E. Rooney, Kenneth A. Sinkiewicz, Mac Daniel, Johanna Storella, Howard Davis, Michelle Ho, Katie Hauser, Megan Linebarger, Dennis Callahan and William Smith.

Chair Shell called the executive session to order and introduced Mr. Rooney, and he and Mr. Davis made the following presentation:

Board Vote - Lease of "Space B" at the Hynes Convention Center

At its August meeting, the Board considered and discussed the marketing of "Space B" at the Hynes Convention Center. This space, located at the corner of Boylston and Dalton Streets, contains approximately 9,000 square feet. The Authority's staff presented a comparative analysis of lease proposals from three tenant prospects. These proposals were also compared to the targeted rental rates and other criteria previously established for Space B leasing. Other information presented to the Board included a comparison of proposed lease terms for Space B with the lease terms with Towne Stove and Spirits for Space A.

After deliberation, the Board determined that the most advantageous lease proposal was from Darden Restaurants, for a Capital Grille restaurant. The Board then voted to authorize the Executive Director to negotiate a lease with Darden for a Capital Grille restaurant on terms substantially consistent with a letter of intent from Darden. This letter of intent was attached to the vote. In event of successful negotiations, execution of a lease was subject to final approval of the lease terms by the Board.

Subsequent negotiations with Darden were successful, with rent and other key lease terms unchanged from the letter of intent. Schedule A attached hereto compares the letter of intent terms with the final negotiated terms. Schedule B attached hereto contains additional terms of the negotiated lease.

A vote to authorize the Executive Director to enter into a lease with Capital Grille Holdings, Inc., incorporating the lease terms set forth in Schedules A and B attached hereto, would take the following form:

VOTED: that the Executive Director is hereby authorized to enter into a lease with Capital Grille Holdings, Inc., for Space B at the Hynes Convention Center, on terms and conditions set forth on Schedules A and B attached hereto and incorporated herein.

Schedule A
Comparison: LOI to Lease

	LOI	Proposed Lease
Space (SF)	10,700	10,379
Initial Lease Term	17 years	Unchanged
Rent Structure	yr 1-2: \$0/SF yr 3-7: \$60/SF yr 8-12: \$66/SF yr 13-17: \$72.60/SF	Unchanged
Percentage Rent	5% gross revenue above natural break point commencing year 13	Unchanged
Lease Security	GMRI Inc. to guaranty all lease obligations for entire lease term (approximately \$10 million for initial 17 years)	Unchanged
Landlord Investment Returns		
IRR	41.65%	Unchanged
Total Rent/SF	\$886	Unchanged
Discounted Rent/SF	\$439	Unchanged

Notes:

Investment returns include rent paid less landlord's costs.
Discount rate of 6% applied.

**Schedule B
Additional Lease Terms**


- Leased Premises:
 - Primary Space: Approximately 8,652 SF
 - Additional Space: Approximately 1,727 SF
(arcade area and existing men's room)

- Base Rent:

Years	Rent (PSF/yr)	Primary Space Annual Rent	Additional Space Annual Rent	Total Annual Rent
1 - 2	\$0	\$0	\$0	\$0
3 - 7	\$60.00	\$519,120	\$0	\$519,120
8 - 12	\$66.00	\$571,032	\$113,982	685,014
13 - 17	\$72.60	\$628,135	\$125,380	\$753,515

- Percentage Rent: 5% of gross revenue above “natural breakpoint” (beginning year 13).
- Lease Term: 17 years plus 3, 5-year renewal options.
- Renewal Term/Rent Increases: Base rent increases 10% at beginning of each 5-year renewal term.
- Rent Commencement Date: 365 days from lease execution.
- Landlord T.I. Costs: None – all improvements paid for by Tenant.
- Condition of Space at Delivery: Tenant accepts “as is.”
- Lease Guarantor: GMRI, Inc. (owner of approximately 1,800 restaurants).

ATTEST:



William J. Smith
General Counsel